



GOODWIN PLC

Registered in England and Wales, Number 305907
Established 1883

Directors:

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

Secretary and registered office:

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

Registrar and share transfer office:

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

Auditors:

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

NOTICE IS HEREBY GIVEN that the SIXTY SEVENTH ANNUAL GENERAL MEETING of the company will be held at 10.30 am, on Wednesday, 6th November, 2002 at the Saxon Cross Hotel, Sandbach, Cheshire, for the purpose of considering and, if thought fit, passing the following resolutions:

1. To receive the report of the directors and the audited financial statements for the year ended 30th April, 2002 and to approve the payment of a dividend on the ordinary shares.
2. To re-elect Mr. P. J. Horton as a director.
3. To re-appoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration.

By Order of the Board

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent.
23rd September, 2002

P. ASHLEY
Secretary

NOTES:

1. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the company not less than 48 hours before the time appointed for the holding of the meeting.
2. None of the directors have service contracts with the company.
3. If approved by shareholders the final dividend will be paid to shareholders on the 8th November, 2002.

GOODWIN PLC

CHAIRMAN'S STATEMENT

Despite many of our business markets being in great turmoil, I am pleased to report annual pre-tax profits of £2.09 million on a turnover of £29.7 million. The 33% increase in profit would have been substantially greater had it not been for the poor performance of the antenna company, but such problems were more than offset by record performances in terms of turnover and profit by Goodwin Steel Castings and Goodwin International.

The directors propose that a dividend of 5.55 pence (*2001: 4.17 pence*) per share be paid.

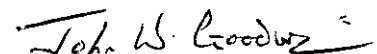
The new financial year started with reduced activity levels due to the knock-on effects of the demise of Enron, but this is in part compensated for by strong order intake for Goodwin International and Hoben International. Both these companies have attained pole position within the world markets for their respective products, dual plate check valves and jewellery casting powders, and it is expected that they will continue to grow their sales and profitability.

This year will be the 120th anniversary of the opening of the first company in the Goodwin Group, our foundry Goodwin Steel Castings, which was started in 1883. The foundry should be commended for achieving the record turnover and profits mentioned above. To succeed in such a traditional industry in today's global business climate needs tremendous dedication and skill by all employees of the company who provide our customers with technically advanced and sophisticated engineering solutions. To celebrate this skill and as a sales tool to help us further develop our world sales, we have produced a new foundry brochure. In response to requests from numerous shareholders for better information on the Group activities, I take pleasure in enclosing a copy of this new brochure with these financial statements.

We continue to challenge existing working methods and material sources with the goal of further increasing our manufacturing efficiency and lowering our product costs by further embracing the global business opportunities.

During the year, sales and manufacturing facilities were set up overseas for the Hoben range of jewellery casting products and I am pleased to report that operations are already profitable.

I take this opportunity of thanking our loyal and hardworking employees without whom our success in manufacturing and sales activities would not be possible.



J. W. GOODWIN
Chairman

23rd August, 2002

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2002.

Business review

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

	2002 £'000	2001 £'000
Turnover	29,712	24,892
Profit on ordinary activities before taxation	2,090	1,561
Taxation charge	(628)	(510)
Profit on ordinary activities after taxation	1,462	1,051

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

Proposed dividends

The directors recommend that an ordinary dividend of 5.55p per share be paid to shareholders on the register at the close of business on 11th October 2002. (2001: 4.17p per share).

Fixed assets

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

Directors and directors' interests

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

J. W. Goodwin
R. S. Goodwin
R. J. Dyer
P. J. Horton

The director retiring in accordance with the Articles is P. J. Horton who, being eligible, offers himself for re-election.

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

	10p ordinary shares	
	30th April 2002	30th April 2001
<i>Beneficial</i>		
J. W. Goodwin	301,736	301,736
R. S. Goodwin	13,606	164,473
J. W. Goodwin and R. S. Goodwin	1,739,797	1,739,797
J. W. Goodwin and R. S. Goodwin	1,601,176	1,601,176
R. J. Dyer	17,500	17,500
P. J. Horton	115,840	115,840
<i>Non-beneficial</i>		
J. W. Goodwin, R. S. Goodwin and others ...	303,446	326,446

During the period from 1st May, 2002 to 23rd August, 2002 there was no change in the directors' interests.

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

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

Shareholdings

The company has been notified that, as at 23rd August, 2002, the following had an interest in 3% or more of the issued share capital of the company: J. W. Goodwin and R. S. Goodwin 1,739,797 shares (24.16%), J. W. Goodwin and R. S. Goodwin 1,601,176 shares (22.24%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. W. Goodwin, R. S. Goodwin and others 303,446 shares (4.21%), J. W. Goodwin 301,736 shares (4.19%), J. H. Ridley 532,167 shares (7.39%), L. R. Dean 232,000 shares (3.22%).

Donations

Donations by the Group for charitable purposes amounted to £5,310 (2001: £5,000).

Employee consultation

The Group takes seriously its responsibilities to employees and, as a policy, provides employees systematically with information on matters of concern to them. It is also the policy of the Group to consult where appropriate, on an annual basis, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Employment of disabled persons

The policy of the Group is to offer the same opportunity to disabled people, and those who become disabled, as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out the duties required of them.

Creditor payment policy

The company has not adopted any formal code or standards on supplier payment practice. The company's policy is to settle payments having negotiated and advised terms and conditions with suppliers on a contract by contract basis. The holding company has no trade creditors at 30th April, 2002.

Corporate governance

Introduction

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

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

The Board

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

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

Going concern

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

Internal control

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

The Board meets with an agenda to discuss corporate strategy, to formulate and monitor the progress of business plans for all subsidiaries and to identify, evaluate and manage the business risks faced. The management philosophy of the Group is to operate its subsidiaries on an autonomous basis with formally defined areas of responsibility and delegation of authority. The Group has put in place formal lines of reporting with subsidiary management meeting with the directors on a regular basis.

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

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

Directors' remuneration

The remuneration of the directors is considered by the Board as a whole so that no director determines his own salary.

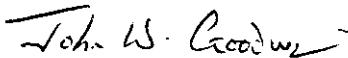
The Group's policy is to provide a remuneration package to executive directors to attract, retain and motivate individuals of the calibre required, and to ensure that the Group is managed successfully in a manner appropriate to the company's size. This is currently provided in the form of a basic salary and suitable benefits in kind. In forming its policy, the Board has given full consideration to the Code's best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of directors of similar companies. In view of the directors' significant personal shareholdings in the company the Board do not at present consider it necessary to have a performance related element within their remuneration.

Details of each element of the directors' remuneration are given in note 5 to the financial statements. Pension contributions are made where applicable into defined contribution schemes. No director has a service contract and there are no share option schemes or other long term incentive schemes.

Auditor

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

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



J. W. GOODWIN
Chairman

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

23rd August, 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of

GOODWIN PLC

We have audited the financial statements on pages 7 to 20.

Respective responsibilities of directors and auditor

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group as at 30th April, 2002 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

23rd August, 2002

KPMG Audit Plc
Chartered Accountants
Registered Auditor

KPMG Audit Plc

GOODWIN PLC

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30th APRIL, 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	29,712	24,892
Cost of sales		(22,351)	(19,099)
GROSS PROFIT		7,361	5,793
Distribution costs		(1,333)	(936)
Administrative expenses		(3,683)	(2,975)
OPERATING PROFIT		2,345	1,882
Share of loss of associated undertaking		(30)	(30)
Net interest payable	3	(225)	(291)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,090	1,561
Tax on profit on ordinary activities	7	(628)	(510)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,462	1,051
Minority interests - equity		3	5
PROFIT FOR THE FINANCIAL YEAR	8	1,465	1,056
Proposed ordinary dividend	9	(400)	(300)
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,065	756
EARNINGS PER ORDINARY SHARE	10	20.35p	14.67p

A statement of movement on reserves is given in note 22.

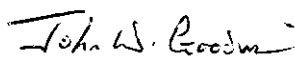
All of the Group's activities related to continuing operations.

GOODWIN PLC

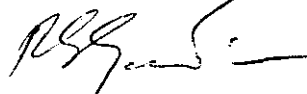
BALANCE SHEETS At 30th APRIL, 2002

	Notes	Group		Company	
		2002 £'000	2001 £'000	2002 £'000	2001 £'000
FIXED ASSETS					
Intangible assets	11	201	-	-	-
Tangible assets	12 & 13	7,145	6,641	1,432	1,431
Investments	14	20	44	1,258	1,073
		<u>7,366</u>	<u>6,685</u>	<u>2,690</u>	<u>2,504</u>
CURRENT ASSETS					
Stocks	15	4,377	3,258	-	-
Debtors	16	7,585	6,798	5,548	4,528
Cash at bank and in hand		189	235	2	148
		<u>12,151</u>	<u>10,291</u>	<u>5,550</u>	<u>4,676</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	<u>(9,554)</u>	<u>(8,260)</u>	<u>(2,979)</u>	<u>(2,543)</u>
NET CURRENT ASSETS		<u>2,597</u>	<u>2,031</u>	<u>2,571</u>	<u>2,133</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,963</u>	<u>8,716</u>	<u>5,261</u>	<u>4,637</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	18	<u>(753)</u>	<u>(706)</u>	<u>(328)</u>	<u>(487)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(707)</u>	<u>(592)</u>	<u>(122)</u>	<u>(83)</u>
NET ASSETS		<u>8,503</u>	<u>7,418</u>	<u>4,811</u>	<u>4,067</u>
CAPITAL AND RESERVES					
Called up share capital	21	720	720	720	720
Profit and loss account	22	7,727	6,677	4,091	3,347
SHAREHOLDERS' FUNDS - EQUITY		<u>8,447</u>	<u>7,397</u>	<u>4,811</u>	<u>4,067</u>
MINORITY INTERESTS - EQUITY		<u>56</u>	<u>21</u>	<u>-</u>	<u>-</u>
		<u>8,503</u>	<u>7,418</u>	<u>4,811</u>	<u>4,067</u>

These financial statements were approved by the Board of directors on 23rd August, 2002 and signed on its behalf by:



J. W. GOODWIN
Director



R. S. GOODWIN
Director

GOODWIN PLC

GROUP CASH FLOW STATEMENT

For the year ended 30th APRIL, 2002

	Note	2002 £'000	2001 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES		2,912	2,258
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE ...	24	(225)	(291)
TAXATION		(673)	(144)
CAPITAL EXPENDITURE	24	(1,484)	(1,124)
EQUITY DIVIDENDS PAID		(300)	(106)
CASH INFLOW BEFORE FINANCING		230	593
FINANCING	24	(277)	(259)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(47)	334
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		2,345	1,882
Depreciation charges		1,144	1,023
Loss/(profit) on disposal of fixed assets		33	(17)
Increase in stocks		(1,176)	(268)
Increase in debtors		(730)	(1,401)
Increase in creditors		1,296	1,039
Net cash inflow from operating activities		2,912	2,258
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/increase in cash in the year		(47)	334
Cash outflow from lease financing		277	259
Change in net debt resulting from cash flows	25	230	593
New finance leases		(440)	(1,086)
Foreign exchange translation difference	25	(16)	(4)
MOVEMENT IN NET DEBT IN THE PERIOD		(226)	(497)
Net debt at start of year	25	(2,565)	(2,068)
NET DEBT AT END OF YEAR	25	(2,791)	(2,565)

GOODWIN PLC

OTHER PRIMARY FINANCIAL STATEMENTS

For the year ended 30th APRIL, 2002

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002	2001
	£'000	£'000
Profit for the financial year	1,465	1,056
Exchange adjustments on foreign currency net investments	(15)	(2)
Total recognised gains and losses for the financial year	<u>1,450</u>	<u>1,054</u>

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2002	2001
	£'000	£'000
Profit for the financial year	1,465	1,056
Dividends	(400)	(300)
Other recognised gains and losses relating to the year... ..	<u>1,065</u>	<u>756</u>
	(15)	(2)
NET ADDITION TO SHAREHOLDERS' FUNDS	1,050	754
Opening shareholders' funds	<u>7,397</u>	<u>6,643</u>
CLOSING SHAREHOLDERS' FUNDS	<u>8,447</u>	<u>7,397</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

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

(a) Basis of accounting

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

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

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

(b) Consolidation principles

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

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

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

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

(c) Depreciation

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

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

(d) Stock and work in progress

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

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

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

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

(e) Turnover

Turnover represents the amounts (excluding value added tax and other sales taxes) derived from the provision of goods and services excluding inter company transactions.

(f) Foreign exchange

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

The Group/company has implemented Financial Reporting Standard 19 *Deferred tax* which has not required any prior year adjustment to the financial statements.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

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

(h) Leasing

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

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

(i) Pension costs

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

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

(j) Research and development expenditure

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

2. Turnover

The analysis of turnover by destination is as follows:										2002	2001
										£'000	£'000
United Kingdom	...	...	...	...	...	...	...	...	...	10,276	9,750
Rest of Europe	...	...	...	...	...	...	...	...	...	5,272	4,502
Rest of World	...	...	...	...	...	...	...	...	...	14,164	10,640
										29,712	24,892

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

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

3. Net interest payable

										2002	2001
										£'000	£'000
Interest payable on bank loans and overdrafts	...	...	...	...	...	...	...	...	...	164	256
Finance lease interest	...	...	...	...	...	...	...	...	...	61	35
										225	291

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:										2002	2001
										£'000	£'000
Depreciation and amortisation of tangible fixed assets											
- owned	...	...	...	...	...	...	...	...	...	967	936
- held under finance lease	...	...	...	...	...	...	...	...	...	177	87
Operating lease rentals:											
Short term plant hire	...	...	...	...	...	...	...	...	...	16	28
Other	...	...	...	...	...	...	...	...	...	-	5
Auditors' remuneration and expenses - Group	...	...	...	...	...	...	...	...	...	42	43

Fees charged by the company's auditors in respect of work carried out in the year for Group non audit services amounted to £14,000 (2001: £14,000). The audit fee for the company itself amounted to £10,000 (2001: £9,600).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Directors' Remuneration

The remuneration of the directors of the company was:

	Salary	Benefits in kind	Total	Pension contrib- utions 2002	Pension contrib- utions 2001
	2002	2002	2002	2002	2001
	£'000	£'000	£'000	£'000	£'000
J. W. Goodwin	129	13	142	11	11
R. S. Goodwin	129	13	142	11	11
R. J. Dyer	52	10	62	16	16
P. J. Horton	92	-	92	-	-
	402	36	438	38	38
2001	355	43	398		

Pension contributions comprise contributions to money purchase pension schemes.

6. Staff numbers and costs

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

	2002 Number	2001 Number
Works personnel	360	324
Administrative staff	28	27
	388	351

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	8,154	6,841
Social security costs	780	668
Other pension costs	32	36
	8,966	7,545

7. Tax on profit on ordinary activities

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

	2002 £'000	2001 £'000
U.K. corporation tax - current year	528	429
- prior year	(9)	-
Total current tax charge	519	429
Deferred taxation charge - current year	111	89
- prior year	4	(2)
Associated undertaking - UK corporation tax current year	(6)	(6)
	628	510

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK (30%, 2001: 30%). The differences are explained below.

	2002 £'000	2001 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	2,090	1,561
Current tax at 30% (2001: 30%)	627	468
Effect of:		
Expenses not deductible for tax purposes	7	9
Capital allowances in excess of depreciation	(111)	(89)
Small company rate adjustment	-	(1)
Foreign tax charged at higher than UK standard rate	-	34
Adjustment to tax charge in respect of previous periods	(9)	-
Other	5	8
Total current tax charge (see above)	519	429

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Tangible fixed assets of the company

	Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At beginning of year	633	35	1,048	1,411	3,127
Additions	35	-	8	253	296
Disposals	-	-	(223)	(2)	(225)
At end of year	668	35	833	1,662	3,198
Depreciable assets	625	35	833	1,662	3,155
Depreciation					
At beginning of year	309	18	197	1,172	1,696
Charged in year	13	1	133	92	239
Disposals	-	-	(167)	(2)	(169)
At end of year	322	19	163	1,262	1,766
Net book value					
At 30th April, 2002	346	16	670	400	1,432
At 30th April, 2001	324	17	851	239	1,431

The net book value of plant and machinery held under finance leases at 30th April, 2002 was £648,000 (2001: £761,000). Depreciation for the year on these assets was £97,000 (2001: £24,000).

14. Investments

(a) **Group**

	Interest in associate undertakings £'000
Cost	
At beginning and end of year	50
Share of post acquisition reserves	
At beginning of year	(6)
Share of loss for year	(24)
At end of year	(30)
Net book value	
At 30th April, 2002	20
At 30th April, 2001	44

(b) **Company**

	Subsidiary undertakings £'000	Interest in associated undertaking £'000	Total £'000
Cost and net book value			
At beginning of year	1,023	50	1,073
Additions	185	-	185
At end of year	1,208	50	1,258

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Investments (continued)

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

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

<i>Subsidiary undertakings</i>	<i>Country of Incorporation and operation</i>	<i>Type of shares</i>	<i>% held</i>
Goodwin International Limited	Great Britain	Ordinary	100
		Preference	100
Goodwin Steel Castings Limited	Great Britain	Ordinary	100
Hoben International Limited	Great Britain	Ordinary	100
		Preference	100
Hoben Industrial Minerals Limited	Great Britain	Ordinary	100
Easat Antennas Limited	Great Britain	Ordinary	87½
Internet Central Limited	Great Britain	Ordinary	82½
Goodwin GmbH	Germany	Ordinary	100
Goodwin Korea Co. Limited	South Korea	Ordinary	95

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

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

(d) Interest in associated undertaking

The interest in associated undertaking at 30th April, 2002 comprises the company's investment of 50% in the ordinary share capital of Wiggin Alloy Products Limited. The principal activity of Wiggin Alloy Products Limited is the distribution of metal alloys to the UK market. It is incorporated in Great Britain and has £100,000 of issued ordinary shares of £1 each.

15. Stocks

	Group	
	2002 £'000	2001 £'000
Raw materials and consumables	1,910	1,487
Work in progress	1,667	1,193
Finished goods and goods for resale	800	578
	4,377	3,258

16. Debtors

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade debtors	6,434	5,657	7	-
Amounts recoverable on contracts	468	411	-	-
Amounts owed by Group undertakings	-	-	4,882	4,226
Amounts owed by associated undertaking	144	209	36	17
Other debtors	380	381	243	218
Prepayments and accrued income	159	140	84	67
Corporation tax	-	-	296	-
	7,585	6,798	5,548	4,528

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
17. Creditors: amounts falling due within one year				
Bank overdrafts	1,840	1,823	1,941	1,795
Obligations under finance leases (note 18) ...	381	271	180	174
Payments received on account	326	339	-	-
Trade creditors	5,057	4,172	-	-
Amounts owed to Group undertakings	-	-	2	2
Corporation tax	250	405	-	-
Other taxes and social security	525	465	88	67
Other creditors	110	67	-	-
Accruals and deferred income	665	418	368	205
Proposed dividends	400	300	400	300
	<u>9,554</u>	<u>8,260</u>	<u>2,979</u>	<u>2,543</u>

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
18. Creditors: amounts falling due after more than one year				
Obligations under finance leases and hire purchase agreement falling due within five years	753	706	328	487

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

19. Financial instruments

(a) **Financial assets**

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

(b) **Financial liabilities**

The Group's financial liabilities, excluding short-term creditors, are set out below. Floating rate financial liabilities comprise Sterling, Euro, and US Dollar denominated bank loans, leases and overdrafts. The floating rate financial liabilities bear interest at rates related to bank base rates. The fixed rate financial liabilities bear a weighted average interest rate of 7.1% (for which the rate is fixed for 3 years).

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	2002 Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	2001 Total £'000
Currency						
Sterling	(4,222)	502	(3,720)	518	662	1,180
Euro block currencies	(428)	-	(428)	169	-	169
US Dollar	7,122	-	7,122	1,451	-	1,451
Total	<u>2,472</u>	<u>502</u>	<u>2,974</u>	<u>2,138</u>	<u>662</u>	<u>2,800</u>

(c) **Interest rate risk**

The Group is subject to fluctuations in interest rates on its borrowings and surplus cash. The Group is aware of the financial products available to insure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. No such instruments were utilised in the year to 30th April, 2002.

(d) **Currency exposure**

The Group is subject to fluctuations in exchange rates on its net investments overseas and transactional monetary assets and liabilities not denominated in the operating (or 'functional') currency of the operating unit involved. The Group's policy is to hedge, where practical, the net asset value of overseas investments. This hedging is currently achieved through borrowings in the respective currencies.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Financial Instruments (continued)

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

30th April, 2001					Net foreign currency monetary assets/(liabilities)				
	Sterling	Euro	US	Other	Total				
	£'000	block	Dollar	£'000	£'000				
Functional currency of Group operation		£'000	£'000	£'000	£'000				£'000
Sterling	-	(15)	(556)	4	(567)				
Korean Won	(259)	-	-	-	(259)				
Total	(259)	(15)	(556)	4	(826)				

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

(e) **Maturity profile**

At 30th April, 2002, the maturity profile of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, were as follows:

	Overdrafts	Finance leases	2002	2001
	£'000	and hire	Total	Total
Borrowings analysed by maturity date		purchase	£'000	£'000
		agreements		
		£'000		
Borrowings due within one year	1,840	381	2,221	2,094
Borrowings due after one year				
Between one and two years	-	386	386	271
Between two and five years	-	367	367	435
Total borrowings due after one year ...	-	753	753	706
Total	1,840	1,134	2,974	2,800

At 30th April, 2002 the Group had the following undrawn committed facilities, with an average maturity of 8 months, in respect of which all conditions precedent had been met:

	£'000
Undrawn committed borrowing facilities	
Expiring in one year or less	4,200

(f) **Fair values**

At 30th April, 2002, the fair value of the Group's financial instruments was not materially different to the book value of the instruments. The fair value was calculated using market rates where available, otherwise cash flows were discounted at prevailing rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Provisions for liabilities and charges

	Group £'000	Deferred taxation Company £'000
Balance at beginning of year	592	83
Charge for the year in the profit and loss account	115	39
Balance at end of year	707	122

The amount provided for deferred taxation, which is the full potential liability calculated on the liability method at 30% (2001: 30%), is set out below:

	Group 2002 £'000	2001 £'000	Company 2002 £'000	2001 £'000
Difference between accumulated depreciation and amortisation and capital allowances ...	707	592	122	83

21. Share capital

	2002 £'000	2001 £'000
<i>Authorised, allotted, called up and fully paid:</i> 7,200,000 ordinary shares of 10p each	720	720

22. Profit and loss account

	Group £'000	Company £'000
At beginning of year	6,677	3,347
Retained profit for the year	1,065	744
Exchange loss on re-translation of overseas subsidiaries' net assets	(15)	-
At end of year	7,727	4,091

Cumulative goodwill in the Group amounting to £248,000 (2001: £248,000) arising on the acquisition of subsidiary undertakings has been written off against reserves.

23. Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Company		
Profit for the financial year	1,144	634
Dividends	(400)	(300)
Net additions to shareholders' funds	744	334
Opening shareholders' funds	4,067	3,733
Closing shareholders' funds	4,811	4,067

24. Analysis of cash flows

	2002 £'000	2001 £'000
Returns on investments and servicing of finance		
Interest paid	(164)	(256)
Interest element of finance lease rental payments	(61)	(35)
Net cash outflow for returns on investment and servicing of finance ...	(225)	(291)
Capital expenditure		
Payments to acquire fixed assets	(1,535)	(1,189)
Proceeds from sale of plant and machinery	51	65
Net cash outflow for capital expenditure	(1,484)	(1,124)
Financing		
Capital element of finance lease repayments	(277)	(259)

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Analysis of net debt

	At 1st May 2001 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movement £'000	At 30th April 2002 £'000
Cash at bank	235	(30)	-	(16)	189
Bank overdrafts	(1,823)	(17)	-	-	(1,840)
	<u>(1,588)</u>	<u>(47)</u>	<u>-</u>	<u>(16)</u>	(1,651)
Finance leases	(977)	277	(440)	-	(1,140)
	<u>(2,565)</u>	<u>230</u>	<u>(440)</u>	<u>(16)</u>	(2,791)

26. Contingencies

On 30th April, 2002, the Group had entered into performance bonds in the normal course of business amounting to £569,000 (2001: £390,000) in respect of 71 (2001: 62) contracts.

27. Capital commitments

Capital commitments at 30th April, for which no provision has been made in these financial statements, were £ Nil (2001: £ Nil).

28. Related party transactions

During the year the Group and company undertook the following transactions, and had the following year end balances with Wiggin Alloy Products Limited, an associate undertaking.

Group	2002	2001
	£'000	£'000
Transactions		
Sales to	1,010	1,309
Administration fee	67	78
	<u>1,077</u>	<u>1,387</u>
Balance at end of year		
Trade debtors... ..	144	209
	<u>144</u>	<u>209</u>
 Company		
Transactions		
Administration fee	19	17
	<u>19</u>	<u>17</u>
Balance at end of year		
Trade debtor	36	17
	<u>36</u>	<u>17</u>