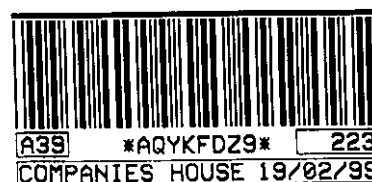




PRC DEVELOPMENTS LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

COMPANY NUMBER: 3329859





PRC DEVELOPMENTS LTD
DIRECTOR'S REPORT

The director presents his report and accounts for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The company's principal activity during the year was farming and related activities.

DIRECTOR AND HIS INTERESTS

The director at 31 December 1998 and his interests in the share capital of the company was as follows:-

	At 31 December 1998 Ordinary Shares	At 31 December 1997 Ordinary Shares
R W Menzies (100,002 held jointly with Mrs E Menzies)	157,704	157,704

DIRECTOR'S RESPONSIBILITIES FOR THE ACCOUNTS

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

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



PRC DEVELOPMENTS LTD
DIRECTOR'S REPORT (CONTINUED)

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By Order of the Board

Secretary

R W MENZIES

10/2/1999



PRC DEVELOPMENTS LTD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
TURNOVER	2	14,053	11,905
Cost of sales		(2,007)	(1,977)
GROSS PROFIT		12,046	9,928
Administration costs		(13,681)	(16,453)
Trading loss		(1,635)	(6,525)
Other operating income		<u>1,790</u>	<u>420</u>
OPERATING LOSS	3	155	(6,105)
Interest payable		(7,898)	(2,009)
Interest receivable		<u>8</u>	<u>25</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,735)	(8,089)
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(7,735)	(8,089)
Dividends		<u>-</u>	<u>-</u>
LOSS RETAINED FOR THE FINANCIAL YEAR	10	(7,735)	(8,089)

The company has no recognised gains and losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 5 to 8 form part of these financial statements

PRC DEVELOPMENTS LTD
BALANCE SHEET AS AT 31 DECEMBER 1998



	<u>Notes</u>	<u>1998</u>	<u>1997</u>
FIXED ASSETS			
Tangible assets	4	<u>326,286</u>	<u>325,000</u>
CURRENT ASSETS			
Stock		3,800	-
Debtors	5	5,000	5,000
Cash at bank and in hand		<u>1,185</u>	<u>1,475</u>
		9,985	6,475
CREDITORS: amounts falling due within one year	6	<u>(20,462)</u>	<u>(8,101)</u>
NET CURRENT (LIABILITIES)		<u>(10,477)</u>	<u>(1,626)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>315,809</u>	<u>323,374</u>
CREDITORS: amounts falling due after more than one year	7	<u>(81,631)</u>	<u>(81,461)</u>
		<u>234,178</u>	<u>241,913</u>
CAPITAL AND RESERVES			
Called up share capital	9	250,002	250,002
Profit and loss account	10	<u>(15,824)</u>	<u>(8,089)</u>
		<u>234,178</u>	<u>241,913</u>

The director has taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.

The company is entitled under the provisions of the Companies Act 1985 (Audit Exemption) Regulations 1994, to the exemption that its accounts do not require external examination.

No members holding 10% or more of the shares have requested an audit.

The director acknowledges her responsibility for:-

- (i) Ensuring that the company keeps accounting records which comply with Section 221 CA 1985.
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes on pages 5 to 8 form part of these financial statements.


R W MENZIES

10/2/ 1999



PRC DEVELOPMENTS LTD
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1998

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Freehold land & buildings - Nil
Plant & machinery - 25% reducing balance basis

Stocks

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

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.



PRC DEVELOPMENTS LTD
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1998

2. TURNOVER

Turnover represents amounts invoiced to third parties.

Turnover is wholly attributable to the company's main activities and arises entirely in the United Kingdom.

3. OPERATING LOSS

This is stated after charging.

	<u>1998</u>	<u>1997</u>
Depreciation of owned fixed assets	59	-
Directors' remuneration	-	-
Equipment hire	<u>-</u>	<u>1,554</u>

4. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Plant & Machinery</u>	<u>Total</u>
<u>Cost</u>			
At 1 January 1998	325,000	-	325,000
Additions	-	710	710
At 31 December 1998	<u>325,000</u>	<u>710</u>	<u>325,710</u>
<u>Depreciation</u>			
At 1 January 1998	-	-	-
Provided during the year	-	59	59
At 31 December 1998	<u>-</u>	<u>59</u>	<u>59</u>
<u>Net Book Value</u>			
At 31 December 1998	<u>325,000</u>	<u>651</u>	<u>325,651</u>
At 31 December 1997	<u>325,000</u>	<u>-</u>	<u>325,000</u>



PRC DEVELOPMENTS LTD
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1998

<u>5. DEBTORS</u>	<u>1998</u>	<u>1997</u>
	<u>5,000</u>	<u>5,000</u>

Trade debtors

All debtors are due within one year.

<u>6. CREDITORS: amounts falling due within one year</u>	<u>1998</u>	<u>1997</u>
Bank loans & overdrafts	-	2,893
Other creditors	<u>20,464</u>	<u>5,208</u>
	<u>20,464</u>	<u>8,101</u>

7. CREDITORS: amounts falling due after more than one year

Bank loans	<u>81,631</u>	<u>81,461</u>
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<u>8. BANK LOANS AND OVERDRAFTS</u>	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts include:-		
repayable within one year	-	2,893
repayable within two to five years	18,620	18,620
Repayable after five years	<u>63,011</u>	<u>62,841</u>
	<u>81,631</u>	<u>84,354</u>

The bank loan is secured by fixed and floating charges over the assets of the company.

PRC DEVELOPMENTS LTD
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1998



9. SHARE CAPITAL

	<u>Authorised</u> <u>1998 & 1997</u>	<u>Allotted, called up & fully paid</u> <u>1998 & 1997</u>	
	<u>£</u>	<u>No.</u>	<u>£</u>
Ordinary shares of £1 each	<u>1,000,000</u>	<u>250,002</u>	<u>250,002</u>

10. RESERVES

	<u>Profit and loss</u> <u>account</u>
At 1 January 1998	(8,089)
Retained loss for the year	(7,735)
At 31 December 1998	<u>(15,824)</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
At 1 January 1998	241,913	-
Proceeds of shares issued	-	250,002
Loss for the year	<u>(7,735)</u>	<u>(8,089)</u>
At 31 December 1998	<u>234,178</u>	<u>241,913</u>

12. CAPITAL COMMITMENTS

The company had no capital commitments either contracted for or authorised at the balance sheet date.