

FOUNTAIN INDUSTRIES (U.K.) LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2002

Company Registration Number 1032622



ENSORS
Chartered Accountants & Registered Auditors
46 St Nicholas Street
IPSWICH
IP1 1TT

FOUNTAIN INDUSTRIES (U.K.) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholder	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8
The following pages do not form part of the financial statements	
Detailed profit and loss account	15
Notes to the detailed profit and loss account	16

FOUNTAIN INDUSTRIES (U.K.) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr E Malrain
Mr P Van Campenhout

Company secretary

Ms R Fulcher

Registered office

Reydon Business Park
Fountain Way
Reydon
Southwold
Suffolk
IP18 6DH

Auditors

Ensors
Chartered Accountants
& Registered Auditors
46 St Nicholas Street
IPSWICH
IP1 1TT

Bankers

National Westminster Bank Plc
2 Tavern Street
Ipswich
IP1 3BD

FOUNTAIN INDUSTRIES (U.K.) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the sale of drink dispensing equipment, together with associated products.

On 1 March 2002, the company ceased to operate its product packaging facility. This facility has now been sold to Fountain Industries Europe S.A., the ultimate parent company, and all products are now acquired from them.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the company during the year was as follows:

Mr G E Smith

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

Mr G E Smith retired as a director on 31 January 2003.

Mr E Malrain was appointed as a director on 1 February 2003.

Mr P Van Camphenout was appointed as a director on 1 February 2003.

DIRECTORS' 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 9, 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; and

- 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 him to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

POST BALANCE SHEET EVENT

Since the year end, the assets and trade of Symfoni (U.K)Limited, another group company, have been transferred to the company.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

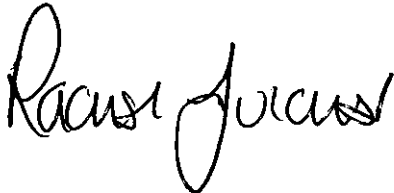
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

AUDITORS

A resolution to re-appoint Ensors as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'R Fulcher', written in a cursive style.

MS R FULCHER
Company Secretary

Approved by the directors on 24 FEBRUARY 2003

FOUNTAIN INDUSTRIES (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER *(CONTINUED)*

YEAR ENDED 31 DECEMBER 2002

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 2002 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

ENSORS

46 St Nicholas Street
IPSWICH
IP1 1TT

ENSORS
Chartered Accountants
& Registered Auditors

24.02.03

FOUNTAIN INDUSTRIES (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER	2	574,314	683,719
Cost of sales		<u>437,836</u>	<u>447,375</u>
GROSS PROFIT		136,478	236,344
Distribution Costs		65,867	83,619
Administrative expenses		<u>109,341</u>	<u>117,269</u>
OPERATING (LOSS)/PROFIT	3	(38,730)	35,456
Interest receivable		498	1,174
Interest payable	6	<u>(338)</u>	<u>(2,028)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(38,570)	34,602
Tax on (loss)/profit on ordinary activities		—	—
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(38,570)	34,602
Balance brought forward		<u>348,376</u>	<u>313,774</u>
Balance carried forward		<u>309,806</u>	<u>348,376</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	<u>11,923</u>	<u>42,058</u>
CURRENT ASSETS			
Stocks	8	77,991	107,332
Debtors	9	114,275	140,036
Cash at bank		<u>149,166</u>	<u>89,727</u>
		341,432	337,095
CREDITORS: Amounts falling due within one year	10	<u>43,497</u>	<u>30,725</u>
NET CURRENT ASSETS		297,935	306,370
TOTAL ASSETS LESS CURRENT LIABILITIES		309,858	348,428
CAPITAL AND RESERVES			
Called-up equity share capital	14	52	52
Profit and Loss Account		<u>309,806</u>	<u>348,376</u>
SHAREHOLDER'S FUNDS	15	309,858	348,428

These financial statements were approved by the directors on the 23rd Jan 2003 and are signed on their behalf by:


.....
MR E MAURAIN

The notes on pages 8 to 13 form part of these financial statements.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

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 statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Delivery vehicles	-	25% on cost
Plant & Machinery	-	20% on cost
Fixtures & Fittings	-	20% on cost

Stocks

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

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

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.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002 £	2001 £
United Kingdom	474,688	549,885
Europe (excluding U.K.)	99,626	133,834
	<u>574,314</u>	<u>683,719</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2002 £	2001 £
Depreciation	3,276	21,846
Auditors' remuneration		
- as auditors	5,895	4,550
Operating lease costs:		
Land and buildings	25,539	25,539
Plant and equipment	10,280	7,058
Vehicles	350	-
Net loss on foreign currency translation	<u>2,656</u>	<u>8,150</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002 No.	2001 No.
Number of production staff	-	2
Number of distribution staff	1	1
Number of administrative staff	1	1
Number of management staff	1	1
	<u>3</u>	<u>5</u>

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

4. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	72,685	83,851
Social security costs	7,971	8,876
	<u>80,656</u>	<u>92,727</u>

5. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	2002 £	2001 £
Emoluments receivable	<u>35,382</u>	<u>36,778</u>

6. INTEREST PAYABLE

	2002 £	2001 £
Finance charges	<u>338</u>	<u>2,028</u>

7. TANGIBLE FIXED ASSETS

	Delivery Vehicles £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST				
At 1 January 2002	48,714	145,339	47,844	241,897
Additions	—	—	6,409	6,409
Disposals	—	(137,626)	—	(137,626)
At 31 December 2002	<u>48,714</u>	<u>7,713</u>	<u>54,253</u>	<u>110,680</u>
DEPRECIATION				
At 1 January 2002	48,714	105,938	45,187	199,839
Charge for the year	—	1,543	1,733	3,276
On disposals	—	(104,358)	—	(104,358)
At 31 December 2002	<u>48,714</u>	<u>3,123</u>	<u>46,920</u>	<u>98,757</u>
NET BOOK VALUE				
At 31 December 2002	<u>—</u>	<u>4,590</u>	<u>7,333</u>	<u>11,923</u>
At 31 December 2001	<u>—</u>	<u>39,401</u>	<u>2,657</u>	<u>42,058</u>

Finance lease agreements

Included within the net book value of £11,923 is £Nil (2001 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £7,103).

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

8. STOCKS

	2002	2001
	£	£
Raw Materials	1,443	31,736
Finished goods	76,548	75,596
	<u>77,991</u>	<u>107,332</u>

9. DEBTORS

	2002	2001
	£	£
Trade debtors	94,924	107,163
Amounts owed by group undertakings	9,012	20,251
Other debtors	10,339	12,622
	<u>114,275</u>	<u>140,036</u>

10. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	1,851	2,626
Amounts owed to group undertakings	33,491	17,605
Other taxation and social security	2,740	3,063
Finance lease agreements	—	1,935
Other creditors	5,415	5,496
	<u>43,497</u>	<u>30,725</u>

11. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2002	2001
	£	£
Amounts payable within 1 year	—	1,935
	<u>—</u>	<u>1,935</u>
Finance lease agreements are analysed as follows:		
Current obligations	—	1,935
	<u>—</u>	<u>1,935</u>

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

12. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2002	2001
	£	£
Operating leases which expire: Within 2 to 5 years	<u>11,599</u>	<u>10,465</u>

13. RELATED PARTY TRANSACTIONS

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

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 Fountain Industries Europe SA.

14. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>52</u>	<u>52</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002	2001
	£	£
(Loss)/Profit for the financial year	(38,570)	34,602
Opening shareholder's equity funds	<u>348,428</u>	<u>313,826</u>
Closing shareholder's equity funds	<u>309,858</u>	<u>348,428</u>

16. POST BALANCE SHEET EVENTS

Since the year end, the assets and trade of Symfoni (U.K) Limited, another group company, have been transferred to the company.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Fountain Industries Europe SA, a company incorporated in Belgium.