

Kite Drink Dispense (Luton) Limited

Report and Accounts

31 DECEMBER 1998



Registered no. 2649435

ERNST & YOUNG

Kite Drink Dispense (Luton) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The company did not trade during the year and therefore a profit and loss account has not been prepared.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1998 and their interests in the share capital of the company were as follows:

	<i>At 31 December 1998</i>	<i>At 1 January 1998</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Sir Paul Judge (Chairman)	1	1
G P Hewitt	—	—

The interests of the directors, who are also directors of the intermediate and ultimate holding companies, in the share capital and options to subscribe in the share capital of the ultimate holding company have been disclosed in the accounts of Bevstar Limited (formerly Isoworth Limited), the intermediate holding company.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved.

AUDITORS

A resolution to reappoint Ernst & Young as auditors, will be put to the members at the Annual General Meeting.

SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Secretary

2 August 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Kite Drink Dispense (Luton) Limited

We have audited the accounts on pages 5 and 6, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, the historical cost convention and on the basis of the accounting policy set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

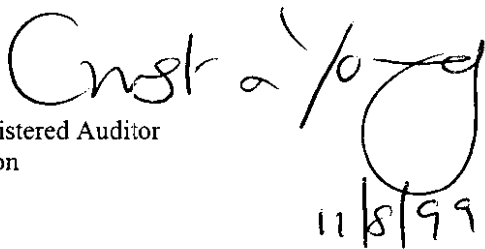
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Registered Auditor
Luton


11/8/99

Kite Drink Dispense (Luton) Limited

BALANCE SHEET at 31 December 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
CREDITORS			
Amounts owed to group undertaking		(42,552)	(42,552)
CAPITAL AND RESERVES - DEFICIT			
Called up share capital	3	50,000	50,000
Profit and loss account		(92,552)	(92,552)
Equity shareholders' funds		(42,552)	(42,552)

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Paul Judge

Chairman

2 August 1999

Kite Drink Dispense (Luton) Limited

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICY

Accounting convention

The accounts are prepared under the historical cost convention.

2. PROFIT AND LOSS ACCOUNT

No items fall to be dealt with in a profit and loss account.

3. SHARE CAPITAL

	1998 £	Authorised 1997 £
Ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
	<i>Allotted, called up and fully paid</i>	
	1998 £	1997 £
Shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

4. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Isoworth Holdings Limited, a company incorporated in the Bahamas.