

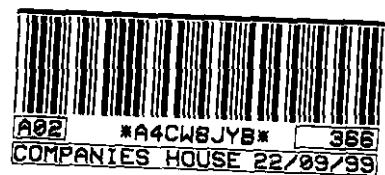
Registered number
1032622

FOUNTAIN INDUSTRIES (U.K.) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1998

Scrutton Bland
Chartered Accountants
Ipswich



FOUNTAIN INDUSTRIES (U.K.) LIMITED

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The following pages do not form part of the statutory financial statements :

Detailed profit and loss account	15 - 16
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FOUNTAIN INDUSTRIES (U.K.) LIMITED

DIRECTORS, OFFICERS AND ADVISERS

Directors G. E. Smith
P. F. Lambert (resigned 30.9.98)

Secretary G. Cutts (resigned 30.6.98)
J. Clark (appointed 30.6.98)

Registered Office Reydon Business Park
Fountain Way
Reydon
Southwold
Suffolk IP18 6DH

Registered Number 1032622

Auditors Scrutton Bland
Sanderson House
Museum Street
Ipswich
IP1 1HE

Bankers National Westminster Bank
2 Tavern Street
Ipswich
Suffolk
IP1 3BD

Solicitors Birketts
24-26 Museum Street
Ipswich
Suffolk
IP1 1HZ

FOUNTAIN INDUSTRIES (U.K.) LIMITED

DIRECTOR'S REPORT

The director presents his annual report and the financial statements of the company for the year ended 31 December 1998.

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 £32,348 (1997: £66,898). The director recommends 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, unless otherwise stated, and their beneficial interests in the company's issued ordinary share capital, were as follows:

	1997
£	£
P. F. Lambert (resigned 30.9.98)	-
G. E. Smith	-

Director's responsibilities for the 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

DIRECTOR'S REPORT

Year 2000

The director recognises that systems operating within the company, and systems operated by customers, suppliers and other parties with whom the company has a business relationship, may fail as a result of problems arising from the date change at the millennium. The system failures could potentially result in significant financial costs to the company if no action is taken.

The director has completed an assessment of the risks arising from the year 2000 problem, and has carried out a programme of testing, replacement and repair, and communication with other business partners. All costs have been incurred during the year and the director anticipates no further costs will be incurred.

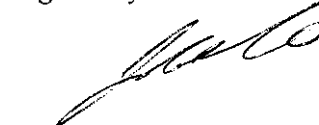
Auditors

A resolution to re-appoint Scrutton Bland as auditors of the company will be put to the members at the Annual General Meeting.

Accounting exemptions

Advantage is taken in the preparation of the director's report of the special provisions contained in Part VII of the Companies Act 1985 relating to small companies.

Signed by order of the board



J. W. Clark
Secretary

Approved by the board on 23rd MARCH 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF FOUNTAIN INDUSTRIES (U.K.) LIMITED

We have audited the financial statements on pages 5 to 14, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's director is 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 1998 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

30th March 1999
Ipswich

FOUNTAIN INDUSTRIES (U.K.) LIMITED

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1998**

	Notes	£	1997 £
Turnover	2	810,281	875,453
Cost of sales		(564,299)	(588,886)
Gross profit		245,982	286,567
Distribution costs		(98,013)	(100,782)
Administrative expenses		(97,858)	(84,128)
Operating profit	3	50,111	101,657
Interest receivable	4	308	52
Interest payable	5	(2,052)	(1,760)
Profit on ordinary activities before taxation		48,367	99,949
Tax on profit on ordinary activities	6	(16,019)	(33,051)
Profit for the financial year		32,348	66,898
Dividend		(20,000)	(20,000)
Retained profit for the financial year		12,348	46,898
Retained profit at 1 January 1998		229,713	182,815
Retained profit at 31 December 1998		<u>£242,061</u>	<u>£229,713</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 or loss for the above two financial years.

FOUNTAIN INDUSTRIES (U.K.) LIMITED

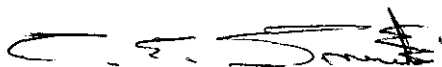
**BALANCE SHEET
AS AT 31 DECEMBER 1998**

	Notes	£	1997 £
Fixed assets			
Tangible assets	8	64,432	98,520
Current assets			
Stocks	9	116,071	110,095
Debtors	10	137,790	152,387
Cash at bank and in hand		42,520	34,099
		296,381	296,581
Creditors: amounts falling due within one year	11	(93,551)	(127,592)
Net current assets		202,830	168,989
Total assets less current liabilities		267,262	267,509
Creditors: amounts falling due after more than one year	12	(25,149)	(36,756)
Provisions for liabilities and charges			
Deferred taxation	13	-	(988)
		<u>£242,113</u>	<u>£229,765</u>
Capital and reserves			
Called up share capital	14	52	52
Profit and loss account		242,061	229,713
Shareholders' funds - equity interests	15	<u>£242,113</u>	<u>£229,765</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 director on **23RD MARCH 1999**

G E Smith
Director



FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998

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.

Taxation

The charge for taxation is based on the profit for the year. The charge also 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 (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998

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.

Leases and hire purchase

Assets held under finance leases and hire purchase contracts 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, whilst 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.

2 TURNOVER

In the directors opinion turnover attributable to geographical markets outside the United Kingdom amounted to 15% (1997: 16%).

3 OPERATING PROFIT

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

	£	1997 £
Profit on disposal of tangible fixed assets	-	5,000
Depreciation of tangible fixed assets	33,512	27,071
Operating lease rentals : plant and machinery	1,080	540
: other	24,746	24,238
Auditors' remuneration	3,800	3,500
Directors' emoluments	37,376	36,272
Foreign exchange loss/(gain)	6,808	(23,626)

FOUNTAIN INDUSTRIES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998**

4 INTEREST RECEIVABLE

		1997
	£	£
Bank deposit interest	£308	£52

5 INTEREST PAYABLE

		1997
	£	£
Group	-	638
Hire purchase contacts	2,028	848
Other	24	274
	<u>£2,052</u>	<u>£1,760</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

		1997
	£	£
Based on the profit for the year		
Corporation tax at 31% (1997: 31.5%)	18,200	34,739
Deferred taxation	(988)	(1,688)
Overprovision of earlier years	(1,193)	-
	<u>£16,019</u>	<u>£33,051</u>

7 FOREIGN EXCHANGE LOSSES/GAINS ON LONG TERM MONETARY ITEMS

		1997
	£	£
Realised gain	£1,498	£-

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998

8 TANGIBLE FIXED ASSETS

	Delivery vehicles £	Plant and machinery £	Computer Equipment and Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 1998	48,714	94,021	43,994	37,152	223,881
Additions	-	5,923	-	-	5,923
Disposals	-	-	-	(19,233)	(19,233)
At 31 December 1998	48,714	99,944	43,994	17,919	210,571
Depreciation					
At 1 January 1998	5,075	58,987	36,547	24,752	125,361
On disposals	-	-	-	(12,734)	(12,734)
Charge for the year	9,744	15,388	4,206	4,174	33,512
At 31 December 1998	14,819	74,375	40,753	16,192	146,139
Net book values					
At 31 December 1998	£33,895	£25,569	£3,241	£1,727	£64,432
At 31 December 1997	£43,639	£35,034	£7,447	£12,400	£98,520

The charge for depreciation of fixed assets includes £9,744 (1997: £5,075) in respect of assets acquired under hire purchase contracts. At 31 December 1998 the net book value of assets acquired under finance leases was £33,895 (1997: £43,639).

9 STOCKS

		1997
Raw materials	52,490	45,107
Finished goods	63,581	64,988
	£116,071	£110,095

FOUNTAIN INDUSTRIES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998**

10 DEBTORS

	£	1997 £
Trade debtors	117,686	123,224
Other debtors	14,945	16,394
Amounts owed by group undertakings	5,159	12,769
	<u>£137,790</u>	<u>£152,387</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	1997 £
Obligations under finance leases and hire purchase contracts	11,607	11,607
Trade creditors	23,036	6,119
Corporation tax	13,094	29,383
Amounts owed to group undertakings	34,390	65,509
Other taxes and social security costs	3,153	3,992
Other creditors	8,271	10,982
	<u>£93,551</u>	<u>£127,592</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£	1997 £
Obligations under finance leases		
All due in 2 - 5 years	<u>£25,149</u>	<u>£36,756</u>

FOUNTAIN INDUSTRIES (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998

13 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	
		1997		1997
	£	£	£	£
Capital allowances in advance of depreciation	-	1,025	-	1,025
Less : Advance corporation tax	-	(37)	-	(37)
	-	<u>£988</u>	-	<u>£988</u>

The movement in deferred taxation during the year was :

	£
At 1 January 1998	988
Credit for the year	<u>(988)</u>
At 31 December 1998	<u>-</u>

14 CALLED UP SHARE CAPITAL

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

FOUNTAIN INDUSTRIES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998**

15 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	£	1997 £
Profit for the financial year after taxation	32,348	66,898
Dividends	(20,000)	(20,000)
	<hr/>	<hr/>
Opening shareholders' funds at 1 January 1998	12,348	46,898
	229,765	182,867
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 1998	£242,113	£229,765
	<hr/>	<hr/>

16 CONTINGENT LIABILITY

There are no liabilities to report.

17 COMMITMENTS

Capital commitments

At 31 December 1998 capital expenditure of £Nil (1997: £Nil) was contracted for but not provided for in the financial statements.

Lease commitments - operating leases

At 31 December 1998 the company had annual commitments under non-cancellable operating leases which expire:

	1998		1997	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	-	-	-
In two to five years	-	1,522	-	684
After five years	24,916	-	24,238	-
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FOUNTAIN INDUSTRIES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998**

18 RELATED PARTIES

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

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

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 .