

Phytodevelopments Limited
Annual report
for the year ended 31 August 1998

Registered no: 2796377



Phytodevelopments Limited

Annual report for the year ended 31 August 1998

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Director's report for the year ended 31 August 1998

The director presents his report and the audited financial statements for the year ended 31 August 1998.

Principal activities and review of the business

The company has been dormant since 21 March 1996.

Dividends

The company is unable to pay a dividend in respect of the year ended 31 August 1998 (1997: £nil).

Director

Dr R P Dixey has been the sole director of the company for the whole of the year.

Director's interests in shares of the company

Dr R P Dixey does not have any beneficial interest in the shares of the company.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the next annual general meeting.

By order of the board



Dr S C Loach
Secretary

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Statement of director's 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 the group as at the end of the financial year and of the profit or loss of the company and the group 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 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 financial statements 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.

By order of the board



Dr S C Loach
Secretary
21 December 1998

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Report of the auditors to the members of Phytodevelopments Limited

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

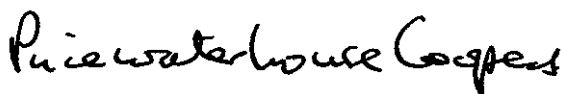
Basis of opinion

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 company'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 at 31 August 1998 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cambridge, 21 December 1998.

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Balance sheet at 31 August 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|-------------|-------------|
| Creditors: amounts falling due within one year | 3 | 1,900 | 1,900 |
| Net current liabilities | | (1,900) | (1,900) |
| Total assets less current liabilities | | (1,900) | (1,900) |
| Net liabilities | | (1,900) | (1,900) |
| Capital and reserves | | | |
| Called up share capital | 4 | 160 | 160 |
| Share premium account | 5 | 199,840 | 199,840 |
| Profit and loss account | 5 | (201,900) | (201,900) |
| Shareholders' deficit | | (1,900) | (1,900) |

The financial statements on pages 4 to 6 were approved on 21 December 1998 and were signed by:



Dr R P Dixey
Director

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Notes to the financial statements for the year ended 31 August 1998

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. The company has adopted the accounting policies of its parent company Phytotech Limited. These are the same in all respects as the company's previous policies except that intangible assets are not carried on the balance sheet.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Profit and loss account

The company has been dormant since 21 March 1996 and no profit and loss account is presented in these financial statements.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Director's emoluments

The director received no emoluments or benefits in kind from the company during the last two years.

3 Creditors: amounts falling due within one year

| | 1998 £ | 1997 £ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | 1,900 | 1,900 |

4 Called-up share capital

| | 1998 £ | 1997 £ |
|--|------------|------------|
| Authorised | | |
| 80 "A" ordinary shares of £1 each | 80 | 80 |
| 80 (1997: 20) "B" ordinary shares of £1 each | 80 | 80 |
| | <u>160</u> | <u>160</u> |
| Allotted, called-up and fully paid | | |
| 80 "A" ordinary shares of £1 each | 80 | 80 |
| 80 (1997: 15) "B" ordinary shares of £1 each | 80 | 80 |
| | <u>160</u> | <u>160</u> |

The "A" ordinary shares and "B" ordinary shares rank pari passu in all respects.

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5 Reconciliation of movements in shareholders' funds

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | 1998 Total shareholder's funds £ | 1997 Total shareholder's funds £ |
|---------------------|------------------------------------|----------------------------------|------------------------------------|--|--|
| At 1 September 1997 | 160 | 199,840 | (201,900) | (1,900) | (1,900) |
| At 31 August 1998 | 160 | 199,840 | (201,900) | (1,900) | (1,900) |

6 Related party transactions

There have been no transactions with related parties during the last two years as the company has been dormant.

7 Ultimate parent undertaking

The director regards Phytopharm plc as the ultimate parent undertaking and controlling party. Copies of the group consolidated accounts may be obtained from The Secretary, Phytopharm plc, Corpus Christi House, 9 West Street, Godmanchester, Huntingdon, Cambridgeshire PE18 8HG,