

Registered number
1032622

FOUNTAIN INDUSTRIES (UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1997

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 1997.

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 £66,898 (1996: £41,660).

The directors recommend the payment of a final dividend of £Nil. During the year a dividend of £20,000 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:

		1996
	£	£
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 special provisions contained in Part VII of the Companies Act 1985 relating to small companies.

Signed by order of the board of directors.

G.A. Cutts

G.A. Cutts
Secretary

Approved by the board on 23rd March 1998

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 1997 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

26th March 1998

FOUNTAIN INDUSTRIES (UK) LIMITED

PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 1997

	Notes	£	1996 £
TURNOVER	2	875,453	915,735
Cost of sales		(588,886)	(651,885)
GROSS PROFIT		286,567	263,850
Distribution costs		(100,782)	(96,876)
Administrative expenses		(84,128)	(91,933)
OPERATING PROFIT	3	101,657	75,041
Interest receivable	4	52	-
Interest payable	5	(1,760)	(4,086)
PROFIT on ordinary activities before taxation		99,949	70,955
TAXATION	6	(33,051)	(29,295)
PROFIT for the financial year after taxation		66,898	41,660
DIVIDENDS paid		(20,000)	(10,000)
RETAINED PROFIT for the financial year		46,898	31,660
RETAINED PROFIT at 1 January 1997		182,815	151,155
RETAINED PROFIT at 31 December 1997		<u>£229,713</u>	<u>£182,815</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 1997

	Notes	£	1996 £
FIXED ASSETS			
Tangible assets	7	98,520	53,239
CURRENT ASSETS			
Stocks	8	110,095	99,387
Debtors	9	152,387	128,437
Cash at bank and in hand		34,099	34,660
		296,581	262,484
CREDITORS: amounts falling due within one year	9	(127,592)	(130,180)
NET CURRENT ASSETS		168,989	132,304
TOTAL ASSETS LESS CURRENT LIABILITIES		267,509	185,543
CREDITORS: amounts falling due after more than one year	11	(36,756)	-
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	(988)	(2,676)
		<u>£229,765</u>	<u>£182,867</u>
CAPITAL AND RESERVES			
Called up share capital	13	52	52
Profit and loss account		229,713	182,815
Shareholders' funds-equity interest	14	<u>£229,765</u>	<u>£182,867</u>

Advantage is taken in the preparation of the financial statements of the special provisions contained in Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the directors on 23rd March 1998.

P. F. Lambert

G.E. Smith

Directors

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997

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 1997

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 finance leases are capitalised in the balance sheet with an equivalent liability included under creditors. An asset held under a finance lease is depreciated over the shorter of the lease term and 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.

2 TURNOVER

In the directors' opinion, 16% of turnover is attributable to geographical markets outside the United Kingdom (1996: 16%).

3 OPERATING PROFIT

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

	£	1996 £
Foreign currency (profit)/loss on exchange	(23,626)	(19,090)
Depreciation of tangible fixed assets	27,071	21,678
Operating lease rentals - hire of plant and machinery	540	578
- other operating lease costs	24,238	23,648
Auditors' remuneration	3,500	3,300
Directors' aggregate emoluments	36,272	34,687
Profit on disposals of fixed assets	5,000	-

4 INTEREST RECEIVABLE

	£	1996 £
Bank deposit interest	£52	£-

5 INTEREST PAYABLE

	£	1996 £
Group	638	2,118
Hire purchase contracts	848	1,843
Other	274	125
	<u>£1,760</u>	<u>£4,086</u>

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	1996 £
Based on the profit for the year		
Corporation Tax at 31.5% (1996: 33%)	34,739	31,620
Deferred Taxation	(1,688)	(2,325)
	<u>£33,051</u>	<u>£29,295</u>

7 TANGIBLE FIXED ASSETS

	Fixtures fittings and computer equipment £	Plant and machinery £	Delivery vehicles £	Motor vehicles £	Total £
Cost					
At 1 January 1997	43,514	70,863	42,353	37,152	193,882
Additions	480	23,158	48,714	-	72,352
Disposals	-	-	(42,353)	-	(42,353)
At 31 December 1997	<u>43,994</u>	<u>94,021</u>	<u>48,714</u>	<u>37,152</u>	<u>223,881</u>
Depreciation					
At 1 January 1997	31,864	49,113	42,353	17,313	140,643
On disposals	-	-	(42,353)	-	(42,353)
Charge for the year	<u>4,683</u>	<u>9,874</u>	<u>5,075</u>	<u>7,439</u>	<u>27,071</u>
At 31 December 1997	<u>36,547</u>	<u>58,987</u>	<u>5,075</u>	<u>24,752</u>	<u>125,361</u>
Net book values					
At 31 December 1997	<u>£7,447</u>	<u>£35,034</u>	<u>£43,639</u>	<u>£12,400</u>	<u>£98,520</u>
At 31 December 1996	<u>£11,650</u>	<u>£21,750</u>	<u>Nil</u>	<u>£19,839</u>	<u>£53,239</u>

The charge for depreciation of fixed assets includes £18,130 (1996: £13,055) in respect of assets acquired under finance leases. At 31 December 1997 the net book value of assets acquired under finance leases was £61,657 (1996 : £31,073).

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997

8 STOCKS

	£	1996 £
Raw materials	45,107	45,307
Finished goods	64,988	54,080
	<u>£110,095</u>	<u>£99,387</u>

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

9 DEBTORS

	£	1996 £
Trade debtors	123,224	107,830
Other debtors	16,394	11,577
Amounts owed by group undertakings	12,769	9,030
	<u>£152,387</u>	<u>£128,437</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	1996 £
Obligations under finance leases	11,607	3,310
Trade creditors	6,119	2,883
Current corporation tax	29,383	28,589
Other taxation and social security	3,992	2,718
Other creditors	10,982	9,911
Amounts owed to group undertakings	65,509	82,769
	<u>£127,592</u>	<u>£130,180</u>

FOUNTAIN INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£	1996 £
Obligations under finance leases all due in 2 - 5 years	36,756	-
	<u>£36,756</u>	<u>£-</u>

12 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	
	£	1996 £	£	1996 £
Capital allowances in advance of depreciation	1,025	2,676	1,025	2,676
Less: Advanced corporation tax	(37)	-	(37)	-
	<u>£988</u>	<u>£2,676</u>	<u>£988</u>	<u>£2,676</u>

The movement in deferred taxation
during the year was :

	£
At 1 January 1997	2,676
Credit for the year	(1,651)
Movement in advanced corporation tax	(37)
At 31 December 1997	<u>£988</u>

13 CALLED UP SHARE CAPITAL

	£	1996 £
Authorised 10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, called up and fully paid 52 (1996: 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 1997

14 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	£	1996 £
Profit for the financial year after taxation	66,898	41,660
Dividends	(20,000)	(10,000)
	<hr/>	<hr/>
Opening shareholders' funds at 1 January 1997	46,898	31,660
	182,867	151,207
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 1997	<u>£229,765</u>	<u>£182,867</u>

15 CONTINGENT LIABILITY

There are no such liabilities to report.

16 COMMITMENTS

Capital commitments

There were no items contracted for at 31 December 1997. (1996: Nil).

At 31 December 1997 the company had the following annual commitments under non-cancellable operating leases which expire:

	1997		1996	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	-	-	289
In two to five years	-	684	-	-
After five years	24,238	-	25,088	-
	<hr/>	<hr/>	<hr/>	<hr/>

17 RELATED PARTY TRANSACTIONS

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

The ultimate controlling company is SGST (M&A) Limited, a company incorporated in England and Wales.

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 SGST (M&A) Limited.