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SEAGLEN INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report, together with the Accounts of the company for the year ended 31 March 1985.

Business Review:

The principal activity of the company is property trading. There has been no significant change in the nature of the company's business activities during the year under review nor is any envisaged in the immediate future.

Results and Dividend:

The results for the year are set out in the attached Profit and Loss Account and Explanatory Notes.

The Directors recommend no dividend to be paid for the year.

Properties:

A professional valuation of the Company's property held for trading was carried out at 31 January 1982 and revealed a surplus over book value, but this was not incorporated into the Accounts. The Board are satisfied that at 31 March 1985 the property held for trading still had a value considerably in excess of its book value.

Directors:

The Directors throughout the year were:

B S E Freshwater
D Davis

The Articles of Association of the company do not require the Directors to retire by rotation.

Neither Director has a service contract, nor does either one receive any emoluments from the company.

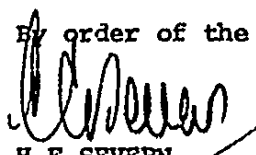
Directors' Interest in Capital:

Neither Director has any interest in the share capital of the company. Their interests, and those of their families and family trusts, in the share capital of Daejan Holdings PLC, are set out in the Directors' Report of the company.

Auditors:

A resolution for the re-appointment of Cohen Arnold & Co. as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board


H E SEVERN
Secretary

Head Office:
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR

4 JUL 1985



REPORT OF THE AUDITORS TO THE MEMBERS

2

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SEAGLEN INVESTMENTS LIMITED

We have audited the Accounts set out on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the Accounts which have been prepared on the basis of the accounting policies set out on page 6 give a true and fair view of the state of affairs of the Company at 31st March 1985 and of the loss and source and application of funds of the Company for the year to that date and comply with the Companies Act 1985.

LONDON

- 4 JUL 1985

Cohen Arnold & Co.

COHEN, ARNOLD & CO.

Chartered Accountants.

SEAGLEN INVESTMENTS LIMITED

3

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1985

	<u>Notes</u>	£	<u>1985</u>	£	£	<u>1984</u>	£
Rents and charges receivable	2		126,309			147,234	
Property Outgoings			(124,730)			(174,985)	
			<u>1,579</u>			<u>(27,751)</u>	
Property Sales	2	262,155			22,500		
Cost of Sales		(123,262)			(10,959)		
		<u> </u>	138,893		<u> </u>	11,541	
GROSS PROFIT/(LOSS)			<u>140,472</u>			<u>(16,210)</u>	
Administrative Expenses	3	(1,610)			(1,610)		
Interest Payable	4	(149,018)			(123,500)		
		<u> </u>	(150,628)		<u> </u>	(125,110)	
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>(10,156)</u>			<u>(141,320)</u>	
Taxation on loss on ordinary activities	6		5,281			56,784	
LOSS FOR THE FINANCIAL YEAR	12		<u><u>£(4,875)</u></u>			<u><u>£(84,536)</u></u>	

The attached Notes form part of these Accounts

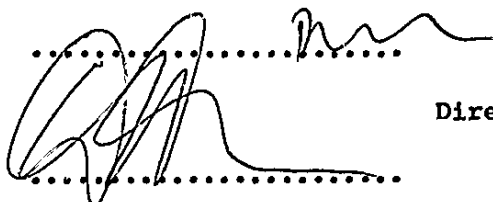
SEAGLEN INVESTMENTS LIMITED

4

BALANCE SHEET AS AT 31 MARCH 1985

	<u>Notes</u>	£	<u>1985</u>	£	£	<u>1984</u>	£
<u>FIXED ASSETS</u>							
Investments	7			94,287			90,275
<u>CURRENT ASSETS</u>							
Stocks - Properties held for trading	8	844,898				951,224	
Debtors	9	65,719				85,004	
Cash at Bank		14,360				5	
				<u>924,977</u>		<u>1,036,233</u>	
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	10	(990,569)				(1,092,938)	
<u>NET CURRENT LIABILITIES</u>				(65,592)		(56,705)	
<u>NET ASSETS</u>				<u>£ 28,695</u>		<u>£ 33,570</u>	
<u>CAPITAL AND RESERVES</u>							
Called up Share Capital	11			200			200
Profit and Loss Account	12			28,495			33,370
				<u>£ 28,695</u>		<u>£ 33,570</u>	

These accounts were approved by the Board of Directors on 4 JUL 1985

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 Directors

The attached notes form part of these Accounts

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1985

	£	<u>1985</u>	£	£	<u>1984</u>	£
<u>SOURCE OF FUNDS</u>						
Sales of Trading Properties		251,614			22,071	
Loss on ordinary activities before taxation	(10,156)			(141,320)		
Profit from Property Trading (dealt with separately above)	(138,893)			(11,541)		
		(149,049)			(152,861)	
FUNDS GENERATED/(ABSORBED) FROM OPERATIONS		<u>£ 102,565</u>			<u>£(130,790)</u>	
<u>APPLICATION OF FUNDS</u>						
Expenditure on Trading Properties		6,395			-	
Consideration received for surrender of tax losses		(5,281)			(56,784)	
Collateral Endowment Policy Premium Paid		4,012			4,012	
		<u>5,126</u>			<u>(52,772)</u>	
<u>MOVEMENTS IN NET WORKING CAPITAL</u>						
(Reduction)/Increase in Current Assets	(19,285)			15,676		
Reduction in Creditors falling due within one year	2,650			19,909		
		(16,635)			35,585	
		<u>(11,509)</u>			<u>(17,187)</u>	
<u>MOVEMENTS IN NET LIQUID FUNDS</u>						
Reduction/(Increase) in amount due to Immediate Holding Company	99,719			(113,603)		
Increase in Cash at Bank	14,355			-		
		<u>114,074</u>			<u>(113,603)</u>	
		<u>£ 102,565</u>			<u>£(130,790)</u>	

NOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

The following is a statement of the Principal Accounting Policies of the Company:-

(a) Basis of Preparation of the Accounts

The Accounts are prepared under the historical cost convention.

(b) Trading Properties

These properties are stated at the lower of cost and net realisable value.

(c) Disposal of Properties

Disposals are considered to have taken place at the date of legal completion.

2. TURNOVER

	<u>Turnover</u>	<u>1985 Cost of Turnover</u>	<u>Gross Profit</u>	<u>Turnover</u>	<u>1984 Cost of Turnover</u>	<u>Gross Profit</u>
	£	£	£	£	£	£
Trading Property Sales	262,155	123,262	138,893	22,500	10,959	11,541
Rent and Charges Receivable	126,309	124,730	1,579	147,234	174,985	(27,751)
	<u>£388,464</u>	<u>£247,992</u>	<u>£140,472</u>	<u>£169,734</u>	<u>£185,944</u>	<u>£(16,210)</u>

3. ADMINISTRATIVE EXPENSES

	<u>1985 £</u>	<u>1984 £</u>
Legal and Professional charges	748	748
Audit Fees	862	862
	<u>£ 1,610</u>	<u>£ 1,610</u>

4. INTEREST PAYABLE

Interest Payable to Immediate Holding Company	149,000	123,500
Bank Interest and Related Charges	18	-
	<u>£149,018</u>	<u>£123,500</u>

NOTES TO THE ACCOUNTS
(Cont'd)

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the year was as follows:

	<u>1985</u> Number	<u>1984</u> Number
Administration	4 =	4 =

The aggregate payroll costs of these persons were as follows:

	<u>1985</u> £	<u>1984</u> £
Wages and Salaries	10,953	10,868
Social security costs	920	915
	<u>£ 11,873</u> =====	<u>£ 11,783</u> =====

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

Credit in the Profit and Loss Account:	<u>1985</u> £	<u>1984</u> £
Corporation Tax based on Loss on ordinary activities for the year at 45% (1984: 50%)	<u>£ 5,281</u> =====	<u>£ 56,784</u> =====

The credit is in respect of a receipt as consideration for proposed group relief available under Section 258, Income and Corporation Taxes Act 1970.

	<u>1985</u> £	<u>1984</u> £
7. <u>OTHER INVESTMENTS</u>		
Capital Redemption Assurance Policy at Cost	<u>£ 94,287</u> =====	<u>£ 90,275</u> =====
Surrender Value	<u>£113,873</u> =====	<u>£107,935</u> =====

8. TRADING PROPERTIES

At the lower of cost and net realisable value (Note 1 (b))	<u>£844,898</u> =====	<u>£951,224</u> =====
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SEAGLEN INVESTMENTS LIMITED

8

NOTES TO THE ACCOUNTS
(Cont'd)

	<u>1985</u> £	<u>1984</u> £
9. <u>DEBTORS</u>		
Rents and service charges due and accrued	49,721	72,807
Other Debtors	15,998	12,197
	<u>£ 65,719</u> =====	<u>£ 85,004</u> =====
10. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Rents and service charges charged and paid in advance	3,305	2,390
Other creditors and accruals	23,534	27,099
Due to Immediate Holding Company	963,730	1,063,449
	<u>£ 990,569</u> =====	<u>£1,092,938</u> =====
11 <u>CALLED UP SHARE CAPITAL</u>		
<u>Authorised, Issued and Fully Paid:</u>		
100 Ordinary Shares of £1 each	100	100
100 Deferred Ordinary Shares of £1 each	100	100
	<u>£ 200</u> =====	<u>£ 200</u> =====
12. <u>PROFIT AND LOSS ACCOUNT</u>		
	£	
At 1st April 1984	33,370	
Loss for the Financial Year	(4,875)	
At 31st March 1985	<u>£ 28,495</u> =====	

NOTES TO THE ACCOUNTS
(Cont'd)

13. DIRECTORS' INTEREST IN CONTRACTS

Day to day management of the Company's properties is carried out by Highdorn Co. Limited and Freshwater Property Management Limited, which are members of the Freshwater Group of Companies with which this Company is closely associated. Mr. B.S.E. Freshwater is a Director of both companies and is also interested in the share capital of Highdorn Co. Limited. During the year £21,149 was paid to Highdorn Co. Limited and Freshwater Property Management Limited for the provision of a full range of management services, which were charged for at normal commercial rates.

14. The Company has paid no Directors' remuneration during the year.

15. The Company's ultimate Holding Company is Daejan Holdings Plc, a company incorporated in the United Kingdom.

SEAGLEN INVESTMENTS LIMITED

PROPERTY REVENUE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1985

	£	<u>1985</u>	£	£	<u>1984</u>	£
Rent Receivable			31,278			37,295
Service Charges Receivable			95,031			109,939
			<u>126,309</u>			<u>147,234</u>
<u>Deduct: Property Outgoings</u>						
Ground Rent		-			(412)	
General & Water Rates		9,276			8,093	
Insurance		5,243			5,817	
Light & Heat		49,041			48,502	
Porterage & Cleaning		13,792			13,537	
Repairs and Maintenance		27,379			72,856	
Management & Letting Commission		19,111			24,376	
Legal Fees		888			2,216	
			<u>124,730</u>		<u>174,985</u>	
 SURPLUS/(DEFICIT) CARRIED TO PROFIT AND LOSS ACCOUNT			 <u>£ 1,579</u> <u>=====</u>		 <u>£(27,751)</u> <u>=====</u>	

SEAGLEN INVESTMENTS LIMITED

PROPERTY TRADING ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1985

	£	<u>1985</u>	£	£	<u>1984</u>	£
Consideration Received			262,155			22,500
<u>Deduct:</u>						
Legal Fees		2,717			429	
Commission		7,824			-	
		<u> </u>	10,541		<u> </u>	429
			<u>251,614</u>			<u>22,071</u>
<u>Deduct:</u>						
Cost of Sales			112,721			10,530
SURPLUS CARRIED TO PROFIT AND LOSS ACCOUNT			<u>£138,893</u> <u>=====</u>			<u>£11,541</u> <u>=====</u>