Company Number: 06135746

UVENCO UK PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2016

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Financial Highlights

- Revenues decreased by 5.3% (2015 – decreased by14%)
- Adjusted loss before finance income and charges, depreciation, exceptional items, amortisation, share option charges and tax of £498,298 (2015 – loss of £1,110,277)*
- Loss before taxation of £3,658,540 (2015 – loss of £4,383,595)
- Net assets of £516,702 (2015 - £1,017,329) following intangible impairment of £316,599 (2015 – £448,532) and fixed asset impairments of £1,155,939 (2015 - 485,000)
- Gross profit has increased from 53.9% to 54.0%
- Net cash outflow from operating activities of £786,862 after exceptional items. (2015 – £1,613,034)
- Administration expenses, before exceptional items, amortisation and share option charges but including depreciation, decreased by 12.7% to £9,683,683 (2015 – £11,087,636)**. Total administration expenses reduced by 8.8% to £11,629,826 (2015 - £12,755,675).
- Net debt has decreased from £3.7m at 27 March 2015 to £2.5m at 31 March 2016. Following the refinancing announced on 12 August 2016 net debt has decreased to approximately £1.0m.

**- Arrived at from taking the Loss before tax, finance income and charges, exceptional items, amortisation and share option charges of £1,412,210 from the Statement of Comprehensive Income and adding back depreciation of £913,913*

*** - As set out on the Statement of Comprehensive Income*

UVENCO UK PLC

COMPANY INFORMATION

PERIOD ENDED 31 MARCH 2016

DIRECTORS:	J. Hamer (Non-Executive Chairman) S. Kornienko (Chief Executive Officer) B. Belotserkovsky (Non-Executive Director) M. Jackson (Non-Executive Director)
SECRETARY:	P. Goodman (appointed 30 June 2016)
REGISTERED OFFICE:	17 Rufus Business Centre Ravensbury Terrace London SW18 4RL
REGISTERED NUMBER:	06135746
AUDITOR:	BDO LLP Kings Wharf 20-30 Kings Road Reading Berkshire RG1 3EX
SOLICITORS:	Herrington and Carmichael 27 Broad Street Wokingham Berkshire RG40 1AU

I present the audited financial statements for the 12 month period ended 31 March 2016. It has been another difficult year of significant change and reshaping of the business in which the refinancing and restructuring of the Group's Balance Sheet has again been the over-riding priority. We have reduced the losses, reduced the debt and, following the refinancing in August 2016, have produced a considerably stronger balance sheet. Revenues reduced by 5% in the period but losses reduced considerably. However, we were still consuming cash, albeit at a much slower rate.

Despite these persistent challenges the Group continues to look to the future with the resolve that often results from tough times. More hard decisions have been made, and actions taken and we continue to benefit from the strong support of so many of our key stakeholders.

Financials

Turnover was down 5.3% to £15,317,468 (*2015: £16,167,197*) producing an operating loss before amortisation and share option charges and exceptional costs of £1,412,210 (*2015: Loss* £2,378,510).

The loss before taxation for the period was £3,658,540*(2014 – Loss* £4,383,595).

Adjusted loss before finance income and charges, depreciation, exceptional items, amortisation, share option charges and tax was £498,298 (*2015: loss* £1,110,277). Following exceptional costs of £1,787,391 (2015 - £1,432,835) the post-tax loss was £3,522,608 *(2015: Loss* £4,068,329).

Gross margins remained constant at 54.0% (*2015:* 53.9%) while our distribution and administration costs before exceptional, share option charges and amortisation decreased by 12.7% to £9,683,683 (*2015:* £11,087,636*).*

Total administration costs for the period were £11,629,826 (*2015* - £12,755,675).

Net finance charges decreased to £300,187 (2015: £337,046) and net borrowings at 31 March 2016 had decreased to £2,505,994 (*2015:* £3,724,145).

This result for the year falls well behind the performance announced in April 2016 of an improved second half to our financial year. This divergence has resulted from write-downs that have been necessary to ensure that our balance sheet does not over-state the underlying value of the assets and liabilities given the going concern position detailed in this report.

Audit

Given the difficulties of the year to March 2015 I would like to emphasise that these financial statements carry an audit report which is unqualified with the exception of reference to the comparative consolidated income and cash flow statements as referred to in the qualification in the 2015 financial statements. This is an important progression in the rebuilding of the company and we are optimistic that this will result in a softening of the approach to credit taken by some of our suppliers. The strengthening of our accounts function announced in last year's report is beginning to have the desired effect.

Equity raising

Significant improvements were made during the year to our balance sheet which are as detailed below.

In May 2015, £100,000 was raised through the placing of 1,000,000 new shares at 10 pence per share with certain directors and senior management of the Company.

In December 2015 the following equity transactions took place:

- The Company raised £2,694,645 additional equity through the issue of 37,446,451 new shares. Of the total, £1,050,000 was subscribed for by new and existing investors at 5 pence per share to provide working capital for the Group, with the balance raised through the conversion of loan notes and other creditor balances at 10 pence per share to further strengthen the Group's balance sheet.

- 2.3m shares were issued to Unicum Holdings Limited at 10 pence per share for the purchase of vending machine assets.
- 1m shares were issued to Jeremy Hamer at 10p a share to settle contractual remuneration due in respect of the year ended 31 March 2015.

In February 2016 we announced the conversion of a further £70,199 of loan notes at 10 pence per share resulting in the issue of 701,987 shares. Of the original £1,622,456 of redeemable or convertible loan notes in either 2015 or 2018 all but £80,166 have now converted to equity, together with any accrued but unpaid interest and redemption premium.

Further details of these subscriptions are available on our website.

Post balance sheet event

On 12 August 2016, post year-end, the Group bought itself out of its indebted position with its lender. The company owed the bank £2.4m which it settled in full for £1m borrowed from Reward Corporate Finance Ltd ('Reward'). All borrowing is now based around the £1.3m borrowed from Reward. It is the Group's intention to re-finance as soon as we are able at a lower rate of interest, following the three month minimum period of the Reward agreement.

Full details are available in note 30.

Name Change

On 31 May 2016 we announced the name change of Snacktime plc to Uvenco UK plc (AIM ticker: UVEN).

<u>Operations and Strategy</u>

Since 1 April 2016 the business has undergone a profound period of change. In May 2016 we launched the rebranding to Uvenco UK offering a new single identity. Although Snack in the Box and Drinkmaster continue operating under their own names and sub-brands, the main and core part of the business is now a single name. Our new website (www.uvenco.co.uk) gives a feel for the momentum and direction of our business.

Our vision is summarised in the hashtag we use "#beingnumberone". We aim to be the market leader in terms of both the quality of our service and our constant innovation.

The core vending service is delivered through three depots which are aggregated to form the vending division: London, Midlands and North. These depots each are accountable for their own divisional profit and loss. Regional Depot Managers now clearly understand their target which is to deliver EBITDA which is 15% of Revenue, after accounting for Group costs. We are developing our reporting processes so that we have visibility of the profitability of every customer and every machine. This will enable us to manage the business with a tailored and individual approach. We focus our attention on the best performing machines which generate the highest gross profit. We repair and service them as a priority in order to keep continuity of the revenue flow. This enables us to maintain a two hour service response commitment with these priority customers.

The geographic density of our machines is one of the key drivers of our business. For years we have duplicated routes with hot beverage machines operated separately from snack machines. This has led to inefficiency sometimes with two operators visiting the same location on the same day. We have now merged the majority of such locations into combined routes with one person servicing both machines. This merger will be completed by the end of this year across all three depots.

A new position of Customer Care Manager has been introduced in every depot to focus on existing customer relations and better retention. We are striving to achieve a high level of customer satisfaction.

We are driving innovation with new machines and new technology. We are ready to welcome a new generation of "Move" machines into the UK which incorporate the latest innovations such as touch screen technology. Machines at our public locations now accept credit cards, Apple and Google Pay. Telemetry allows us to understand machine performance remotely and in real time. Our new smartphone app - 24U is being tested now and is able to deliver the product without the customer even touching the machine.

The next few years will be a period of "big data" management. We will get to know our customers by name, offer them the products they love to buy, offer them free coffees and send them birthday greetings. This is a usual way of managing customer relationships in the retail environment but will be completely new for our industry.

We have consolidated our approved supplier base from 411 approved suppliers during FY15 to 321 during FY16. At the same time we have introduced a multi-source and more competitive supply chain for products where historically we bought from one supplier. Naturally this has resulted in better terms and better pricing not just of vending ingredients but of all supplies such as IT, logistics, spares and professional services.

Next year we will make decisions about ERP and CRM updates.

While the operating activity is now managed by the newly appointed Head of Operations, the sales teams now report directly to the CEO. The same divisional approach has encouraged competition between our three regional sales teams. We have recently strengthened the teams with three new members in London and the Midlands, as well as two telesales managers located in the North. Our focus now is to stop the decline in revenue and turn the business around to a position of revenue growth.

<u>People</u>

In December 2015 Michael Maltby assumed responsibility as Interim CFO and Company Secretary. Michael's consultancy ended in June 2016 and I would like to thank him for his contribution. Peter Goodman has succeeded him as Company Secretary and CFO designate.

Finally I would like to thank all of our staff, new and continuing, who have supported us through yet another period of intense change. As stated above the pressures of managing a business with a challenging working capital position are enormous and this has made everybody's role that much harder. It is a credit to each one of them that we continue.

<u>Current Trading & prospects</u>

The environment for the Group continues to be challenging and we remain focussed on delivering consistent quality products while managing costs, from "clean, full and working" machines, whenever a purchase is desired. That said, we are convinced that the winners in the vending sector will be those who can harness new technologies such as wave and pay and telematics which will provide us with a competitive advantage. With this in mind, we are encouraged by current trading and look forward to the future with increasing confidence.

Jeremy Hamer
Chairman
Date: 29 September 2016

EXECUTIVE DIRECTORS

Sergei Kornienko, *Chief Executive Officer*. Sergey Kornienko, has been the Chief Executive of Uvenco Group, a Russian manufacturer and operator of vending machines and other retail payment equipment, since 2009, having been its Chief Financial Officer since 2007. Prior to this he had been Head of Tax and subsequently CFO of Unicum Group since 2005. Previously, Sergei had been Chief Accountant of the Russian branch of IHS Energy (1999-2005) and of AO Mair (1995-1999) having graduated from the Academy of Finance, Moscow in 1998 with a PhD in Finance.

NON-EXECUTIVE DIRECTORS

Jeremy Hamer, *Chairman*, FCA has a unique professional background, which blends an early successful career in financial services and then the food industry, with a more recent array of mergers, acquisitions, fundraising and turnaround experience, with a prime focus on the AIM market. He currently acts as a non-executive director across a portfolio of publicly quoted companies, as well as being an active Board level executive coach.

Boris Belotserkovsky, is both a Russian and US citizen, he is Chairman and sole owner of Uvenco (www.uvenco.ru), Russia's leading vending company. He also has material shareholdings in Oplata LLC and Transvend CJSC which are both involved in vending. Mr Belotserkovsky is a President of the Russian National Vending Association and a Managing Director and a member of the executive committee of the European Vending Association.

Michael Jackson, MA FCA founded Elderstreet Investments Limited in 1990 and is its executive chairman. For the past 24 years, he has specialised in raising finance and investing in the smaller companies quoted and unquoted sector. From 1983 until 1987 he was a director and from 1987 until 2006 was chairman of FTSE 100 company The Sage Group plc. He was also Chairman of PartyGaming plc, another FTSE 100 company. He is Chairman of Netcall Plc and Advanced Computer Software Plc. He is also a director of Elderstreet portfolio companies, Fords Packaging Systems Limited, Baldwin & Francis Holdings Limited, AngloInfo Limited, and Access Intelligence plc. Michael studied law at Cambridge University, and qualified as a chartered accountant with Coopers & Lybrand before spending five years in marketing for various US multinational technology companies.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the sale and operation of hot drink and snack vending machines, the operation of free on loan vending machines via a franchise division and the production and supply of “in-cup” drinks and associated equipment.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Chairman’s statement sets out the review of the business in the year and future developments.

RISKS AND UNCERTAINTIES

The operation of a public listed company involves a series of inherent risks and uncertainties across a range of strategic, commercial, operational and financial areas. The Board has outlined their perception of particular risks and uncertainties facing the Group below. These risks and uncertainties could cause the actual results to vary from those experienced previously or described in forward looking statements within the annual report:

- **Changing consumer trends**

  The emphasis of the Group’s sales has shifted towards hot drinks. This has reduced our exposure to the snack market which could be subject to future regulation relating to healthier eating. It is in the interests of the brands whose products we stock to develop either healthier snacks or to amend the recipe of their existing items to, for example, reduce fat and salt content as consumer tastes and trends change towards healthier products. The Group’s offering will evolve to meet that demand.

- **Liquidity Risk**

  Whilst the Group’s borrowing has reduced considerably during the period, day to day cash management still remains our priority while the operating cash generation of the Group is rebuilt. Details of equity raised and the renegotiation of the group’s debt is included in the Chairman’s statement.

- **Litigation and dispute risk**

  From time to time, the Group may be involved in litigation. This litigation may include, but is not limited to, contractual claims, personal injury claims, employee claims and environmental claims. If a successful claim is pursued against the Group, the litigation may adversely impact the sales, profits or financial performance of the Group. Any claim, whether successful or not, may adversely impact on the Company's share price. There is a risk that should the Group seek redress against another party to its contracts by way of litigation or other dispute resolution processes, these processes may incur significant Group resources, the cost of pursuing such actions may be prohibitive and a successful result is not assured.

- **General economic conditions**

  Changes in the general economic climate in which the Group operates may adversely affect the financial performance of the Group. Factors which may contribute to that general economic climate include the level of direct and indirect competition against the Group, industrial disruption, the rate of growth of the Group's sectors, interest rates and the rate of inflation. The directors do not believe that Britain's decision to leave the EU has had a noticeable impact on the trading of the Group.

- **Covenants compliance**

  Since the 12 August 2016 covenant compliance has transferred to our commitments to Reward Invoice Finance Limited ("Reward"). The key covenant is that their interest charge is paid monthly as it falls due. If the Group defaults on this commitment Reward are empowered to foreclose on their loan with immediate effect. This debt facility has been personally guaranteed by B Belotserkovsky.

- **Product price changes**

  The purchase price of products distributed by the Group can fluctuate from time to time, thereby potentially affecting the results of operations. Adverse economic conditions and rising input prices may impact the Group's revenue and, as a result, its profitability.

  The Group endeavours, whenever possible, to pass on price increases from its suppliers to its customers. The Group mitigates risks over stock by managing stock levels efficiently and ensuring they are kept to a minimum.

  The Group's exposure to interest rate risk, credit risk and liquidity risk are detailed in the Financial Instruments section of the Directors' report.

KEY PERFORMANCE INDICATORS

Key performance indicators are used to measure and control both financial and operational performance. Revenue growth and normalised operating margin are tracked to ensure plans are on track and corrective actions taken where necessary.

	Period ended 31 March 2016	*Period ended 27 March 2015*
Revenue growth[1]	(5.3%)	(14.0%)
Adjusted operating margin[2]	(3.3%)	*(6.9%)*

1 Revenue growth = Revenue increase as a percentage of the previous year per the consolidated statement of comprehensive income.

2 Adjusted operating margin is calculated by dividing (loss)/profit before Finance Income and Charges, Tax, Share Option Charges, Amortisation, Depreciation and Exceptional items by Revenue.

FINANCIAL INSTRUMENTS

At the year end The Group's financial instruments comprise redeemable and convertible loan notes, a bank term loan and an overdraft facility, hire purchase and finance leases, cash and liquid resources, and various items arising directly from its operations, such as trade receivables and trade payables. The main purpose of these financial instruments is to finance the Group's operations. Since 12 August 2016 the Group has exchanged its bank term loan and overdraft facility, for a term loan and an invoice discounting facility.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Full details of the Group's financial assets and liabilities are set out in Notes 18 - 20 and Note 25 to the financial statements.

Liquidity risk

Short term flexibility was available through existing bank facilities and the netting off of surplus funds. Since 12 August 2016 the flexibility is limited to the headroom provided by the Reward invoice discounting facility and in overall terms is limited to £1.3 million.

Interest rate risk

The Group's hire purchase contracts and convertible loan are at a fixed rate of interest and so cash flow is not affected by interest rate or cash flow risk. The Group was exposed to interest rate fluctuations on £1,8 million of its bank loans which had an interest rate of 5% above LIBOR. Furthermore, the Group overdraft balance was exposed to an interest rate of 2.75% above LIBOR. The Directors have now refinanced the bank loans and overdraft facilities at a fixed rate of interest of 21% per annum; this is seen as a temporary measure before we look for more competitive options in the market place. See Note 30 for details.

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk in relation to trade receivables is minimised by ensuring that customer relationships are nurtured and monies are collected as they fall due.

On-going management services fees due from the franchisees are in many cases secured over franchisees' properties in the event of non-payment. At the period end a provision of £329,960 was made against trade receivables which relates to historic debts that were not deemed recoverable.

EXCEPTIONAL ITEMS

Included within the financial statements are exceptional costs of £1,787,391 (*2015* – £1,432,835).

Full details of exceptional costs are included in Note 5 of the financial statements.

Exceptional costs in 2015 and 2016 denoted as redundancy costs are a part of the continued restructuring of the Group.

GOING CONCERN

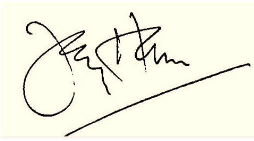
The directors have drawn up these financial statements on a going concern basis. The reasons supporting this position are outlined in the accounting policy Note 1 as well as being referred to by way of an emphasis of matter in the Auditor's Report.

ACCOUNTING PERIOD

The financial period represents the 52 week and 4 days to 31 March 2016 (prior financial period is 51 weeks and 3 days to 27 March 2015).

APPROVAL

This report was approved by the Board on 29 September 2016 and is signed on its behalf by



Jeremy Hamer
Chairman

The Directors present their report and the audited financial statements for the period ended 31 March 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 requirements of the Companies Act 2006. 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.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

DIVIDENDS

The Directors do not recommend payment of a dividend in respect of the period ended 31 March 2016 *(2015: £Nil)*.

The Directors who served during the year and their direct beneficial interest in the issued share capital were:

Ordinary shares of £0.02 each	**Ordinary Shares 2016**	Ordinary Shares *2015*
B. Belotserkovsky	**1,616,400**	1,466,400
J. Hamer	**1,719,967**	80,000
M. Jackson	**1,781,971**	197,000
S. Kornienko	**600,000**	-
M. Stone (resigned 30 April 2016)	**100,000**	-
T. James (Resigned 10 November 2015)	**-**	40,000
G. White (appointed 9 June 2014, resigned 24 July 2015)	**-**	-

Of the above holdings the following were held via their individual SIPP's – J. Hamer 1,719,967 and M. Jackson 1,523,971.

At 31 March 2016, the Belotserkovsky concert party including Versatel Company Limited, Mrs V. Belotserkovskaya, S.Kornienko, Uvenco Holdings and Mrs G.White held 40,210,016 ordinary shares in the company representing 53.9%.

M. Jackson indirectly held a beneficial interest in 4,963,150 and 1,796,296 ordinary shares in the company via his Directorship and shareholding in Elderstreet Investments Ltd, and Elderstreet VCT plc respectively M.Jackson also had a beneficial interest in 1,141,588 ordinary shares held by the Trustees of the WE Jackson Trust of which his 'minor' daughter is a beneficiary. In total these holdings represent 10.1%.

J. Hamer had a de minimis interest via his shareholding in both Elderstreet VCT plc (approximately 0.35%) and Unicorn AIM VCT plc (less than 0.3%).

As at the end of the period the Directors had no interest in share options although Mrs Veronika Belotserkovsky, wife of Boris Belotserkovsky,a non-executive Director of the Company, holds 1,816,557 Warrants which are exercisable at 2p per share in ordinary equity.

The Directors' remuneration is shown in Note 8 to the financial statements.

CAPITAL

The capital structure of the Group consists of debt, which includes the borrowings, finance leases and redeemable and convertible loan notes disclosed in Note 19, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, warrant reserve, merger reserve, capital redemption reserve and retained earnings as disclosed in Note 23.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

SUBSTANTIAL INTERESTS

There were the following substantial interests (3% or more) in the Company's issued ordinary share capital as at 15 September 2016

Versatel Company Limited*	31.9%
Mrs V. Belotserkovskaya	15.9%
Unicorn Asset Management Limited	12.7%
Elderstreet Investments Limited	6.7%
HSBC Global Custody Nominee (UK)	6.0%
Uvenco Holdings Limited	3.1%

*The Belotserkovsky Concert Party of which Versatel Company Limited is a part, holds an interest in 53.9% of the Company's issued ordinary share capital. Versatel Company Limited is deemed to be a part of the Concert Party as a result of the business relationship between its owner and Boris Belotserkovsky.

DIRECTORS' INDEMNITIES

The Company has paid £5,250 *(*2015 - £2,999*)* in respect of Directors' and Officers' indemnity insurance.

REPORT ON CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good corporate governance. Although the Group is not required to comply with the UK Corporate Governance Code, this statement describes how the principles of corporate governance are applied to the Group.

Directors

The Board of Uvenco UK plc comprises one Executive Director and three Non-executive Directors. The Board is chaired by J.J.Hamer, and assisted by the Senior Independent Non-executive Director M.E.W.Jackson, who has the primary responsibility for running the Board.

S.Kornienko has executive responsibilities for the remaining operations, results and strategic development of the Group. M.Maltby who was acting as Chief Financial Officer and Company Secretary completed his consultancy contract on 30 June 2016 and has been succeeded by Peter Goodman. The Board structure ensures that no individual or group dominates the decision making process and this is further controlled through a Relationship Agreement signed in November 2014, a copy of which is available in the section Rule 9 waiver.

B.Belotserkovsky is not deemed an independent Director due to his Concert Party controlling 53.9% of the shares currently in issue. S.Kornienko is deemed to be a member of the Belotserkovskiy Concert Party. J.J.Hamer and M.E.W.Jackson are considered to be independent of both the management and the Concert Party and from any business relationship, which could materially interfere with their independent judgment.

The Board meets regularly with no less than ten such meetings held in each calendar year. There is a formal schedule of matters specifically reserved for the Board however its decisions enable it to manage overall control of the Group's affairs. All Directors have access to the services of the Company Secretary and may take independent professional advice at the Group's expense in the furtherance of their duties. Management has an obligation to provide the Board with appropriate and timely information to enable it to discharge its duties. The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings.

At the present time the Group does not have a separate Nominations Committee preferring to deal with any Board appointments at our regular Board meetings. This would include the decision to recommend the appointment, or re-appointment, of a Director.

The Company's Articles of Association ensure Directors retire at the third Annual General Meeting after the Annual General Meeting at which they were elected and may, if eligible, offer themselves for re-election.

M.E.W.Jackson chairs the Audit Committee and J.J.Hamer chairs the Remuneration Committee. The Non-executive Directors and the Chairman are members of all the above committees.

Directors' remuneration

The remuneration packages for Executive Directors are structured to attract, motivate and retain Directors with the experience, capabilities and ambition required to achieve the Group's strategic aims. The Remuneration Committee is responsible for determining and reviewing the annual remuneration packages of Executive Directors.

The salaries of the Executive Directors are set by the committee and reviewed annually, taking into account the performance of the Group, and the individual, and salary increases given to other Group employees.

Relations with shareholders

The Board attaches a high importance to maintaining good relationships with shareholders, whether institutional or private ones. The Board encourages all Directors to attend shareholder meetings enabling the Board to develop an understanding of the views of shareholders.

The Company counts all proxy votes and except where a poll is called, it indicates the level of proxies lodged on each resolution and the balance for and against the resolution, after it has been dealt with on a show of hands.

A separate resolution on each substantially separate issue is proposed at the Annual General Meeting. The Chairman of the Board and each of the Chairmen of the Audit and Remuneration Committees, are available to answer questions at the Annual General Meeting.

Accountability and Audit

The respective responsibilities of Directors and Auditors are set out in the Annual Report. The Board has established an Audit Committee. The Audit Committee's primary responsibilities include monitoring of internal control, approving accounting policies, agreeing the treatment of major accounting issues, appointment and remuneration of the external auditors and reviewing the interim and financial statements before submission to the Board. It meets at least once a year with the external auditors to review their findings. At these meetings the Non-executive Directors have the opportunity to discuss findings with the auditors in the absence of the Executive Directors.

To follow best practice and in accordance with Ethical Standard 1 issued by the Financial Reporting Council, the external auditors have discussions with the audit committee on the subject of auditor independence and have confirmed their independence in writing.

Internal control

The Directors acknowledge that they are responsible for ensuring that the Group has in place a system of internal controls, which is both effective and appropriate to the nature and size of the business.

The Board, through the Audit Committee, has reviewed the operation and effectiveness of the systems of internal control throughout the accounting year and the period to the date of approval of the financial statements, although it should be understood that such systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. The Group's system of controls include:

- A comprehensive budgeting system with annual budgets approved by the Directors;
- Monthly monitoring of actual results against budget and a review of variances;
- Close involvement of Directors who approve all significant transactions;
- Internal management rules which include financial and operating control procedures for allmanagement of the Group;
- Identification and appraisal by the Board of the major risks affecting the business and the financial controls;
- Bank facilities and other treasury functions are monitored and policy changes approved by the Board.

The Board has considered the need for an internal audit function and concluded that this would not be appropriate at present due to the size of the Group.

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments are included within the Strategic Report on page 11.

EMPLOYEE INVOLVEMENT

The Group aims to improve the performance of the organisation through the development of its employees. Their involvement is encouraged by means of team working and improving communications throughout the Group.

The Group could be adversely impacted if it failed to manage health and safety effectively. The Board of the Group believes the safety of its employees, contractors and suppliers is fundamentally important. A Group compliance programme is in place which ensures that all legal obligations are adhered to. Health and safety is discussed at the monthly Board meetings.

DISABLED EMPLOYEES

The Group is committed to equality of employment and its policies reflect a disregard of factors such as disability in the selection and development of employees. The Group is involved in various initiatives which promote a positive understanding of disability and the integration of the disabled into the workforce.

POST BALANCE SHEET EVENTS AND FUTURE DEVELOMENTS

On 12 August 2016 this year the company refinanced its banking facilities. Full details of post balance sheet events are disclosed in Note 30 of the financial statements.

Future developments are discussed in detail in the chairman's statement.

AUDITORS

BDO LLP have expressed their willingness to continue in office as auditor and a resolution proposing their reappointment will be submitted at the forthcoming Annual General Meeting.

This report was approved by the Board on 29 September 2016 and is signed on its behalf by

Jeremy Hamer

Chairman

INDEPENDENT AUDTOR'S REPORT TO THE MEMBERS OF UVENCO UK PLC

We have audited the financial statements of Uvenco UK plc for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Financial Position and Company Balance Sheet, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in the preparation of the Consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Basis for qualified opinion in respect of the prior year comparatives

In our audit report for the year ended 27 March 2015 we stated that we had been unable to obtain sufficient appropriate audit evidence over the categorisation of transactions in the Group Statement of Comprehensive Income and the Group Statement of Cash Flows and the related notes. As a result the figures in these statements and related notes for the current period may not be comparable to the corresponding figures.

Qualified opinion on financial statements

In our opinion, except for the possible effects of matters described in the Basis for qualified opinion paragraph above relating to the comparative figures:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group has entered in to an agreement for a debt facility with Reward Invoice Finance Limited ('Reward') which may be terminated by the lender from August 2017 by giving one month's notice. In addition, further funds may be required during the next 12 months to finance the Group's working capital requirements should the Group not meet its cash flow forecasts. The Directors have received a letter of intent from Mr Belotserkovsky that Partner Invest LLC, a company owned and controlled by the Belotserkovsky family, intends to provide funds up to a maximum of £750,000 should the company require such funds. In addition, Mr Belotserkovsky has provided a personal guarantee in respect of the debt facility and a letter of intent not to call in any amounts that may be required to be paid under that guarantee for a period until at least 30 September 2017. However, the facility with Reward can be called in should there be a material deterioration in trade, the facility may not be replaced or extended before August 2017 and the letter of intent from Mr Belotserkovsky is not legally binding. These factors indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Christopher Pooles
For and on behalf of BDO LLP, statutory auditor
Reading
Date 29 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC30512)

UVENCO UK PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED 31 MARCH 2016

	Notes	2016	2016	2016	2016	*2015*	*2015*	*2015*	*2015*
		Loss before Exceptional Items Amortisation & Share Option Charges	**Amortisation & Share Option Charges**	**Exceptional Items (Note 5)**	**Total**	*Loss before Exceptional Items Amortisation & Share Option Charges*	*Amortisation & Share Option Charges*	*Exceptional Items*	*Total*
		£	£	£	£	*£*	*£*	*£*	*£*
REVENUE	3	**15,317,468**	**-**	**-**	**15,317,468**	*16,167,197*	**-**	**-**	*16,167,197*
Cost of sales		**(7,045,995)**	**-**	**-**	**(7,045,995)**	*(7,458,071)*	**-**	**-**	*(7,458,071)*
GROSS PROFIT		**8,271,473**	**-**	**-**	**8,271,473**	*8,709,126*	*-*	*-*	*8,709,126*
Administration expenses		**(9,683,683)**	**(158,752)**	**(1,787,391)**	**(11,629,826)**	*(11,087,636)*	*(235,204)*	*(1,432,835)*	*(12,755,675)*
LOSS FROM OPERATIONS	5	**(1,412,210)**	**(158,752)**	**(1,787,391)**	**(3,358,353)**	*(2,378,510)*	*(235,204)*	*(1,432,835)*	*(4,046,549)*
Finance income	6	**-**	**-**	**-**	**-**	*20*	*-*	*-*	*20*
Finance costs	7	**(300,187)**	**-**	**-**	**(300,187)**	*(337,066)*	*-*	*-*	*(337,066)*
LOSS BEFORE TAXATION		**(1,712,397)**	**(158,752)**	**(1,787,391)**	**(3,658,540)**	*(2,715,556)*	*(235,204)*	*(1,432,835)*	*(4,383,595)*
Income tax credit	11				**135,932**				*315,266*
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE PARENT									
Loss per share attributable to the owners of the parent					**(3,522,608)**				*(4,068,329)*
Basic and diluted loss per share	12				*(8.13) pence*				*(16.92) pence*

All operations are continuing. The Notes on pages 25 to 62 form part of these financial statements.

UVENCO UK PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED 31 MARCH 2016

GROUP	Issued share capital	Share premium account	Merger reserve	Capital redemption reserve	Share option reserve	Convertible debt option reserve	Warrant reserve	Retained deficit	Total
	£	£	£	£	£	£	£	£	£
Balance at 31 March 2014	326,980	8,347,383	6,817,754	1,274,279	355,592	147,306	2,236,130	(16,808,736)	2,696,688
Share option expense	-	-	-	-	18,971	-	-	-	18,971
Issue of shares in the year	316,000	2,054,000	-	-	-	-	-	-	2,370,000
Transfer of merger reserve	-	-	(6,817,754)	-	-	-	-	6,817,754	-
Retained loss for the year	-	-	-	-	-	-	-	(4,068,329)	(4,068,329)
Balance at 27 March 2015	642,980	10,401,383	-	1,274,279	374,562	147,306	2,236,130	(14,059,311)	1,017,329
Issue of shares in the year	440,000	684,444	-	-	-	-	-	-	1,124,444
Loan notes converted	408,968	1,635,875	-	-	-	(147,306)	-	-	1,897,537
Retained loss for the year	-	-	-	-	-	-	-	(3,522,608)	(3,522,608)
Balance at 31 March 2016	**1,491,948**	**12,721,702**	**-**	**1,274,279**	**374,562**	**-**	**2,236,130**	**(17,581,919)**	**516,702**

The Notes on pages 25 to 62 form part of these financial statements

UVENCO UK PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
PERIOD ENDED 31 MARCH 2016

	Notes	2016	2015
		£	£
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	3,532,250	4,802,133
Intangible assets	14	771,581	1,246,932
Deferred tax asset	16	-	49,656
		4,303,831	6,098,721
CURRENT ASSETS			
Inventories	17	888,144	1,122,301
Trade and other receivables	18	1,865,737	1,936,606
Cash and cash equivalents		291,874	701,082
		3,045,755	3,759,989
TOTAL ASSETS		7,349,586	9,858,710
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	19	(1,422,072)	(3,298,089)
Trade and other payables	20	(3,796,440)	(3,925,920)
Provisions	21	-	(63,939)
		(5,218,512)	(7,287,948)
NON CURRENT LIABILITIES			
Borrowings	19	(1,375,795)	(1,127,138)
Deferred tax liability	16	(238,577)	(426,295)
		(1,614,372)	(1,553,433)
TOTAL LIABILITIES		(6,832,885)	(8,841,381)
NET CURRENT LIABILITIES		(2,172,757)	(3,527,959)
NET ASSETS		516,702	1,017,329
EQUITY – ISSUED SHARE CAPITAL ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Share capital	22	1,491,948	642,980
Share premium account	23	12,721,702	10,401,383
Merger reserve	23	-	-
Capital redemption reserve	23	1,274,279	1,274,279
Share option reserve	23	374,562	374,562
Convertible debt option reserve	23	-	147,306
Warrant reserve	23	2,236,130	2,236,130
Retained deficit	23	(17,581,919)	(14,059,311)
TOTAL EQUITY		516,702	1,017,329

These financial statements were approved by the Board of Directors and authorised for issue on 29 September 2016.They were signed on its behalf by:

Jeremy Hamer **Sergei Kornienko**

The Notes on pages 25 to 62 form part of these financial statements.

UVENCO UK PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
PERIOD ENDED 31 MARCH 2016

Cash Flow Statement

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES	**£**	**£**
Loss Before Tax	**(3,658,540)**	**(4,383,595)**
Exceptional items	1,787,391	1,432,835
Loss before taxation and exceptional items	**(1,871,149)**	**(3,884,292)**
Finance costs	300,187	337,066
Finance income	-	(20)
Loss on disposal of fixed assets	26,287	1,163
Depreciation of property, plant and equipment	913,913	1,268,232
Amortisation of intangible assets	158,753	211,617
Impairment of intangible and tangible assets	1,472,538	933,533
Share based payment expense	-	18,970
Operating cash inflow/(outflow) pre-exceptional costs	1,000,529	(180,199)
Exceptional items	(1,787,391)	(1,432,835)
Operating cash outflow	(786,862)	(1,613,034)
Decrease in inventories	234,155	161,228
Decrease in receivables	70,869	738,305
Increase in payables	4,352	219,995
(Decrease) in provisions	(63,939)	(106,553)
Cash generated from operations	(541,425)	(600,059)
Interest paid	(209,220)	(337,066)
Income taxes	-	-
Net cash expenditure from operating activities	(750,645)	(937,125)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	-	20
Proceeds on disposal of property, plant and equipment	-	15,595
Purchase of property, plant and equipment	(596,235)	(409,385)
Net cash used in investing activities	(596,235)	(393,770)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(219,055)	(1,120,304)
Net finance lease payments	(86,197)	(54,870)
Proceeds from issue of shares (net of issue costs)	1,124,444	2,370,000
Net cash generated from financing activities	819,192	1,194,826
NET DECREASE IN CASH AND CASH EQUIVALENTS	(527,688)	(136,069)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	184,071	320,140
Cash and cash equivalents at the end of the year	(343,617)	184,071
Cash and cash equivalents comprise:		
Cash	291,874	701,082
Overdrafts	(635,491)	(517,011)
	(343,617)	184,071

1 PRESENTATION OF FINANCIAL STATEMENTS

General information

Uvenco UK plc is a public limited company incorporated in England and Wales under the Companies Act (registered number 06135746). The Company is domiciled in the United Kingdom and its registered address is 17 Rufus Business Centre, Ravensbury Terrace, London, SW18 4RL. The Company's shares are traded on the AIM market of the London Stock Exchange.

Basis of preparation

These consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with AIM rules and the Companies Act 2006, as applicable to companies reporting under IFRS.

These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2.

All companies in the Group use sterling as presentational and functional currency. The financial period represents the 52 week and 4 days to 31 March 2016 (prior financial period is 51 weeks and 3 days to 27 March 2015).

Going concern

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements and if necessary to explain how they have reached their conclusion. The Directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies.

The Group made a loss before tax of £3.7 million for the year ended 31 March 2016 and had net current liabilities of £2.2 million and net assets of £0.5 million as at that date. Subsequent to the balance sheet date the Group paid off its existing bank loan and overdraft of £2.4m for a discount of £1.0 million and re-financed with borrowings from Reward Invoice Finance Limited ("Reward") for additional working capital (see Note 30). The total Group debt has therefore reduced significantly to approximately £1.3 million. Provided the terms of the agreement are complied with the current debt facility will remain in place until August 2017. However, the agreement may be terminated by the Company by giving one month's notice, at any time after October 2016, should alternative finance be found.

Management have prepared a cash flow forecast for the period to 31 December 2017. Whilst the Directors have continued to reduce the operating costs of the Group and improve the performance of the vending estate there is limited cash headroom in the forecast. Should the Group's operating performance and net cash inflows fall behind forecast a further injection of working capital may be required.

Management have agreed to provide a further equity injection of £0.1million, to be matched by additional financing from Reward under the terms of that agreement, should the Group require it.

In order to satisfy themselves that the going concern basis remains appropriate the Directors have taken into account the personal guarantee given by the Group's majority shareholder Mr Belotserkovsky to Reward, in respect of the new financing facility, should a

1 PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

breach in the terms of that facility occur. Mr Belotserkovsky has undertaken not to call in any amounts due to him by the Group, should that guarantee be called upon, for a period up to at least 30 September 2017. Finally, Mr Belotserkovsky has provided a letter of intent that Partner Invest LLC, a company owned and controlled by his family will make available up to a maximum of £750,000 to provide additional funds to the Company should such funds be required. The board are also considering further options to realise cash from the Group's asset base should it be required to fund further working capital requirements.

Due to the fact that the facility with Reward can be called in should there be a material deterioration in trade, that the facility may not be able to be replaced or extended beyond August 2017 and that the letter of intent from Mr Belotserkovsky, including the intention to provide additional funds for working capital from Partner Invest LLC, is not legally binding, this indicates the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors are of the opinion that the Group can continue to operate within the facilities available and that these will be either replaced or extended in the timeframe available and that the letter of intent can be relied on if necessary. Accordingly, they consider the Group will continue as a going concern, meeting its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

The following new standards have been adopted during the year

The new standards, amendments and interpretations to existing standards that were published by the IASB and endorsed by the EU that are applicable for the Group are as follows:

• Disclosure Initiative: Amendments to IAS 1 (effective 1 January 2016)
• Annual improvements to IFRSs

The adoption of the above new standards has not had a material impact on the financial statements during the year ended 31 March 2016.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for the year ended 31 March 2016 and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

• IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) - not EU endorsed
• IFRS 9 Financial Instruments (effective 1 January 2018) - not EU endorsed
• IFRS 16 Leases (effective 1 January 2019 - not EU endorsed
•Clarification of Acceptable Methods of Depreciation and Amortisation: Amendments to IAS16 and IAS38 (effective1January 2016) – EU endorsed 1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27) (effective 1 January 2016) - EU endorsed 1 January 2016
• Disclosure Initiative: Amendments to IAS 1 (effective 1 January 2016) - EU endorsed 1 January 2016
• Disclosure Initiative: Amendments to IAS 7 (effective 1 January 2017) - not EU endorsed

At the date of authorisation of these financial statements, the directors have considered the standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and only IFRS 15 'Revenue from Contracts with Customers', IFRS 16

1 PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

'Leases' and IFRS 9 'Financial Instruments' were considered to be relevant. The directors are still assessing whether the application of IFRS9, IFRS 15 and IFRS16, once effective,

will have a material impact on the results of the Group. Adoption of the other standards and interpretations referred to above is not expected to have a material impact on the results of the Group. Application of these standards may result in some changes in presentation of information within the Company's financial statements.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The principal areas where judgement was exercised are as follows:

- An impairment of intangible and tangible fixed assets has the potential to significantly impact upon the Group's statement of comprehensive income for the year. In order to determine whether impairments are required the Directors estimate the recoverable amount of the intangibles. This calculation is based on the cash flow forecasts applicable to the Group of cash-generating units for the following financial year extrapolated over an eight year period assuming no growth. A discount factor, based upon the Group's weighted average cost of capital is applied to obtain a current value ('value in use'). The fair value less costs to sell of the cash generating unit is used if this results in an amount in excess of value in use. Any potential impairment is allocated first against intangible fixed assets and then against tangible fixed assets.

  Estimated future cash flows for impairment calculations are based on management's expectations of future volumes and margins based on plans and best estimates of the productivity of the income generating unit in their current condition. Future cash flows therefore exclude benefits from major expansion projects requiring future capital expenditure.

  Future cash flows are discounted using a discount rate based on the Group's weighted average cost of capital. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market related risks. The Group's weighted average cost of capital is reviewed on an annual basis. See note 15 for more details.

- Property, plant and equipment includes the value of the vending machine estate. The Directors annually assess both the residual value of these assets and the expected useful life of such assets.

- The Directors have estimated the useful economic lives of intangible assets. The economic lives and the amortisation rates are reviewed annually by the Directors.

- The Group receives branding fees to contribute to the installation and refurbishment of vending machines. The Directors are required to assess the amounts receivable at each reporting date and whether all the conditions have been met. Where conditions have been met these are recognised within income.

- The sales from vending machines disclosed are recognised at the point of sale to the customer. At each year end, the Directors are required to make an estimate of sales where the vending machine has not been emptied or inspected at the period end date.

2 SIGNIFICANT ACCOUNTING POLICIES

- The convertible loan notes disclosed in Note 19 have been split between the debt and equity element in accordance with IAS 32. This requires calculating the present value of the debt element using an effective interest rate. 12% was assumed to be an effective interest rate that would be charged on a similar loan by a third party.

- The dilapidation provisions are the directors best estimate of the costs of making good premises under the terms of the property lease agreements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The merger method of accounting was adopted in respect of the Group reconstruction involving Uvenco UK Plc and SnackTime UK Limited. The acquisitions of Snack in a Box Limited and Vendia UK Limited were accounted for using acquisition accounting in accordance with IFRS 3 "Business Combinations (Revised)".

Intra-group revenues and profits are eliminated on consolidation and all revenue and profit figures relate to external transactions only.

b) Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods and services supplied, excluding VAT and trade discounts. Revenue for goods sold from vending machines is recognised at the date of sale. Revenue in respect of installation and refurbishment of branded vending machines (brand fees) is recognised at the date of installation or refurbishment. Franchising fees are recognised when the franchisee starts trading.

c) Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is recognised on all temporary differences. This involves comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided for in full. Deferred tax assets and liabilities are calculated without discounting, at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the balance sheet date. All changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d) Cost of sales

Cost of sales represents amounts payable for supplies of products for resale.

e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment provisions.

Depreciation is provided to write off the cost, less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	over the term of the lease
Plant & machinery	-	10 - 25% straight line basis
Fixtures, fittings & equipment	-	25% straight line basis
Motor vehicles	-	25% straight line basis
Buildings	-	2 - 4% straight line basis

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Impairment reviews of property, plant and equipment are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

f) Intangible assets

In accordance with 'IFRS 3 Business Combinations (Revised)', an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date.

After initial recognition, intangible assets are carried at deemed cost less any accumulated amortisation and any accumulated impairment losses. Impairment reviews are conducted annually from the first anniversary following acquisition, where indicators of impairment arise.

Brands are amortised to the income statement over their estimated economic life on a reducing balance basis. The average useful economic life of brands has been estimated at 10-15 years. The customer relationships are amortised on a straight line basis over its 15 year useful economic life.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment annually and when events or circumstances suggest that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is allocated to cash-generating units ('CGU') for the purpose of impairment testing to the extent that it is possible to allocate goodwill to a CGU on a non-arbitrary basis. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses on goodwill are not reversed.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. Goodwill was fully impaired in the year ended 31 March 2014.

h) Leases

Where a lease is entered into 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 an item of property, plant and equipment and is depreciated over the shorter of its estimated useful life or the term of the lease.

Future instalments under such leases, net of finance charges, are included within payables. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element, which reduces the outstanding obligation for future instalments. Land and building elements of lease agreements are separately assessed in accordance with IAS 17.

All other leases are treated as operating leases and the rentals payable are charged on a straight line basis to the income statement over the lease term.

i) Inventories

Inventories are stated at the lower of purchase cost from third parties and net realisable value on a first in first out basis. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Share-based payments

The Group has applied the requirements of IFRS 2 ‘Share-based payment’, as amended by IFRIC Interpretation 2 – IFRS 2 Group and Treasury share transactions.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. Where services are from employees fair value is determined indirectly by reference to the fair value of the instrument granted. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

Fair value is measured based upon a Black-Scholes pricing model.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Financial instruments

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs as an expense in the income statement with a corresponding credit to equity.

Financial liabilities are subsequently recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual terms of the instrument.

Bank borrowings

Bank loans and overdrafts are initially recorded at fair value. Finance charges including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Convertible Loan

Convertible loan notes, as disclosed in Note 19, have been split between debt and equity elements in accordance with IAS 32.

Trade payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition. They are then accounted for using the effective interest rate method.

The Group classifies all its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset.

Trade receivables are initially recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad. Other receivables are recognised at fair value.

Cash and cash equivalents in the statement of financial position comprise cash at bank, cash in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment is recognised if there is objective evidence that the balance will not be recovered.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

m) Equity instruments

Equity instruments, which are detailed below, issued by the Group are recorded at the proceeds received, net of direct costs except for warrants, share options and convertible loans which are recorded at fair value at the time of issue.

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" represents an amount arising on the consolidation which was accounted for in accordance with FRS 6.
- "Capital redemption reserve" which arose on the redemption of shares.
- "Retained earnings" represents retained profits.
- "Share option reserve" relates to the Company's share option scheme detailed in Note 24.
- "Convertible debt option reserve" represents the equity element of the convertible loan notes in Note 19.
- "Warrants reserve" represents the fair value at the time the warrants were issued.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Pensions

The Group did not contribute to personal pension plans for the Directors. Contributions were made to defined contribution pension schemes for certain employees. The amount charged to the Income Statement in the year represents the amount payable in respect of that year.

o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer.

p) Exceptional Costs

It is the Group's policy to show items that it considers are non-recurring and of a significant nature separately on the face of the Consolidated Statement of Comprehensive Income in order to assist the reader to understand the financial statements. The Group defines exceptional costs as items that are material in respect of their size and nature, for example, a major restructuring of the activities of the Group.

Summary details of exceptional costs are shown in Note 5.

q) Provisions

The Group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome.

3 REVENUE

The total turnover of the company for the year has been derived from the principal activities. The geographical analysis of the company's turnover is as follows:

	2016	2015
	£'000	£'000
United Kingdom	**15,153,076**	*16,167,197*
European Union excluding United Kingdom	**107,392**	-
Other export	**57,000**	-
	15,317,468	16,167,197

4 AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	2016	2015
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual financial statements		
Total audit fees	**55,000**	55,000
Fees payable to the Group's auditors for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	**55,000**	88,700
Other services in relation to taxation	**15,300**	14,850
All other services	**19,500**	6,180
	89,800	109,730
	144,800	164,730

5 LOSS FROM OPERATIONS

	2016 £	2015 £
This is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
- owned by the Group	**855,281**	1,221,584
- held under finance leases	**58,632**	46,649
Loss on disposal of property, plant and equipment	**26,287**	1,163
Exceptional costs	**1,787,391**	1,432,835
Amortisation of intangible assets	**158,752**	211,617
Rentals under operating leases:		
- Land and building	**115,470**	115,452
- Plant and machinery	**544,894**	515,034

Exceptional costs comprise of:

	2016 £	2015 £
Restructuring and redundancy costs	**169,225**	419,930
Property costs relating to relocation	**22,319**	56,951
Professional fees on restructuring	**91,659**	22,422
Impairment of fixed assets	**1,155,939**	485,000
Impairment of intangible assets	**316,599**	448,532
Refinancing costs	**31,650**	-
Exceptional costs included in administration costs and operating loss	**1,787,391**	1,432,835

Exceptional costs in 2016 denoted as restructuring and redundancy costs are connected with the continued restructuring of the Group.

6 FINANCE INCOME

	2016 £	2015 £
Bank interest receivable	**-**	20

7 FINANCE COSTS

	2016	2015
	£	£
Interest on bank loans and overdrafts	**172,006**	229,571
Interest on convertible loan notes	**95,966**	78,304
Interest on obligations under finance leases	**32,215**	29,191
	300,187	337,066

8 DIRECTORS' REMUNERATION

The emoluments of the Directors for the period were as follows:

	Salary	**Fees**	**Total 2016**	Total 2015
	£	**£**	**£**	£
Non-Executive Directors				
J Hamer	**30,000**	**-**	**30,000**	107,500
M Jackson	**-**	**20,000**	**20,000**	20,000
G White	**5,000**	**-**	**5,000**	15,833
M Slinkert	**-**	**-**	**-**	12,000
Executive Directors				
T James	**94,875**	**-**	**94,875**	148,000
M Stone	**124,000**	**-**	**124,000**	66,361
Directors' remuneration	**253,875**	**20,000**	**273,875**	369,694
NIC			25,158	33,105
Total			**299,033**	402,799

Boris Belotserkovsky and Sergei Kornienko took no salary in FY16 (2015; Nil).

Jeremy Hamer was an executive director in the period ended 27 March 2015 but in the period ended 31 March 2016 has moved to a non-executive capacity. On 11 December 2015 Jeremy Hamer received 1 million ordinary shares at 10p per share representing the £100,000 contractual fee due to him for his services on the November 2014 subscription.

Key management personnel in this regard are considered to be only the Company's Directors.

During the period ended 31 March 2016 pension contributions of £Nil *(2015 - £Nil)* were paid in respect of Directors and there were no directors in the company pension scheme (2015 – Nil).

Directors' interests in share options

During the period Jeremy Hamer and Tim James have both foregone 500,000 EMI share options with exercise prices of 28.5p and 26p respectively. As part of his termination agreement Mark Stone waived all entitlements to share options.

The mid-market price of the ordinary shares on 31 March 2016 was 4.9 pence and the range during the year was 4.9 pence to 9.25 pence.

No Directors exercised any options during the year.

9 STAFF NUMBERS AND COSTS

The average monthly number of people employed by the Group (including Executive Directors) during the year, analysed by category, were as follows:

	2016	*2015*
Operational staff	**144**	*186*
Administrative staff	**45**	*34*
	189	*220*

The aggregate payroll costs were as follows:

	2016	*2015*
	£	*£*
Wages, salaries and fees	**4,335,782**	*5,140,529*
Social security costs	**401,793**	*615,572*
Share based payment (see Note 24)	**-**	*18,970*
Pension costs	**126,097**	*56,786*
	4,863,672	*5,831,857*

10 SEGMENT INFORMATION

The Group has three main reportable segments:

- Vending – Vending activities which includes the aggregation of the Group's three Vending depots
- Franchising – The marketing and franchising of operations in the provision of snack solutions
- Specialist drinks – The manufacture and sale of single portion beverages called 'Drinkpacs' together with the sale of associated food and drink products.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring profits/losses, such as exceptional items, goodwill amortisation, and the effects of share-based payments.

Inter-segment sales are priced on the same basis as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Details are provided in the reconciliation from segment assets and liabilities to the Group position.

10 SEGMENT INFORMATION *(continued)*

SEGMENTAL 2016	Specialist drinks 2016 £	Franchising 2016 £	Vending 2016 £	Total 2016 £
Revenue				
Total revenue	2,355,143	1,400,321	11,933,406	15,688,870
Inter-segmental revenue	-	-	(371,402)	(371,402)
Group's revenue per consolidated statement of comprehensive income	2,355,143	1,400,321	11,562,004	15,317,468
Depreciation	(192,784)	(55,495)	(665,634)	(913,913)
Amortisation	-	209,548	(368,300)	(158,752)
Impairment	-	-	(1,472,538)	(1,472,538)
Segment operating profit/(loss) before exceptional items	(48,403)	428,186	35,065	414,848
Segment operating profit/(loss) before exceptional items but after impairment charges	(48,403)	428,186	(1,437,473)	(1,057,690)
Exceptional costs included within administration expenses and finance expense (Note 5)				(314,853)
Head office costs				(1,985,810)
Share-based payments				-
Finance expense				(300,187)
Finance income				-
Group loss before tax				(3,658,540)

10 SEGMENT INFORMATION *(continued)*

SEGMENTAL 2015	Specialist drinks 2015 £	Franchising 2015 £	Vending 2015 £	Total 2015 £
Revenue				
Total revenue	2,814,249	1,425,016	13,040,967	17,280,232
Inter-segmental revenue	-	-	(1,113,036)	(1,113,036)
Group's revenue per consolidated statement of comprehensive income	2,814,249	1,425,016	11,927,931	16,167,196
Depreciation	(198,042)	(51,703)	(1,018,488)	(1,268,233)
Amortisation	(39,843)	(59,049)	(112,725)	(211,617)
Impairment	(485,000)	-	(448,532)	(933,532)
Segmental operating loss/(profit) before exceptional items	(468,336)	356,067	(1,351,978)	(1,464,247)
Segmental operating (loss)/profit before exceptional items but after impairment charges	(953,336)	356,067	(1,800,510)	(2,397,779)
Exceptional costs included within administration expenses and finance expense (Note 5)				(499,303)
Head office costs				(1,130,497)
Share-based payments				(18,970)
Finance expense				(337,066)
Finance income				20
Group loss before tax				(4,383,595)

10 SEGMENT INFORMATION *(continued)*

SEGMENTAL 2016	Specialist drinks 2016 £	Franchising 2016 £	Vending 2016 £	Head office 2016 £	Total 2016 £
Additions to non-current assets	63,291	-	762,944	-	826,235
Reportable segment assets	886,219	147,359	5,360,414	955,595	7,349,587
Tax assets	-	-	-	-	-
Total Group assets	886,219	147,359	5,360,414	955,595	7,349,587
Reportable segment liabilities	(474,338)	(197,886)	(4,520,760)	(1,099,643)	(6,292,626)
Loans and borrowings (excluding leases, loan notes and overdrafts)					(1,831,884)
Deferred tax liabilities					(238,577)
Total Group liabilities					(5,852,142)

SEGMENTAL 2015	Specialist drinks 2015 £	Franchising 2015 £	Vending 2015 £	Head office 2015 £	Total 2015 £
Additions to non-current assets	180,319	21,459	205,244	2,363	409,385
Reportable segment assets	1,223,080	267,995	6,892,655	1,425,324	9,809,054
Tax assets	-	-	49,656	-	49,656
Total Group assets	1,223,080	267,995	6,942,311	1,425,324	9,858,710
Reportable segment liabilities	(543,426)	(244,220)	(3,753,857)	(1,822,644)	(6,364,147)
Loans and borrowings (excluding leases, loan notes and overdrafts)					(2,050,939)
Deferred tax liabilities					(426,295)
Total Group liabilities					(8,841,381)

As at 31 March 2016 there were £nil non-current assets held outside of the United Kingdom *(2015: £Nil).*

11 TAXATION

	2016	2015
	£	£
Deferred tax		
Origination and reversal of timing differences	**(94,022)**	(72,662)
Deferred tax (income)/expense relating to change in rate	**(41,910)**	3,921
Adjustments in respect of prior periods	**-**	(246,525)
Tax credit on ordinary activities	**(135,932)**	(315,266)

Factors affecting tax credit for the period:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% *(2015:* 21%*).* The differences are explained below:

	2016	2015
	£	£
TAX RECONCILIATION		
Loss per accounts before taxation	**(3,658,540)**	(4,383,595)
Tax on loss on ordinary activities at standard rate of 20% (2015 - 21%)	**(732,108)**	(920,555)
Expenses not deductible for tax purposes	**96,898**	(24,164)
Fixed asset timing differences	**(27,386)**	3,675
Unrecognised deferred tax	**484,754**	833,715
Change in rate	**41,910**	39,095
Adjustments to deferred tax for prior years	**-**	(247,032)
Total tax credit for the period	**(135,932)**	(315,266)

There were no factors that may significantly affect future tax charges.

12 LOSS PER SHARE

The calculation of basic loss per share is calculated on the basis of the result for the year after tax, divided by the weighted average number of shares in issue for the period ended 31 March 2016 of 43,332,623 *(2015* -24,040,521*).*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary. Potential dilutive ordinary shares arise from share options and convertible loans. For these, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the exercise price attached to outstanding share options. Thus the dilutive weighted average number of shares considers the number of shares that would have been issued assuming the exercise of the share options. If these are proved to be anti-dilutive (increase the potential earnings per share) they are omitted from the calculation. As the Group has made a loss in the current year the options, warrants and convertible loan notes are therefore anti-dilutive and diluted earnings per share is therefore not provided for the current year.

	Period ended 31 March 2016			Period ended 27 March 2015		
	Loss (£)	**Weighted average no. of shares**	**Amount per share (pence)**	Loss (£)	Weighted average no. of shares	Amount per share (pence)
Loss attributable to ordinary shareholders	**(3,522,608)**	**43,332,623**	**(8.13)**	(4,068,329)	24,040,521	(16.92)

13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Fittings and equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2014	*528,679*	*190,299*	*13,124,130*	*8,819*	*497,644*	*14,349,571*
Additions	-	2,390	370,386	21,459	15,150	409,385
Disposals	-	(109,209)	(4,956,917)	-	(222,681)	(5,288,807)
At 27 March 2015	**528,679**	**83,480**	**8,537,599**	**30,278**	**290,113**	**9,470,149**
Additions	-	-	663,644	61,990	100,601	826,235
Disposals	-	-	(1,184,241)	-	-	(1,184,241)
At 31 March 2016	**528,679**	**83,480**	**8,017,002**	**92,268**	**390,714**	**9,112,143**
Depreciation						
At 1 April 2014	*52,556*	*135,290*	*7,612,838*	*5,610*	*380,538*	*8,186,832*
Charge for the year	14,615	11,019	1,152,766	19,162	70,670	1,268,232
Impairment charge	-	-	485,000	-	-	485,000
Disposals	-	(109,209)	(4,940,159)	-	(222,681)	(5,272,049)
At 27 March 2015	**67,171**	**37,100**	**4,310,445**	**24,772**	**228,527**	**4,668,015**
Charge for the year	15,313	12,052	827,730	19,598	39,220	913,913
Impairment charge	-	-	1,155,939	-	-	1,155,939
Disposals	-	-	(1,157,974)	-	-	(1,157,974)
At 31 March 2016	**82,484**	**49,152**	**5,136,140**	**44,370**	**267,747**	**5,579,893**
Net Book Value						
At 31 March 2016	**446,195**	**34,328**	**2,880,862**	**47,898**	**122,967**	**3,532,250**
At 27 March 2015	461,508	46,380	4,227,154	5,506	61,586	4,802,134
At 1 April 2014	476,123	55,009	5,511,292	3,209	117,106	6,162,739

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016	2015
	£	£
Plant and machinery	**313,055**	*415,711*
Motor vehicles	**48,898**	-
	361,953	415,711

14 INTANGIBLE ASSETS

	Goodwill	Customer Relationships	Brands	Total
	£	£	£	£
Cost				
At 27 March 2015				
and 31 March 2016	**9,546,375**	**1,116,087**	**4,957,883**	**15,620,345**
Amortisation				
At 1 April 2014	9,546,375	876,362	3,290,527	13,713,264
Amortisation charge for the year	-	74,406	137,211	211,617
Impairment charge for the year	-	37,410	411,122	448,532
At 27 March 2015	9,546,375	988,178	3,838,860	14,373,413
At 28 March 2015	9,546,375	988,178	3,838,860	14,373,413
Amortisation charge for the year	-	74,406	84,346	158,752
Impairment charge for the year	-	53,503	263,096	316,599
At 31 March 2016	**9,546,375**	**1,116,087**	**4,186,302**	**14,848,764**
Net book value				
At 31 March 2016	**-**	**-**	**771,581**	**771,581**
At 27 March 2015	-	127,909	1,119,023	1,246,932
At 31 March 2014	-	239,725	1,667,356	1,907,081

Current estimates of useful economic lives of intangible assets are as follows:

Goodwill	Indefinite (now fully impaired)
Customer relationships	Amortised over 15 years
Snack In The Box brands	Amortised over 15 years
Vendia brands	Amortised over 10 years

The remaining useful life of the Vendia brands is 7.6 years

15 IMPAIRMENT REVIEW

The Group tests for impairment where there are indications that intangible assets may be impaired. The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets for 2016/17, which are then extrapolated over 5 years and a terminal value applied to the year 5 cash flow. The major assumptions are as follows:

	Specialist drinks	**Franchise**	**Vending**
	%	**%**	**%**
2016			
Pre-tax discount rate		**14.6**	**14.6**
Growth rates in periods 2-5		0	**0**
Terminal value		2.0	**2.0**
2015			
Pre-tax discount rate	*15.0*	*15.0*	*15.0*
Growth rates in periods 2-5	*0*	*0*	*0*
Terminal value	*2.0*	*2.0*	*2.0*

15 IMPAIRMENT REVIEW *(continued)*

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's weighted average cost of capital, this is then adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the first five years are based on economic data pertaining to the region concerned.

The recoverable amount for the CGU is set out below:

- Vending exceeded its carrying amount by £Nil (*2015 - £Nil)*
- Franchisee division exceeded its carrying amount by £2,458,000 (2015 - £131,000)

An impairment charge of £316,599 was recognised against the remaining intangible assets of the Vending division and a further impairment of £1,155,939 was made against the tangible fixed assets of the vending division based on the future cash flows of the CGU not supporting the carrying values.

In the prior year an impairment charge of £448,533 was recognised against the intangible assets of the Vending division and a further impairment of £485,000 was made against the tangible fixed assets of the specialist drinks division based on the future cash flows of the CGU not supporting the values within the financial statements. No intangible assets reside in the Specialist Drinks CGU at 31 March 2015 or 31 March 2016.

The sensitivity of the Vending division impairment to key changes in the key assumptions in the recoverable amounts is as follows:

	1% increase	**1% decrease**
	£'000	**£'000**
Discount rate	192	(235)
Growth rates in periods 2-5	(156)	160
Terminal value	(169)	138

16 DEFERRED TAX

The gross movements on the deferred tax account are as follows:

	2016	2015
	£	£
At the start of the year	**(376,639)**	(691,905)
Income statement credit	**96,152**	72,156
Change in tax rate	**41,910**	(3,921)
Prior year adjustment	**-**	247,031
At the end of the year	**(238,577)**	(376,639)

The deferred tax balances arise from temporary differences in respect of the following:

	Provisions
	£
At 28 March 2015	49,656
Charge to income	(49,656)
At 31 March 2016	-

Deferred tax provisions

	Intangible assets	Tangible assets	Total
	£	£	£
At 28 March 2015	249,386	176,909	426,295
Charged to income - current year	(85,563)	(60,245)	(145,808)
Change in tax rate	(24,939)	(16,971)	(41,910)
At 31 March 2016	138,884	99,693	238,577

See Note 11 for details of the applicable tax rates applied.

Within the Group as at 27 March 2016 there were deferred tax assets of £1,911,378 (*2015 – £1,865,465*) which have not been recognised as the Directors do not foresee the utilisation of these assets in the foreseeable future.

17 INVENTORIES

	2016	2015
	£	£
Raw materials	**153,371**	-
Finished goods and goods for resale	**734,773**	*1,122,301*
	888,144	1,122,301

£179,402 of inventory was written down in the current year *(2015 - £32,522).* The value of inventory consumed and recognised as an expense was £6,690,432 *(2015 - £6,583,820).*

18 TRADE AND OTHER RECEIVABLES

	2016	2015
	£	£
Trade receivables	**1,528,292**	*1,671,703*
Other receivables, prepayments and accrued income	**337,445**	*264,903*
	1,865,737	1,936,606

The recoverability of receivables is not considered to be a significant issue to the Group. Many of the Group's customers have a long standing relationship with the Group and debtors are reviewed on a regular basis, with appropriate credit checks being carried out on new customers entering into contracts with the Group.

Some of the trade receivables are past due but not impaired as at 31 March 2016. The ageing analysis of these trade receivables is as follows:

	2016	2015
	£	£
Current	**682,295**	*913,882*
One month overdue	**621,217**	*549,913*
Two to six months overdue	**224,780**	*129,479*
Over six months overdue	**-**	*78,429*
	1,528,292	1,671,703

As at 31 March 2016 trade receivables of £329,960 *(2015 - £155,709)* were past due and impaired. The receivables due at the end of the financial year relate to trading customers, brands and franchisees.

19 BORROWINGS

	2016	2015
	£	£
Secured borrowings at amortised cost		
Bank overdrafts	**635,491**	517,011
Bank loans	**1,831,884**	2,050,939
Convertible loan notes	**40,083**	1,022,119
Redeemable loan notes	**40,083**	498,634
Finance leases	**250,327**	336,524
	2,797,868	4,425,227
Amounts due for settlement within 12 months		
Bank overdrafts	**635,491**	517,011
Bank loans	**560,000**	2,050,939
Finance leases	**226,581**	141,058
Convertible loan notes	**-**	589,081
	1,422,072	3,298,089
Amounts due for settlement after 12 months		
Bank loans	**1,271,884**	-
Convertible loan notes	**40,083**	433,038
Redeemable loan notes	**40,083**	498,634
Finance leases	**23,745**	195,466
	1,375,795	1,127,138
	2,797,868	4,425,227

Terms and conditions of outstanding loans at the period end were as follows:

	Interest rate	**Year of maturity**	**2016**	*2015*
	%		**£**	*£*
Convertible loan notes	**8% Fixed**	**2015**	**-**	*589,081*
Redeemable loan notes	**12% Fixed**	**2018**	**40,083**	*498,634*
Convertible loan notes	**7% Fixed**	**2018**	**40,083**	*433,038*
Bank overdraft	**2.75% over base rate**	**2016**	**635,491**	*184,621*
Bank loan	**5% over LIBOR**	**2018**	**1,831,884**	*1,464,655*
Bank loan	**5.25% fixed**	**2018**	**-**	*585,345*

19 BORROWINGS *(continued)*

Convertible loan stock of £511,228 was issued on 4 April 2013. Fundraising costs of £10,514 were offset against the loan stock. Of this £92,143 as treated as equity with the remainder of £433,038 being included in long term borrowings. The convertible loan stock bears interest at a rate of 7% per annum. The loan stock is convertible to Ordinary shares at 10 pence per share. The conversion date is 5 years and 1 day from the date of issue. The present value of the debt element has been calculated using an effective interest rate of 12%.

Redeemable loan stock of £511,228 was issued on 4 April 2013. Fundraising costs of £12,594 were offset against the loan stock. The redeemable loan stock bears interest at a rate of 12% per annum. Also included within the terms of the loan note is a redemption premium of 6% per annum to a maximum of 30% of the value of the loan note.

In December 2015 and February 2016, the majority of the loan stock was converted into equity shares. Please see note 30 for full details of post balance sheet events.

After the year end the bank loans were renegotiated. Please see note 30 for full details of post balance sheet events.

The fair value in each case equates to the carrying book value with the exception of the convertible loan note. All loans are denominated in sterling.

The analysis below shows the gross cash flows for the bank loan and loan notes, which may differ to the carrying values of the liabilities at the balance sheet date.

	2016	2015
	£	£
Amounts payable under bank loans & loan notes		
Within one year	**645,186**	3,239,950
1-2 years	**-**	-
2-5 years	**1,306,033**	1,175,364

The bank loans are secured by a fixed and floating charge over the assets of the company and certain subsidiaries together with security deeds and share pledges regarding certain other subsidiaries, in conjunction with an assignment of certain Keyman insurance policies.

20 TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Due within one year		
Trade payables	**2,078,914**	1,938,087
Social security and other taxes	**889,603**	780,951
Other payables	**62,166**	306,705
Accruals and deferred income	**765,757**	900,177
	3,796,440	3,925,920

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Obligation under finance leases

	2016	2015
	£	£
Amounts payable under finance leases		
Within one year	**133,561**	159,533
Two to five years	**137,055**	234,512
Less future finance charges	**(20,289)**	(57,521)
Present value of lease obligations	**250,327**	336,524
Amounts due for settlement within 12 months	**118,707**	141,058
Amounts due for settlement after 2 – 5 years	**131,620**	195,466

Hire purchase and finance lease liabilities are secured upon the underlying assets.

It is the Group's policy to lease certain parts of its property, plant and equipment under finance leases. For the period ended 31 March 2016 the average effective borrowing rate was [7%]. Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling.

21 PROVISIONS

	Onerous contracts	Legal dispute	Leasehold dilapidation	Total
	£	£	£	£
At 1 April 2014	**-**	**167,209**	**3,283**	**170,492**
Additions in the year	8,894	-	24,217	33,111
Utilised in the year	-	(139,664)	-	(139,664)
At 27 March 2015	**8,894**	**27,545**	**27,500**	**63,939**
Additions in the year				
Utilised in the year	(8,894)	(27,545)	(27,500)	(63,939)
At 31 March 2016	**-**	**-**	**-**	**-**

Leasehold dilapidations - Provision was made in last year's financial statements for the estimated cost of refurbishing a property in line with the requirement the lease, prior to returning to the landlord. This property has now been returned to the landlord and all liabilities have been settled.

Legal dispute – In the prior period provision was made for the costs of a legal claim made from a former franchisee owner. These costs have now been settled in full.

Onerous contract – In the prior period a provision was made for the onerous element of property lease rentals in respect of vacated premises.

22 SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid equity share capital		
At 31 March 2016 (ordinary shares of £0.02 each)	**1,491,948**	642,980

Date of Issue	Type of Share Issue	Ordinary Shares	Share Price	Cash consideration
		Number	£	£
As at 1 April 2014		**16,349,014**	**-**	**-**
June 2014	Share issue	3,800,000	0.15	570,000
October 2014	Share issue	12,000,000	0.15	1,800,000
At 27 March 2015		**32,149,014**		**2,370,000**
May 2015	Share issue	1,000,000	0.1	100,000
December 2015	Share issue	21,000,000	0.05	1,050,000
December 2015	Loan note conversion	16,446,451	0.1	-
December 2015	Share issue	3,300,000	0.1	-
February 2016	Loan note conversion	701,987	0.1	**-**
At 31 March 2016		**74,597,452**	**-**	**1,150,000**

23 SHARE PREMIUM AND RESERVES

Reserves
The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger	The merger reserve, which arises on consolidation, represents the difference between the fair value and nominal value of shares issued on the acquisition of subsidiary companies where the Company has elected to take advantage of merger relief.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares which arose following a share reorganisation.
Share option reserve	Cumulative share option expense recognised.
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Warrant	Cumulative fair value of warrants in issue.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

24 EQUITY-SETTLED SHARE OPTION SCHEME

Options are exercisable at a price equal to the average quoted market price of the Company's shares at the date of grant or as agreed by the Directors on the date of the grant. The vesting period is up to three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the option holder leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2016	**2016**	2015	2015
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at the beginning of the year	1,000,000	0.73	1,361,230	0.73
Granted during the year	600,000	0.05	-	-
Forfeited/lapsed during the year	(1,000,000)	-	(361,230)	-
Outstanding at the end of the year	**600,000**	**0.05**	1,000,000	0.27
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life of the options outstanding at the year end, for the options with a weighted average exercise price of £0.05, is 3.7 years. The weighted average fair value of the options when issued was 2.5p.

	2016	2015
IFRS 2 Fair value charge recognised as an expense	**-**	£18,970
Average share price	**8.1p**	10.3p

The inputs into the Black-Scholes option pricing model for each of the share options issues were as follows:

Issue Date	24-Dec-15
Expected volatility	75%
Expected life	3 years
Risk-free rate	4%
Dividend yield	-
Weighted average share price on the grant date	£0.08
Exercise price	£0.05

24 EQUITY-SETTLED SHARE OPTION SCHEME *(continued)*

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Mrs Veronika Belotserkovsky, wife of Boris Belotserkovsky,a non---executive Director of the Company, holds 1,816,557 8p Warrants which are exercisable at 2p per share in ordinary equity.

No share based payment charge has been recognised in the financial statements as in the opinion of the directors it would be immaterial.

25 FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

Financial assets by category at amortised cost

	2016	2015
	£	£
Loans and receivables		
Trade receivables	**1,528,292**	1,671,703
Cash and cash equivalents	**291,874**	701,082
	1,820,166	2,372,785

The maximum credit risk exposure is £1,528,292. *(2015 - £1,671,703).*

Financial liabilities at amortised costs by category

	2016	2015
	£	£
Current liabilities		
Other financial liabilities	**4,328,910**	*7,813,450*
Non current liabilities		
Other financial liabilities	**1,375,795**	*1,044,219*
	5,704,705	*8,857,669*

25 FINANCIAL INSTRUMENTS *(continued)*

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on their hire purchase and finance lease arrangements by fixing the interest rate on the agreements. However, the bank overdraft has a variable interest rate. The bank loan of £1.8 m has an interest rate of 6% above LIBOR.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% *(2015- +1% / -1%)*, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's bank loan and overdraft, which have variable interest rates, at each balance sheet date. All other variables are held constant.

	2016	**2016**	2015	2015
	£	**£**	£	£
	1%	**-1%**	1%	-1%
Adjusted net result for the year	**3,671,298**	**3,645,785**	4,042,650	4,094,009
Adjusted equity	**503,945**	**529,458**	991,650	1,043,009

Information on the Group's risk and capital structure is included within the Directors' Report.

26 OPERATING LEASE ARRANGEMENTS

At the balance sheet date the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016			2015		
	Land and buildings	**Plant and machinery**	**Total**	Land and buildings	Plant and machinery	Total
	£	**£**	**£**	£	£	£
Within one year	**103,034**	**460,702**	**563,736**	103,034	485,641	588,675
2 to 5 years	**43,758**	**410,614**	**454,372**	146,792	584,892	731,684
Over 5 years	**-**	**28,125**	**28,125**	-	53,438	53,438
	146,792	**899,441**	**1,046,233**	249,826	1,123,971	1,373,797

Operating lease payments represent rentals payable by the Group in respect of its properties and for plant and machinery.

27 RELATED PARTY TRANSACTIONS

Related party transactions describe transactions with Directors, and companies in which Directors have an interest.

During the year ended 31 March 2016 there were the following related party transactions involving a Director or a Company related to a Director:

Loans totalling £40,000, together with accrued but unpaid interest, were converted by J.Hamer into 439,967 ordinary shares at a price of 10 pence per share (2015 – Nil).

Loans totalling £35,000, together with accrued but unpaid interest, were converted by M.Jackson into 384,971 ordinary shares at a price of 10 pence per share (2015 – Nil).

Loans totalling £450,000, together with accrued but unpaid interest, were converted by Elderstreet Investments Ltd into 4,963,150 ordinary shares at a price of 10 pence per share (2015 - Nil).

Loans totalling £100,000, together with accrued but unpaid interest, were converted by the WEJackson Trust into 1,141,588 ordinary shares at a price of 10 pence per share (2015 – Nil).

Loans totalling £850,000, together with accrued but unpaid interest, were converted by the Unicon Asset Management Ltd into 9,475,590 ordinary shares at a price of 10 pence per share (2015 – Nil).

The following members of the "Concert Party" associated with Boris Belotserkovsky, but who are not Directors of the company, purchased new ordinary shares of 2 pence per share;-

Mrs V. Belotserkovskaya 7,000,000 @ a price of 5 pence per share (2015 – Nil)
Uvenco Holdings Limited 2,300,000 @ a price of 10 pence per share (2015 – Nil)
Versatel Company Ltd 8,000,000 @ a price of 5 pence per share (2015 – 15.8 million @ 15p)
Mrs G. White - 50,000 @ a price of 10 pence per share (2015 –Nil)

Mrs V.Belotserkovskaya also purchased the 4,843,616 ordinary shares held by M.Slinkert a former Director of the company.

Unicum Holdings Limited, a company controlled by Boris Belotserkovsky, a non-executive director of the Company, received 2,300,000 New Ordinary Shares for the supply of £230,000 of vending machines to the Company during 2015,.

Key management costs are disclosed in Note 8 of these financial statements.

28 CAPITAL COMMITMENTS

There were no capital expenditure commitments as at the year end.

29 ULTIMATE CONTROLLING PARTY

By virtue of his shareholding and relationships with certain other shareholders in the "Concert Party" Boris Belotserkovsky is the controlling party of the Group.

Substantial interests in the parent company are disclosed in the Directors' Report.

30 POST BALANCE SHEET EVENTS

On 12 August 2016 Uvenco UK Plc entered into an agreement to settle the Group's £2.4 million outstanding bank facility for £1.0 million, payable in cash. On the same date the Company, through its subsidiaries Uvenco Limited, Simply Drinks Limited and Drinkmaster Limited, has entered into a £1.3 million debt facility agreement ("Reward Agreement") with Reward Invoice Finance Limited, part of the Reward Finance Group ("Reward"), a Manchester and Leeds based alternative lender, in order to provide the funds to satisfy the bank facility settlement, as well as additional working capital. The terms of the Reward Agreement reflect the expected short-term nature of the debt and are structured around a confidential invoice discounting facility, together with a charge on other balance sheet assets including property and vending machines. Cash interest of 1.75% per month will be payable monthly in arrears on the principal outstanding. The loan has a minimum term of 2 months after which the Group can terminate, whilst Reward cannot terminate before August 2017, in each case on one month's notice. Reward have also been granted a personal guarantee by Boris Belotserkovsky in relation to this facility. Initially the Group will be borrowing £1.3 million, with a further £0.1 million available conditional upon the Company arranging a new equity investment of £0.1 million.

31 INVESTMENTS

A list of the subsidiary entities are included within note 4 of the company financial statements.

UVENCO UK PLC

COMPANY FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2016

UVENCO UK PLC

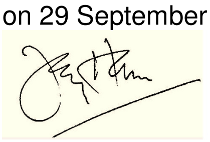
COMPANY BALANCE SHEET

31 MARCH 2016

Company number: 06135746

	Notes	2016	2015
		£	**£**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	**44,110**	58,047
Investments	4	**6,866,711**	7,534,112
		6,910,821	7,592,159
CURRENT ASSETS			
Trade and other receivables	5	**1,604,940**	2,424,857
		1,604,940	2,424,857
TOTAL ASSETS		**8,515,761**	10,017,016
LIABILITIES			
CURRENT LIABILITIES	6	**(9,912,273)**	(11,075,972)
NET CURRENT LIABILITIES		**(8,307,333)**	(8,651,115)
NON CURRENT LIABILITIES			
Borrowings	7	**(1,352,050)**	(931,672)
TOTAL LIABILITIES		**(11,264,323)**	(12,007,644)
NET LIABILITIES		**(2,748,562)**	(1,990,628)
EQUITY – ISSUED SHARE CAPITAL ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Share capital	9	**1,491,948**	642,980
Share premium account	10	**12,721,702**	10,401,384
Capital redemption reserve	10	**1,274,279**	1,274,279
Share option reserve	10	**374,563**	374,562
Convertible debt option reserve	10	**-**	147,306
Warrant reserve	10	**2,236,130**	2,236,130
Retained deficit	10	**(20,847,184)**	(17,067,269)
TOTAL EQUITY		**(2,748,562)**	(1,990,628)

These financial statements were approved by the Board of Directors and authorised for issue on 29 September 2016. They were signed on its behalf by:




Jeremy Hamer **Sergei Kornienko**
Director
The Notes on pages 66 to 77 form part of these financial statements.

UVENCO UK PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

31 MARCH 2016

Company number: 06135746

COMPANY	Issued share capital	Share premium account	Capital redemption reserve	Share option reserve	Convertible debt option reserve	Warrant reserve	Retained deficit	Total
	£	£	£	£	£	£	£	£
Balance at 31 March 2014	**326,980**	**8,347,383**	**1,274,279**	**355,593**	**147,306**	**2,236,130**	**(12,034,160)**	**653,511**
Issure of shares	316,000	2,054,000	-	-	-	-	-	2,370,000
Share option expense	-	-	-	18,970	-	-	-	18,970
Retained loss for the year	-	-	-	-	-	-	(5,033,109)	(5,033,109)
Balance at 27 March 2015	**642,980**	**10,401,383**	**1,274,279**	**374,563**	**147,306**	**2,236,130**	**(17,067,269)**	**(1,990,628)**
Issue of shares in the year	440,000	684,444	-	-	-	-	-	1,124,444
Loan notes converted	408,968	1,635,875	-	-	-	-	-	2,044,843
Retained loss for the year	-	-	-	-	(147,306)	-	(3,779,915)	(3,927,221)
Balance at 31 March 2016	**1,491,948**	**12,721,702**	**1,274,279**	**374,563**	**-**	**2,236,130**	**(20,847,184)**	**(2,748,562)**

The notes on pages 66 to 77 form part of these financial statements

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* ("FRS 100") and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101")
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosures of related party transactions with other wholly-owned members of Uvenco UK plc group of companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- share-based payments;
- financial instruments.

First time application of FRS 100 and 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable UK accounting standards. Consequently the principal accounting policies are unchanged from the prior year. The change in the basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised above. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable UK accounting standards.

The Company has chosen not to prepare a note to the financial statements relating to financial instruments as the information is available in the published financial statements of the Group.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the financial period, of the holding Company, as approved by the Board, was £3,779,915 (2015: £5,033,109).

Going concern

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements and if necessary to explain how they have reached their conclusion. The Directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies.

Going concern (continued)

The Company made a loss of £3,779,915 (2015 - £5,033,109) for the period ended 31 March 2016 and had net current liabilities of £8,307,333 at the balance sheet date (2015: £8,651,115).
Subsequent to the balance sheet date the Group paid off its existing bank loan and overdraft of £2.4m for a discount of £1.0 million and re-financed with additional borrowings from Reward Invoice Finance Limited ("Reward") for additional working capital (see Note 30 of the group financial statements). The total Group debt has therefore reduced significantly to approximately £1.3 million. Provided the terms of the agreement are complied with the current debt facility will remain in place until August 2017. However, the agreement may be terminated by the Company by giving one month's notice, at any time after October 2016, should alternative finance be found.

Management have prepared a cash flow forecast for the period to 31 December 2017. Whilst the Directors have continued to reduce the operating costs of the Group and improve the performance of the vending estate there is limited cash headroom in the forecast. Should the Group's operating performance and net cash inflows fall behind forecast a further injection of working capital may be required.

Management have agreed to provide a further equity injection of £0.1million, to be matched by additional financing from Reward under the terms of that agreement, should the Group require it.

In order to satisfy themselves that the going concern basis remains appropriate the Directors have taken into account the personal guarantee given by the Group's majority shareholder Mr Belotserkovsky to Reward, in respect of the new financing facility, should a breach in the terms of that facility occur. Mr Belotserkovsky has undertaken not to call in any amounts due to him by the Group, should that guarantee be called upon, for a period up to at least 30 September 2017. Finally, Mr Belotserkovsky has provided a letter of intent that Partner Invest LLC, a company owned and controlled by his family will make available up to a maximum of £750,000 to provide additional funds to the Company should such funds be required. The board are also considering further options to realise cash from the Group's asset base should it be required to fund further working capital requirements.

Due to the fact that the facility with Reward can be called in should there be a material deterioration in trade, that the facility may not be able to be replaced or extended beyond August 2017 and that the letter of intent from Mr Belotserkovsky, including the intention to provide additional funds for working capital from Partner Invest LLC, is not legally binding, this indicates the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors are of the opinion that the Group can continue to operate within the facilities available and that these will be either replaced or extended in the timeframe available and that the letter of intent can be relied on if necessary. Accordingly, they consider the Group will continue as a going concern, meeting its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

1 **ACCOUNTING POLICIES** *(continued)*

b) Investments

Investments including the shares in subsidiary companies held as fixed assets are stated at cost less any provision for impairment in value. In relation to acquisitions, where advantage can be taken of the merger relief rules, shares issued as consideration for acquisitions are accounted for a nominal value.

c) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment provisions.

Depreciation is provided to write off the cost, less the estimated residual value, of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings & equipment - 25% straight line basis

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

d) Convertible loan

The convertible loan notes disclosed in Notes 7 have been split between the debt and equity element. This requires calculating the present value of the debt element with an effective interest rate of 12%. 12% was assumed to be an effective interest rate that would be charged on a similar loan by a third party.

e) Provisions

The Group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome.

f) Share-based payments

The company has applied the requirements of IFRS 2 ‘Share-based payment’, as amended by IFRIC Interpretation 2 – IFRS 2 Group and Treasury share transactions.
The Company issues equity-settled share-based payments to certain employees of its subsidiary. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. Where services are from employees, fair value is determined indirectly by reference to the fair value of the instrument granted. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of shares that will eventually vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

1 ACCOUNTING POLICIES *(continued)*

Fair value is measured based upon a Black-Scholes pricing model.

The Company recognises the cost of the share options granted to the employees of its subsidiaries as an increase in the cost of investment with a corresponding increase in equity.

Details of the share option valuation are set out in Note 11.

g) Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is recognised on all temporary differences. This involves comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided for in full. Deferred tax assets and liabilities are calculated without discounting, at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the balance sheet date. All changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 STAFF NUMBERS AND COSTS

The average monthly number of people employed by the Company (including Executive Directors) during the year, analysed by category, were as follows:

	2016	*2015*
	No	No
Administrative staff	**8**	8

The aggregate payroll costs were as follows:

	2016	*2015*
	£	£
Wages, salaries and fees	**543,276**	424,980
Social security costs	**47,410**	70,846
Pension costs	**33,241**	10,151
	623,927	505,977

Details of the Directors' remuneration can be found on page 37.

3 PROPERTY PLANT AND EQUIPMENT

	Fixtures, fittings and equipment £
Cost	
At 27 March 2015	103,204
Additions	-
At 31 March 2016	**103,204**
Depreciation	
At 27 March 2015	45,157
Charge for the period	13,937
At 31 March 2016	**59,094**
Net Book Value at 31 March 2016	**44,110**
Net Book Value at 27 March 2015	58,047

4 INVESTMENTS

Investments in shares of subsidiary undertakings:

	£
At 27 March 2015	**7,534,112**
Impairment charge for the period	(667,401)
At 31 March 2016	**6,866,711**

All subsidiaries are registered in England and Wales.

Subsidiary	**Principal Activity**	**Share ownership**	**Relationship type**
SnackTime UK Limited	The installation and operation of snack vending machines, vending machine holding company for the Group.	100%	Direct
Snack in The Box Limited ("SITB")	Install and offers compact vending machines and honesty boxes to business customers on a Free-on-loan basis through a franchise network.	100%	Direct
Drinkmaster Limited	The manufacture and sale of single portion beverages called 'Drinkpacs' together with the sale of associated food and drink products.	100%	Direct
Uvenco Limited (formerly VMI (Blackburn) Limited)	The supply and operation of vending machines and sale of associated food and drink products.	100%	Direct
Simply Drinks Limited	The supply and operation of vending machines and sale of associated food and drink products.	100%	Direct
Vendia UK Limited	A holding company.	100%	Direct
Drinkmaster Holdings Limited	A holding company.	100%	Indirect

5 TRADE AND OTHER RECEIVEABLES

	2016	*2015*
	£	£
Amounts due within 1 year		
Trade debtors	**93,211**	149,137
Prepayments	**134,030**	47,365
Other debtors	**5,938**	366,424
Amounts owed by subsidiary undertaking	**1,371,761**	1,861,931
	1,604,940	2,424,857

6 CURRENT LIABILITIES

	2016	*2015*
	£	£
Amounts due within 1 year		
Bank overdraft (secured)	**62,657**	184,621
Bank loan (secured)	**560,000**	2,050,939
Convertible loan (Note 7)	**-**	589,081
Trade creditors	**282,606**	167,580
Social security and other taxes	**527,706**	65,089
Accruals & deferred income	**182,160**	327,184
Other creditors	**27,006**	-
Amounts owed to subsidiary undertakings	**8,270,138**	7,691,478
	9,912,273	11,075,972

7 BORROWINGS

Terms and conditions of outstanding loans at the period end were as follows:

	Interest rate	**Year of maturity**	**2016**	2015
	%		**£**	£
Convertible loan notes	**8% Fixed**	**2015**	**-**	589,081
Redeemable loan notes	**12% Fixed**	**2018**	**40,083**	498,634
Convertible loan notes	**7% Fixed**	**2018**	**40,083**	433,038
Bank overdraft	**2.75% over base rate**	**2016**	**635,491**	184,621
Bank loan	**5% over LIBOR**	**2018**	**1,831,884**	1,464,655
Bank loan	**5.25% fixed**	**2018**	**-**	585,345

The fair value in each case equates to the carrying book value with the exception of the convertible loan note. All loans are denominated in sterling. Additional disclosures in respect of the company's borrowings have been provided in Note 19 of the Group financial statements.

	2016	2015
	£	£
Amounts payable under bank loans & loan notes		
Within one year	**560,000**	3,239,950
1-2 years	**-**	-
2-5 years	**1,352,050**	1,175,364
Total	**1,912,050**	4,415,314

The bank loans are secured by a fixed and floating charge over the assets of the company and certain subsidiaries together with security deeds and share pledges regarding certain other subsidiaries, in conjunction with an assignment of certain Keyman insurance policies.

8 PROVISIONS

No provisions against future liabilities were required at the period end

9 SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid equity share capital		
At 31 March 2016 (ordinary shares of £0.02 each)	**1,491,948**	642,980

See note 22 of the group financial statements for details of the share issues in the current and prior period.

10 SHARE PREMIUM AND RESERVES

Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share option reserve	Cumulative share option expense recognised.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares which arose following a share reorganisation
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Warrant reserve	Cumulative fair value of warrants in issue.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

11 EQUITY-SETTLED SHARE OPTION SCHEME

Details of the company's share option scheme are set out in Note 24 of the consolidated financial statements.

12 RELATED PARTY TRANSACTIONS

Related party transactions describe transactions with Directors, and companies in which Directors have an interest.

During the year ended 31 March 2016 there were the following related party transactions involving a Director or a Company related to a Director:

Loans totalling £40,000, together with accrued but unpaid interest, were converted by J.Hamer into 439,967 ordinary shares at a price of 10 pence per share (2015 – Nil).

Loans totalling £35,000, together with accrued but unpaid interest, were converted by M.Jackson into 384,971 ordinary shares at a price of 10 pence per share (2015 – Nil).

Loans totalling £450,000, together with accrued but unpaid interest, were converted by Elderstreet Investments Ltd into 4,963,150 ordinary shares at a price of 10 pence per share (2015 – Nil)
.
Loans totalling £100,000, together with accrued but unpaid interest, were converted by the WE Jackson Trust into 1,141,588 ordinary shares at a price of 10 pence per share (2015 – Nil).

12 RELATED PARTY TRANSACTIONS (CONTINUED)

Loans totalling £850,000, together with accrued but unpaid interest, were converted by the Unicon Asset Management Ltd into 9,475,590 ordinary shares at a price of 10 pence per share (2015 –Nil).

The following members of the "Concert Party" associated with Boris Belotserkovsky, but who are not Directors of the company, purchased new ordinary shares of 2 pence per share;-

Mrs V. Belotserkovskaya	7,000,000	@ a price of 5 pence per share
Uvenco Holdings	2,300,000	@ a price of 10 pence per share
Versatel Company Ltd	8,000,000	@ a price of 5 pence per share (2015 – 15.8 million @ 15p)
Mrs G. White	50,000	@ a price of 10 pence per share

Mrs V.Belotserkovskaya also purchased the 4,843,616 ordinary shares held by M.Slinkert a former Director of the company.

Unicum Holdings Limited, a company controlled by Boris Belotserkovsky, a non-executive director of the Company, received 2,300,000 New Ordinary Shares for the supply of £230,000 of vending machines to the Company during 2015,

13 POST BALANCE SHEET EVENTS

Details of post balance sheet events have been disclosed in note 30 to the Group financial statements.