

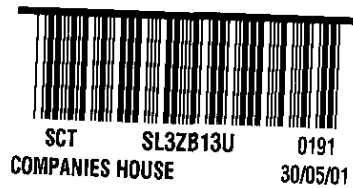
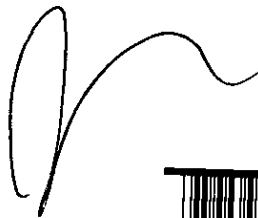
Company Registration No. 175321 (Scotland)

LOTHIAN HERBS (EDINBURGH) LIMITED

ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 31 JULY 2000

JOHN GORDON WALTON & CO.



LOTHIAN HERBS (EDINBURGH) LIMITED

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LOTHIAN HERBS (EDINBURGH) LIMITED

AUDITORS' REPORT TO LOTHIAN HERBS (EDINBURGH) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 4, together with the financial statements of the company for the period ended 31 July 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.

Other information

On 25 May 2001 we reported, as auditors of Lothian Herbs (Edinburgh) Limited, to the members financial statements prepared under section 226 of the Companies Act 1985 for the period ended 31 July and our audit report included the following paragraph:

Going concern

"In forming our opinion we have also considered the adequacy of disclosures made in Note 1 of statements concerning the level of working capital available to the company. In view of the significant fact that the preparation of the financial statements on the going concern basis assumes that there is sufficient working capital to enable it to continue to trade into the foreseeable future, we conclude that disclosures should be brought to your attention. Our opinion is not qualified in this respect."

John Gordon Walton & Co

John Gordon Walton & Co
Chartered Accountants and
Registered Auditors

25 May 2001
Yorkshire House
Greek Street
Leeds
LS1 5ST

JOHN GORDON WALTON & CO

LOTHIAN HERBS (EDINBURGH) LIMITED

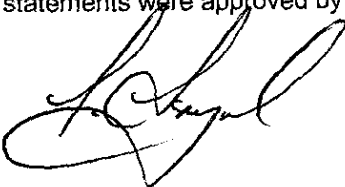
ABBREVIATED BALANCE SHEET AS AT 31 JULY 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	2		12,927		31,327
Current assets					
Stocks		137,561		172,531	
Debtors		64,712		91,320	
Cash at bank and in hand		-		4,896	
		<u>202,273</u>		<u>268,747</u>	
Creditors: amounts falling due within one year	3	<u>(48,156)</u>		<u>(256,329)</u>	
Net current assets			154,117		12,418
Total assets less current liabilities			167,044		43,745
Creditors: amounts falling due after more than one year			(175,521)		-
			<u>(8,477)</u>		<u>43,745</u>
Capital and reserves					
Called up share capital	4	100,000		100,000	
Share premium account		72,296		72,296	
Profit and loss account		<u>(180,773)</u>		<u>(128,551)</u>	
Shareholders' funds - equity interests			<u>(8,477)</u>		<u>43,745</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 25 May 2001

C Szymanski
Director



LOTHIAN HERBS (EDINBURGH) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared by the directors on the basis that the company is a going concern and will continue to trade into the foreseeable future. The company participates in a group bank facility and the directors are of the opinion that the level of bank facilities made available to the group and hence the company will provide sufficient working capital to enable the group and the company to continue to trade. Should this basis prove inappropriate then the fixed assets would need to be reclassified as current assets, fixed and current assets would need to be written down to their estimated realisable value and additional liabilities would crystallise.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the life of the lease
Plant and machinery	20% on cost
Fixtures, fittings & equipment	20%/25% on cost
Motor vehicles	35% on cost

1.4 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 Comparative figures

The directors have considered the treatment of costs previously treated as distribution overheads and are of the opinion the results of the company would show a more true and fair view if these were to be included within cost of sales. Accordingly costs previously described as distribution costs totalling £63,070 have been included in cost of sales. There is no overall effect on the results for the comparative period but gross profit has been reduced by this amount.

LOTHIAN HERBS (EDINBURGH) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2000

2 Fixed assets

	Tangible assets £
Cost	
At 1 July 1999	54,573
Disposals	(16,940)
At 31 July 2000	37,633
Depreciation	
At 1 July 1999	23,246
On disposals	(11,274)
Charge for the period	12,734
At 31 July 2000	24,706
Net book value	
At 31 July 2000	12,927
At 30 June 1999	31,327

3 Creditors: amounts falling due within one year

The total amount of creditors for which security has been given amounted to £18,512 (1999: £nil).

4 Share capital

	2000 £	1999 £
Authorised		
500,000 Ordinary of £ 1 each	500,000	500,000
Allotted, called up and fully paid		
100,000 Ordinary of £ 1 each	100,000	100,000

5 Ultimate parent company

The ultimate parent company is Phytomedical Limited, a company registered in England.