

Registered number
1032622

FOUNTAIN INDUSTRIES (UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1996



Scrutton Bland
Chartered Accountants
Sanderson House
Museum Street
Ipswich

FOUNTAIN INDUSTRIES (UK) LIMITED

Directors P.F. Lambert
G.E. Smith

Secretary G.A. Cutts

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Registered Number 1032622

Auditors Scrutton Bland
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FOUNTAIN INDUSTRIES (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company in the year under review was that of sales of drink dispensing equipment, together with associated products.

Results and dividends

The trading profit for the year, after taxation, amounted to £41,660 (1995: £9,116).

The directors recommend the payment of a final dividend of £Nil. During the year a dividend of £10,000 was paid.

Directors

The directors, who served the company throughout the year, and their beneficial interests in the company's issued ordinary share capital, were as follows:

		1995
	£	£
P.F. Lambert	-	-
G.E. Smith	-	-

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with Section 386 (1) of the Companies Act 1985. Therefore the auditors, Scrutton Bland, will be deemed to be re-appointed for each succeeding financial year.

Accounting Exemptions

Advantage is taken in the preparation of the directors' report of the exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Signed by order of the board of directors.

G.A. Cutts

G.A. Cutts
Secretary

Approved by the board on 17 March 97

FOUNTAIN INDUSTRIES (UK) LIMITED

PREPARATION OF FINANCIAL STATEMENTS

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * 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 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF FOUNTAIN INDUSTRIES (UK) LIMITED

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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.

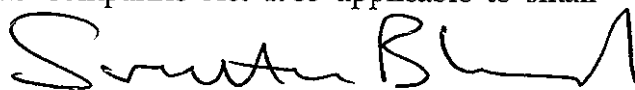
Basis of opinion

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 judgments 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 the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



SCRUTTON BLAND
Chartered Accountants
and Registered Auditors

Ipswich

24th March 1997

FOUNTAIN INDUSTRIES (UK) LIMITED

PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 1996

	Notes	£	1995 £
TURNOVER	2	915,735	967,896
Cost of sales		(651,885)	(690,665)
GROSS PROFIT		263,850	277,231
Distribution costs		(96,876)	(157,592)
Administrative expenses		(91,933)	(95,874)
OPERATING PROFIT	3	75,041	23,765
Interest payable	4	(4,086)	(9,037)
PROFIT on ordinary activities before taxation		70,955	14,728
TAXATION	5	(29,295)	(5,612)
PROFIT for the financial year after taxation		41,660	9,116
DIVIDENDS paid		(10,000)	(2,000)
RETAINED PROFIT for the financial year		31,660	7,116
RETAINED PROFIT at 1 January 1996		151,155	144,039
RETAINED PROFIT at 31 December 1996		<u>£182,815</u>	<u>£151,155</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the above two financial years.

FOUNTAIN INDUSTRIES (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	£	1995 £
FIXED ASSETS			
Tangible assets	6	53,239	71,532
CURRENT ASSETS			
Stocks	7	99,387	93,148
Debtors	8	128,437	141,494
Cash at bank and in hand		34,660	6,182
		262,484	240,824
CREDITORS: amounts falling due within one year	9	(130,180)	(135,838)
NET CURRENT ASSETS		132,304	104,986
TOTAL ASSETS LESS CURRENT LIABILITIES		185,543	176,518
CREDITORS: amounts falling due after more than one year	10	-	(20,310)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	(2,676)	(5,001)
		£182,867	£151,207
CAPITAL AND RESERVES			
Called up share capital	12	52	52
Profit and loss account		182,815	151,155
Shareholders' funds-equity interest	13	£182,867	£151,207

Advantage is taken in the preparation of the financial statements of the exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion the company is entitled to those exemptions as a small company.

The financial statements were approved by the directors on 17 March, 1997

P. F. Lambert

G.E. Smith

Directors

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents net invoiced sales of goods, excluding VAT.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Motor vehicles	-	20% on cost
Delivery vehicle	-	25% on cost
Computer equipment	-	33% on cost

Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Taxation

The charge for taxation is based on the profit for the year. The charge takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation to the extent that, in the opinion of the directors, there is reasonable probability that the liability will arise in the foreseeable future.

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1996

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leases and hire purchase

Assets held under hire purchase contracts are capitalised in the balance sheet with an equivalent liability included under creditors. An asset acquired under a hire purchase contract is depreciated over its useful life. The interest element of the amount payable is charged to the profit and loss account and the capital element reduces the liability in the balance sheet.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Pension costs

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

2 TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to £150,490 (1995: £ 156,088).

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	£	1995 £
Foreign currency (profit)/loss on exchange	(19,090)	28,447
Depreciation of tangible fixed assets	21,678	21,705
Operating lease rentals	24,226	24,371
Auditors' remuneration	3,300	3,150
Directors' emoluments	34,687	72,712
Profit on disposals of fixed assets	-	(2,500)

4 INTEREST PAYABLE

	£	1995 £
Group	2,118	3,843
Hire purchase contracts	1,843	2,064
Other	125	3,130
	<u>£4,086</u>	<u>£9,037</u>

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1996

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	1995 £
Based on the profit for the year		
Corporation Tax at 33% (1995: 33%)	31,620	6,115
Deferred Taxation	(2,325)	(923)
	<u>29,295</u>	<u>5,192</u>
Corporation tax under provided in previous year	-	420
	<u>£29,295</u>	<u>£5,612</u>

6 TANGIBLE FIXED ASSETS

	Fixtures fittings and computer equipment £	Plant and machinery £	Delivery vehicles £	Motor vehicles £	Total £
Cost					
At 1 January 1996	40,129	70,863	42,353	37,152	190,497
Additions	3,385	-	-	-	3,385
Disposals	-	-	-	-	-
	<u>43,514</u>	<u>70,863</u>	<u>42,353</u>	<u>37,152</u>	<u>193,882</u>
At 31 December 1996					
Depreciation					
At 1 January 1996	27,531	39,208	42,353	9,873	118,965
On disposals	-	-	-	-	-
Charge for the year	4,333	9,905	-	7,440	21,678
	<u>31,864</u>	<u>49,113</u>	<u>42,353</u>	<u>17,313</u>	<u>140,643</u>
At 31 December 1996					
Net book values					
At 31 December 1996	<u>£11,650</u>	<u>£21,750</u>	<u>£-</u>	<u>£19,839</u>	<u>£53,239</u>
At 31 December 1995	<u>£12,598</u>	<u>£31,655</u>	<u>£-</u>	<u>£27,279</u>	<u>£71,532</u>

The charge for depreciation of fixed assets includes £13,055 (1995: £13,055) in respect of assets acquired under hire purchase contracts. At 31 December 1996 the net book value of assets acquired under hire purchase contracts was £31,073 (1995 : £44,128).

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1996

7 STOCKS

	£	1995 £
Raw materials	45,307	31,776
Finished goods	54,080	61,372
	<u>£99,387</u>	<u>£93,148</u>

There is no material difference between the book value of stocks and replacement cost.

8 DEBTORS

	£	1995 £
Trade debtors	107,830	127,176
Other debtors	11,577	9,148
Amounts due from group undertakings	9,030	5,170
	<u>£128,437</u>	<u>£141,494</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	1995 £
Obligations under hire purchase contracts	3,310	12,552
Trade creditors	2,883	3,589
Current corporation tax	28,589	2,372
Advance corporation tax	-	3,000
Other creditors	12,629	15,156
Amounts due to group undertakings	82,769	99,169
	<u>£130,180</u>	<u>£135,838</u>

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1996

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

		1995
	£	£
Loan from group undertaking	-	17,000
Obligations under hire purchase contracts	-	3,310
	<u>£-</u>	<u>£20,310</u>

The above liabilities fall due for repayment within five years.

11 DEFERRED TAXATION

Deferred taxation provided in the financial statements and the potential amounts including the amounts for which provision has been made, are as follows:

	Provision		Potential	
		1995		1995
	£	£	£	£
Capital allowances in advance of depreciation	<u>£2,676</u>	<u>£5,001</u>	<u>£2,676</u>	<u>£5,001</u>

12 CALLED UP SHARE CAPITAL

		1995
	£	£
Authorised 10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, called up and fully paid 52 (1995: 52) ordinary shares of £1 each	<u>£52</u>	<u>£52</u>

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1996

13 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	£	1995 £
Profit for the financial year after taxation	41,660	9,116
Dividends	(10,000)	(2,000)
	<hr/>	<hr/>
Opening shareholders' funds at 1 January 1996	31,660 151,207	7,116 144,091
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 1996	<u>£182,867</u>	<u>£151,207</u>

14 CONTINGENT LIABILITY

There are no such liabilities to report.

15 COMMITMENTS

Capital commitments

There were no items contracted for at 31 December 1996.(1995: Nil).

Lease commitments - operating leases

At 31 December 1996 the company had annual commitments of £289 (1995: £578) under non-cancellable operating leases which expire within one year and annual commitments of £25,088 (1995 £23,647) under non-cancellable leases which expire after five years.

16 RELATED PARTY TRANSACTIONS

The immediate controlling company is Fountain Netherlands Holding BV, a company incorporated in Holland.

The ultimate holding company is Vortan International Holdings NV, a company incorporated in the Netherlands Antilles.

The company is more than 90% controlled by the group and therefore advantage has been taken of the exemption not to disclose group related party transactions in the financial statements.

All related party transactions between the company and other group members have been eliminated in the consolidated financial statements of Vortan International Holdings N V.