

14.7.87

Directors' Report and Accounts

ARC SLIMLINE LIMITED

30 JUNE 1987

Ernst & Whinney

ARC SLIMLINE LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ARC Slimline Limited will be held at The Ridge, Chipping Sodbury, Bristol on Tuesday, 29th September 1987 at 10.00 a.m. for the following purposes:-

1. To receive the Accounts for the year ended 30th June 1987 and the reports of the Directors and Auditors thereon.
2. To re-appoint Ernst & Whinney, Chartered Accountants, as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.

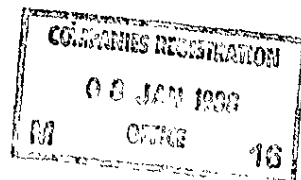
By Order of the Board



J. W. HEAVENS
Secretary

1st September 1987

A member entitled to attend and vote at the meeting may appoint a proxy, who need not also be a member, to attend and vote on his behalf.



ARC SLIMLINE LIMITED

DIRECTORS' REPORT

Directors: C. Glynn (Chairman)
R. M. Farahar
D. G. W. Hurst
D. F. Singleton
D. B. Downey
J. W. Heavens

Secretary and Registered Office:

J. W. Heavens
The Ridge,
Chipping Sodbury,
Bristol BS17 6AY.

1. The Directors present their report and audited accounts for the year ended 30th June 1987.

2. PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

During the year under review the principal activities of the Company were the manufacture of patented glass fibre reinforced concrete pipes, the granting of licences for their manufacture, followed by technical support for licensees, and the promotion of joint venture arrangements overseas for their commercial production.

The new plant at St. Ives is now in commercial production. The Company has taken a minority share (15%) in Slimline Pipe Inc., a Canadian company, which is currently building a Slimline production plant near Toronto. This is expected to commence commercial production in the Spring of 1988.

Research and development has continued with the aim of extending and improving the range of products and manufacturing techniques.

3. FINANCIAL RESULTS

The results for the year are shown in the profit and loss account on page 6.

Expenditure on fixed assets during the year amounted to £716,000.

The Directors are of the opinion that the freehold property of the Company has a market value in excess of the net book value.

ARC SLIMLINE LIMITED

DIRECTORS' REPORT

4. DIRECTORS

The Directors whose names are shown above are those holding office at the date of this report, Mr. A. D. Banks having resigned on 7th August 1987, the same date on which Dr. J. W. Heavens was appointed.

5. DIRECTORS' INTERESTS

The Directors, who are not also directors of the parent company, ARC Limited, had the following notifiable interests in the shares of Consolidated Gold Fields PLC at:

	<u>30th June 1987</u>			<u>1st July 1986</u> (or date of appointment)		
	<u>Fully Paid</u>	<u>Options Exec. (E)</u>	<u>SAYE (S)</u>	<u>Fully Paid</u>	<u>Options Exec. (E)</u>	<u>SAYE (S)</u>
A.D. Banks	-	7,000(1) 3,000(2) 8,600(3)	- - -	- - -	7,000 (1) 3,000 (2)	- -
D.B. Downey	-	-	923 (4)	-	-	923(4)
R.M. Farahar	2,023	10,900(1)	1,431 (5)	2,000	10,900 (1)	-
D.G.W. Hurst	654	-	-	630	-	-

(E) Options granted under the Consolidated Gold Fields Executive Share Option Scheme, adopted on 8th November 1984, normally exercisable during the period 3 to 10 years from date of issue: (1) November 1984, at 500p per share; (2) October 1985, at 447p per share; (3) October 1986, at 628p per share.

(S) Options granted under the Consolidated Gold Fields Savings Related Share Option Scheme, adopted on 8th November 1984, normally exercisable during the period 5 to 7 years from date of issue: (4) December 1985, at 381p per share; (5) December 1986, at 517p per share.

6. SUBSIDIARY COMPANY

The Company owns 51% of the issued share capital of Wardfree Limited, a company engaged in the design and manufacture for sale of specialised machinery for the manufacture of concrete pipes.

Group Accounts have not been prepared, by virtue of the provisions of Section 229(2) of the Companies Act, 1985.

ARC SLIMLINE LIMITED

DIRECTORS' REPORT

7. AUDITORS

A resolution proposing the re-appointment of Ernst & Whinney as Auditors of the Company will be put to the Annual General Meeting.

By Order of the Board



J. W. HEAVENS
Secretary

1st September 1987

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF ARC SLIMLINE LIMITED

We have audited the accounts set out on pages 6 to 15 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention as explained in note 1a.

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 1987 and of the loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

Ernst & Whinney

Bristol

1 September 1987

ARC SLIMLINE LIMITED

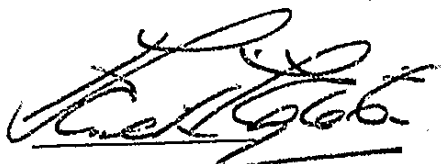
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1987


	Note	1987 £	1986 £
TURNOVER	2	571,126	683,628
Cost of sales		(835,353)	(981,207)
		<hr/>	<hr/>
GROSS LOSS		(264,227)	(297,579)
Administrative expenses		(186,847)	(182,442)
Other operating (expenses)/income		(1,824)	251
		<hr/>	<hr/>
NET OPERATING LOSS	3	(452,898)	(479,770)
Interest payable	4	(6,201)	-
		<hr/>	<hr/>
LOSS BEFORE TAXATION		(459,099)	(479,770)
Taxation	6	(43,759)	-
		<hr/>	<hr/>
LOSS FOR THE YEAR		£(502,858)	£(479,770)
		<hr/>	<hr/>
STATEMENT OF ACCUMULATED LOSSES			
As at 1st July 1986		(428,044)	51,726
Loss for the year		(502,858)	(479,770)
		<hr/>	<hr/>
Balance at 30th June 1987		£(930,902)	£(428,044)
		<hr/>	<hr/>

ARC SLIMLINE LIMITED

BALANCE SHEET
30TH JUNE 1987

	Note	1987 £	1986 £
FIXED ASSETS			
Tangible assets	8	1,633,561	953,240
Investments	9	470,853	172,090
		<hr/>	<hr/>
		2,104,414	1,125,330
CURRENT ASSETS			
Stocks	10	531,938	471,453
Debtors	11	140,183	325,297
Cash at bank and in hand		28,097	411,440
		<hr/>	<hr/>
		700,218	1,208,190
CURRENT LIABILITIES			
Creditors - amounts due within one year	12	3,725,534	2,751,564
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(3,025,316)	(1,543,374)
		<hr/>	<hr/>
		£ (920,902)	£ (418,044)
CAPITAL AND RESERVES			
Called up share capital	13	10,000	10,000
Profit and loss account		(930,902)	(428,044)
		<hr/>	<hr/>
		£ (920,902)	£ (418,044)
		<hr/>	<hr/>



 Directors

1st September 1987

ARC SLIMLINE LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE 1987

	1987 £	1986 £
SOURCE OF FUNDS		
Loss before taxation	(459,099)	(479,770)
Items not involving the movement of funds:-		
Depreciation of tangible fixed assets	32,344	61,924
Total absorbed by operations	(426,755)	(417,846)
OTHER SOURCES		
Disposal of fixed assets outside the group	3,221	1,212
Repayment of loan from related company	-	56,910
TOTAL SOURCE	(423,534)	(359,724)
FUNDS APPLIED		
Taxation paid	1,385	886
Purchase of fixed assets	715,886	11,516
Purchase of unlisted investment	298,763	-
	1,016,034	12,402
Arising from increase/(decrease) in net current assets:-		
Stocks	60,485	374,503
Debtors excluding taxation	(142,740)	(2,504,745)
Creditors	(973,970)	1,559,158
	(1,056,225)	(571,084)
TOTAL APPLIED	40,191	(558,682)
(DECREASE)/INCREASE IN BANK BALANCES	£(383,343)	£198,958

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

1. ACCOUNTING POLICIES

a) Accounting basis

The accounts have been prepared on a going concern basis since the parent company has indicated its intention to continue to support the company in the foreseeable future.

The accounts are prepared under the historical cost convention and in compliance with the accounting provisions of the Companies Act 1985.

b) Depreciation of tangible fixed assets

Freehold land is not depreciated. The cost (after deducting Government grants) of other fixed assets is written off by equal instalments over their expected useful lives as follows:-

Freehold buildings	up to 50 years
Plant and equipment	5 - 15 years
Motor Vehicles	4 - 7 years

c) Stock valuation

Stocks are valued at the lower of cost and net realisable value, after making due allowances for any obsolete or slow moving items. Cost in the case of products manufactured by the company consists of direct material and labour costs together with an appropriate proportion of production overheads.

d) Deferred taxation

No provision is made for deferred taxation where, in the opinion of the directors, no material liabilities will arise in the foreseeable future (note 14).

e) Research and development

In the current year no assets have been capitalised (1986 - Nil). The assets previously capitalised are written off over their estimated useful lives.

All other expenditure on research and development is written off in the year in which it is incurred.

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

2. TURNOVER

Turnover comprises the invoice value of goods and services supplied by the company exclusive of VAT but including intra-group transactions. The analysis of turnover by geographical market is as follows:-

	1987 £	1986 £
UK - Manufacturing	353,952	620,523
- Sale of machinery and technical services	166,480	-
	<hr/>	<hr/>
Total U.K.	520,432	620,523
Overseas - Licensing and technical services		
Far East	45,554	63,105
North America	5,140	-
	<hr/>	<hr/>
Total	£ 571,126	£ 683,628
	<hr/>	<hr/>

3. NET OPERATING LOSS is stated after charging:-

	1987 £	1986 £
Depreciation (note 8)	32,344	61,924
Hire of plant and equipment	11,272	2,225
Emoluments of Directors, including pension contributions (note 5)	62,030	61,410
Auditor's remuneration	4,600	-

4. INTEREST PAYABLE

	1987	1986
On payments received in advance	£6,201	-

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

5. EMOLUMENTS OF DIRECTORS

The emoluments, excluding pension contributions, of Directors of the company are detailed as follows:-

	1987 NIL	1986 NIL
Chairman		
Highest paid Director	£33,206	£28,953
Other Directors in scale:-	Number of Directors	
Not more than £5,000	4	4
£20,001 to £25,000	1	-
£25,001 to £30,000	-	1

6. EMPLOYEE COSTS AND INFORMATION

	1987 £	1986 £
Wages and salaries	317,113	304,790
Social Security costs	27,823	24,325
Other pension costs	31,793	30,755
	£376,729	£355,870

The average number of employees, employed by the company during the financial year were:-

	1987	1986
	Number of employees	
Manufacturing operations	22	19
Administration	11	11
	33	30

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

7. TAXATION

The charge for taxation for the year is as follows:-

	1987	1986
Prior year adjustment	£43,759	-

The tax loss for the year will be surrendered without payment to a fellow subsidiary.

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant equipment and vehicles £	Total £
Cost:-			
At 1st July 1986	347,831	1,560,016	1,907,847
Additions during year	115,507	600,379	715,886
Disposals outside the group	-	(15,728)	(15,728)
At 30th June 1987	463,338	2,144,667	2,608,005
Depreciation:-			
At 1st July 1986	138,037	816,570	954,607
Charge for year	9,237	23,107	32,344
Disposals outside the group	-	(12,507)	(12,507)
At 30th June 1987	147,274	827,170	974,444
Net book value:-			
30th June 1987	£ 316,064	£ 1,317,497	£ 1,633,561
1st July 1986	£ 209,794	£ 743,446	£ 953,240

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

9. INVESTMENTS

	Subsidiary Company	Related Company		Unlisted Investments	Total
	£	Shares £	Loans £	£	£
At cost:-					
At 1 July 1986	5,100	18,462	212,628	-	236,190
Additions	-	-	-	298,763	298,763
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1987	5,100	18,462	212,628	298,763	534,953
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amounts written off:-					
At 1 July 1986	5,100	-	59,000	-	64,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1987	5,100	-	59,000	-	64,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:-					
At 30 June 1987	-	£18,462	£153,628	£298,763	£470,853
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 1986	-	£18,462	£153,628	-	£172,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The company owns a 51% holding in the issued ordinary share capital of Wardfree Limited, a company incorporated in England, engaged in the design, development and manufacture for sale of machinery for the manufacture of concrete pipes. The whole of this investment has been written off in earlier years as the company has no net assets.

The company also owns 50% of the issued ordinary share capital of Slimline Pipes Pte. Limited a company incorporated in Singapore. This company has not yet commenced trading and a provision of £59,000 was made against the loan to the company in previous years, being the parent company's share of the start up costs incurred.

During the year, the company purchased 15% of the issued ordinary share capital of Slimline Pipe Inc., a company incorporated in Canada.

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

10. STOCKS AND WORK IN PROGRESS

	1987 £	1986 £
Finished Goods	242,445	286,151
Raw materials	27,329	12,930
Work in progress	78,557	156,093
Consumables	183,607	16,279
	<hr/>	<hr/>
	£ 531,938	£ 471,453

In the opinion of the Directors, the replacement value of stocks does not differ significantly from balance sheet values.

11. DEBTORS

	1987 £	1986 £
Due within one year:-		
Trade debtors	71,858	40,903
Due from group companies	33,034	143,352
Taxation	1,385	43,759
Prepayments and accrued income	9,730	39,027
Due from Subsidiaries	24,176	58,256
	<hr/>	<hr/>
	£ 140,183	£ 325,297

12. CREDITORS - due within one year:-

	1987 £	1986 £
Trade creditors	244,321	53,239
Due to holding company and fellow subsidiaries	3,313,925	2,665,996
Other creditors and accruals	40,864	32,329
Payments received in advance	126,424	-
	<hr/>	<hr/>
	£3,725,534	£2,751,564

13. CALLED UP SHARE CAPITAL

	1987 £	1986 £
Authorised, allotted, called up and fully paid:-		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
	<hr/>	<hr/>

ARC SLIMLINE LIMITED

NOTES ON THE ACCOUNTS
30TH JUNE 1987

14. DEFERRED TAXATION

No provision for deferred tax is required (note 1d).
If deferred taxation had been provided in full under the liability method
the provision required to date would be as follows:-

	1987	1986
In respect of:		
Accelerated capital allowances	£336,000	£267,000
	<hr/>	<hr/>

15. CAPITAL COMMITMENTS

At 30 June 1987 there were no capital commitments (1986 - Nil)

16. HOLDING COMPANY

The ultimate holding company is Consolidated Gold Fields PLC which is
incorporated in England.