SnackTime PLC Report and Consolidated Financial Statements

Year Ended 31 March 2012

SnackTime PLC (formerly Intercede 2174 Limited) Company Number: 06135746

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SnackTime

Financial Highlights

- Revenues increased by 28%
- Loss before exceptional items, amortisation & share option charges and tax of £414,670 *(2011 - Profit of £1,022,667)*
- Loss before taxation of £732,179 *(2011 – Loss of £2,185,486)*
- Net assets of £18,516,108 *(2011 - £18,535,756)*
- Operating cash inflow before exceptional items of £1,389,505 *(2011 - Inflow of £2,359,397)*
- Operating cash outflow after exceptional items of £1,557,943 *(2011 – Outflow of £431,174)*

Company Information

DIRECTORS:	J Hamer (Chairman) Appointed 30 May 2012 T James (Chief Financial Officer) M Jackson (Non-Executive Director) M Slinkert (Non-Executive Director) I Forde (Non-Executive Director) B Jenkins (Chief Executive) Resigned 30 May 2012 D Lowe (Non-Executive Director) Resigned 6 October 2011
SECRETARY:	T James
REGISTERED OFFICE:	2nd Floor West Forest Gate Wellington Road Wokingham Berkshire RG40 2AT
REGISTERED NUMBER:	06135746
ACCOUNTANTS:	Crowe Clark Whitehall LLP 10 Palace Avenue Maidstone Kent ME15 6NF
AUDITOR:	BDO LLP Kings Wharf 20 - 30 Kings Road Reading Berkshire RG1 3EX
SOLICITORS:	Herrington and Carmichael Riverside Way Watchmoor Park Camberley Surrey GU15 3YL
BANKERS:	The Cooperative Bank Team 605 Olympic House Business Customer Service Centre PO Box 250 Delf House Skelmersdale WN8 6WT

Chairman's Statement

During the year ended 31st March 2012 SnackTime completed the integration of the Vendia businesses against a backdrop of rising input prices and an economy where consumers faced high inflation and low or nil wage inflation. This is the first period reflecting a full year of income for the combined group, following the acquisition of the Vendia Group in September 2010. Turnover totalled £22,190,524 *(2011: £17,329,745)* and normalised profit defined as profit before depreciation, exceptional items, amortisation & share option charges and interest was £1,392,170, *(2011: £2,359,397)*. Operating cash inflows were £1,557,943 *(2011: outflow of £431,174)*. Operating profit before exceptional items and head office costs was £1,016,663 *(2011: £969,088)* representing 4.6% of turnover *(2011: 5.6%)*. Operating loss was £463,707 *(2011: loss of £1,904,764)* and the operating margin improved from (11.0%) to (2.1%) as the high acquisition and integration expenditure in 2011 has not recurred to the same level in 2012. Net debt stood at £2,718,130 in March 2012 *(2011: £1,570,889)*. During the first six months significant cash outflows were incurred on restructuring and the balance of the purchase of Vendia; these items abated in the second half and net debt showed a slight decrease. The Company currently has headroom in excess of £1.5M in its banking facilities. The Directors are not recommending the payment of a dividend *(2011: nil)*.

Operations

SnackTime now comprises two traditional vending operations, VMI based in Blackburn, with operational centres in Corby and Newport and Simply Drinks in London; Snack in the Box, our franchise division, based in Wokingham; and Drinkmaster, a specialist supplier of 'in cup' solutions, based in Cornwall.

Trading conditions in the traditional vending market remain challenging and competitive, as discussed in the last annual report and accounts, and these factors resulted in lost sales during the period. The market combination of a cautious business spending climate, competition, suppliers seeking to pass on commodity price inflation, VAT changes and 'squeezed' consumer incomes combine to make any organic growth challenging in the short term. To counter these negative factors, we continue to review and improve operational efficiency across all areas of the business. All the senior management at VMI has changed during the year and we have also recently strengthened our sales force with the appointment of an experienced sales manager. A similar level of change is now being implemented at Simply Drinks in London, where sales have been under significant competitive pressure. Our aim remains to make this division the most efficient in its sector through increased use of technology in data collection, routing and controls.

Our franchise business, Snack in the Box, sold a record 18 new franchises during the year under review. This is an area where there is room for expansion and we have in place a programme aimed at delivering sustainable growth and enhancing our reputation as a reliable and supportive franchise operator.

Drinkmaster, our specialist 'in cup' drinks supplier based in Cornwall, continues to deliver an efficient and cost effective service to customers throughout the UK. The company is in the process of developing new solutions that will appeal to a broad customer base, some of which may be employed elsewhere within the Group.

These combined businesses provide a platform from which to service a range of businesses from high end offices through to small companies.

Directors and Staff

I was appointed as your executive Chairman on 30th May 2012 and on that date Blair Jenkins, the co-founder and CEO of the business, resigned to pursue other interests. I would like to thank Blair for his contribution in creating a group with a turnover in excess of £22M that is the third largest player in its sector in the UK.

Our staff has experienced the implementation of a huge change programme in the last financial year and I would like to thank all of them for their resolve. Change must continue if we are to become a profitable and competitive force in this industry and I look forward to working with management and employees throughout the Group to continue that transformation.

Strategy

Despite the recent performance disappointments it is not our intention to alter the overall strategic direction of the Company. The Board believes that the combination of managed vending operations for larger sites supported regionally, together with a franchise solution for smaller customer operations is a sound business model. The failure to deliver results to date has largely been down to ambitious sales targets not being met and to implementation issues and operational inefficiencies, which have resulted in both more time and cost than originally predicted. However progress towards this structure continues and the key drivers remain:-

- A focus on cash generation
- Increased control through the use of handheld data capture technology
- The identification, appointment and motivation of ambitious franchisees
- Tighter management of and optimal utilisation of the vending machine 'estate'
- Rebuilding the market share lost since the acquisition of Vendia

Current Trading

The process of integrating the Group's recent acquisitions has proved more complex, costly and time consuming than previously anticipated. The intensity of competition and the state of the economy have both detracted from the benefits of the many synergies being achieved. This battle between operational improvement and market conditions will continue into 2013 and our forecasts have been adjusted to reflect these factors. Having said that, there are encouraging signs of the progress being achieved by the new management team at VMI in particular, whilst appetite for our Snack in the Box franchises remains strong. The restabilising of management numbers after the severe cuts of 2011 is resulting in improving service levels whilst the visibility being achieved through the introduction of handheld data collection technology across the operator network should soon provide the controls and management information the Company needs. Whilst cash generation remains a key focus, we do have in excess of £1.5 million of headroom within our bank facilities. The market for quality coffee and impulse snacking on a 24/7 basis will not go away and we remain optimistic that our strategy has the potential to deliver profitable growth in the medium term.

Jeremy Hamer

Chairman

Date: 13 July 2012

Directors of the Group

EXECUTIVE DIRECTORS

Jeremy Hamer, *Chairman*, FCA. Jeremy is a Chartered Accountant who spent his early career in Holland with Coopers and Lybrand. On leaving the accounting profession in 1980 he had two financial roles in industry before joining John F Renshaw & Co Ltd., a leading bakery ingredient manufacturer, where he was Managing Director for 8 years. In 1996 he became involved in the operation, development and financing of a number of growth companies using AIM for investment capital. These included three companies in the food industry, Inter Link Foods Plc, Glisten Plc and Napier Brown Ltd. (now part of Real Good Food Plc, as is John F Renshaw Ltd.).

Tim James, *Chief Financial Officer*, FCCA, is an experienced financial director, executive and consultant who was appointed to the board as Chief Financial Officer on 21 September 2010. Tim has also been Finance Director of Snack in The Box Limited, which was acquired by SnackTime in September 2009. He has a broad experience in financing and operating small and medium sized companies, gained initially as an executive and subsequently as a consultant specialising in raising debt and equity for growing companies. In 1999, Tim founded Syntegris Partners Limited, an independent management consultancy, which offers financial and general management consultancy; and corporate finance services encompassing advice on strategy through to business planning, modelling and documentation.

NON-EXECUTIVE DIRECTORS

Michael Jackson, *Non-Executive Director*, MA, FCA. Michael founded Elderstreet Investments Limited in 1990 and is its Executive Chairman. For the past 21 years, he has specialised in raising finance and investing in the smaller companies sector. Michael was Chairman of FTSE 100 Company, Sage Group plc for 12 years to August 2006. He is also a Director and investor in many other quoted and unquoted companies. Michael studied law at Cambridge University, and qualified as a chartered accountant with Coopers and Lybrand before spending five years in marketing for various US multinational technology companies. Michael was appointed as Non-Executive Chairman of SnackTime plc in April 2006 and stepped down to Non-Executive Director in May 2012.

Michiel Slinkert, *Non-Executive Director*, a Dutch national. Michiel joined the Board on 21 September 2010 following the acquisition of Vendia UK Limited. Michiel has been a Non-Executive Director of Vendia UK since 1997. Since 2005 he has been an Executive Director at Financiële Participaties Amsterdam N.V., a private equity firm operating in both the Netherlands and Germany. From 1995 he was a member of the Board of Directors of Effectenbank Stroeve N.V., a market leader in the Netherlands in providing investment advice to private investors and external asset managers, a position he held until its sale to RABO Bank in 2000. Michiel began his career as a tax lawyer where he specialised on international tax law and cross border transactions, focusing on the financial services industry.

Ian Forde, *Non-Executive Director*. Ian served as Commercial Director of SnackTime from 2002 until 22 September 2010, when he stood down and accepted the role of Non-Executive Director. Before joining SnackTime, Ian was a senior sales and marketing manager for Procter & Gamble and then European Sales Director for Barilla, Gucci, and eventually became Worldwide Commercial Director for InterAct Systems Inc. Ian was appointed as Chairman of the SnackTime Remuneration Committee in September 2010.

Directors’ Report

- Statement of Directors Responsibilities
- Provision of Information to Auditors
- Principle Activities
- Business Review and Future Developments
- Results and Dividends
- Going Concern
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- Risks and Uncertainties
- Key Performance Indicators
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- Directors Indemnities
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- Report on Corporate Governance
- Payment of Suppliers
- Financial Instruments
- Employee Involvement
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- Charitable and Political Donations
- Auditors

The Directors present their report and the audited financial statements for the year ended 31 March 2012

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 ongoing 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.

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.

RESULTS AND DIVIDENDS

The Group revenue for the year was £22,190,524. Normalised profit* was £1,392,170 *(2011 –£2,359,397)*. The Group's operating loss was £463,707 *(2011 – loss of £1,904,764)*. Losses after tax were £50,548 *(2011 - £2,156,886)* and the loss per share was 0.31p *(2011 – loss per share of 15.90p)*.

The Directors do not recommend payment of a dividend in respect of the year ended 31 March 2012 *(2011: nil)*.

*Normalised profit is defined as the statutory profit before interest, tax, amortisation, depreciation, exceptional items and share option charges.

GOING CONCERN

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors confirm that they consider that the going concern basis remains appropriate based upon forecasts which have been reviewed by the Board. The Directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2010' which requires the reasons for this decision to be explained. The Directors regard the going concern basis as remaining appropriate as the Group has adequate resources to continue in operational existence for the foreseeable future. There are considerable cash reserves along with adequate financing arrangements which can be utilised by the Group as required. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CAPITAL

The capital structure of the Group consists of debt, which includes the borrowings 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.

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**

  Since the acquisition of Vendia UK Limited the emphasis of SnackTime'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 its existing items to, for example, reduce fat and salt content as consumer tastes and trends change towards healthier products SnackTime's offering will evolve to meet that demand.

- **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.

- **Covenants compliance**

  The Group's borrowing facilities include a requirement to comply with certain specified covenants in relation to the level of debt service cover, interest cover, capital expenditure and minimum tangible net worth. A breach of these covenants could result in a significant proportion of the Group's borrowings becoming repayable immediately.

  The covenants are tested by the Group on a quarterly basis. The Group expects to comply with these covenant and manages compliance through regular monitoring of cash flows and forecasts. Sensitivity analysis using various scenarios are applied to forecasts to assess their impact on covenants.

- **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 resulting and rising input prices may impacts the Group's revenue and, as a result, its profits.

  The Group endeavours, whenever possible, to pass on price increase from its suppliers to its customers. The Group mitigates against the risk of holding overvalued inventory in a deflationary environment by managing stock levels efficiently and ensuring they are kept to a minimum.

- **Integration of acquisitions**

  A significant portion of the Group's historical growth has been achieved through acquisition. The process of integrating the Group's acquisitions could prove to be more complex, costly and time consuming.

  The Group endeavours to maximise the performance of an acquisition through the recruitment and retention of high quality management combined with effective strategic planning, investment in resources and infrastructure.

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

	Year ended 31 March 2012	*Year ended 31 March 2011*
Revenue growth[1]	**28.0%**	*126.5%*
Operating margin[2]	**(2.1)%**	*(11.0)%*
Normalised operating margin[3]	**6.3%**	*13.6%*

[1] Revenue growth = Revenue increase as a percentage of the previous year per the consolidated statement of comprehensive income. The 2011 increase includes the impact of the acquisition of Vendia UK Limited.

[2] Operating margin is calculated by dividing (loss)/profit from operations by revenue.

[3] Normalised operating margin is calculated by dividing (loss)/profit before Interest, Tax, Share Option Change, Amortisation and Exceptional items by Revenue.

Group sales, sales of product to customers, excluding VAT, through the total estate of machines were £32,293,826 *(2011 - £25,8000,000)*.

DIRECTORS

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

Ordinary shares of £0.02 each	**Ordinary shares 31 March 2012**	*Ordinary shares 31 March 2011*
I Forde	**804,407**	*754,407*
M Jackson	**197,000**	*72,800*
B Jenkins	**1,558,013**	*1,508,013*
D Lowe	**173,620**	*173,620*
M Slinkert	**-**	-
J Hamer	**-**	-
T James	**20,000**	-

In addition Blair Jenkins holds 5,000 ordinary shares and Michael Jackson holds 14,000 ordinary shares in the company via their Self Invested Pension plan (SIPP).

Michiel Slinkert indirectly holds a beneficial interest in the equivalent of 6.5% of ordinary shares in SnackTime plc.

Details of the Directors' share options and remuneration are shown in Note 8 to the financial statements.

SUBSTANTIAL INTERESTS

There were the following substantial interests (3% or more) in the Company's issued ordinary share capital as at 13 July 2012.

	% Holding In Ordinary Share Capital
HSBC Global Custodies Nominees	33%
Pershing Nominees Limited	14%
The Bank of New York (Nominees)	10%
Mr Blair Ashley Bedford Jenkins	9%
Mr Michiel Slinkert	7%
Nortrust Nominees Limited	6%
Octopus Investments Nominees	6%
Mr Ian Richard Forde	5%
Rathbone Nominees Limited	3%

DIRECTORS' INDEMNITIES

The Company has paid £3,600 (2011 - £5,275) in respect of Directors' and Officers' indemnity insurance.

REPORT ON CORPORATE GOVERNANCE

The Financial Services Authority requires listed companies (but not companies traded on AIM) incorporated in the UK to state in their report and accounts whether they comply with the Combined Code and identify and give reasons for any areas of non-compliance. The Group is listed on AIM and therefore no disclosures are required. However, the Board is aware of the requirements of the Combined Code and the need for appropriate controls and systems to safeguard the Group's assets. Full compliance with the Combined Code is not appropriate because of the size and resource constraints within the Group and because of the relative cost benefit assessment of putting in place the additional procedures.

This is not a statement of compliance as required by the Combined Code and should therefore not be relied upon to give the disclosure which would normally be made.

The Group operates an effective Board which meets on a timely basis.

The Board maintains an appropriate relationship with the Group's auditor through the Audit Committee. The auditor provides other services in addition to conducting the Group's audits as detailed in Note 4. Procedures are in place to ensure auditor independence is not compromised.

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 committee comprises the Non-Executive Directors Ian Forde, Michiel Slinkert and Michael Jackson.

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.

PAYMENT OF SUPPLIERS

The Group does not follow any code or statement on payment practice, but the policy of the Group is to abide by such payment terms as are agreed with suppliers within the terms of supply. At the balance sheet date there were 92 days (2011 – 119 days) purchases outstanding in the Group, calculated on the ratio of trade payables to total purchases. At the balance sheet date there were 51 days (2011 – nil days) purchases outstanding in the Company.

FINANCIAL INSTRUMENTS

The Group's financial instruments comprise convertible loan notes, a bank term loan and an overdraft facility, hire purchase and finance leases, cash and liquid resource, 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.

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 Note 18 - 20 and Note 25 to the financial statements.

Liquidity risk

Short term flexibility is available through existing bank facilities and the netting off of surplus funds.

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 is exposed to interest rate fluctuations on £1,750,000 of its bank loan which has an interest rate of 2.25% above LIBOR. The balance of the loan is fixed at 5.2%. The directors believe that interest rates are likely to remain low for the foreseeable future based upon current economic data.

Credit risk

The Group's principal financial assets are cash and trade receivables, the majority of which are cash. The credit risk associated with the cash is limited. A portion of sales are credit sales, and these are to large blue chip companies with which the Group has long standing relationships.

The credit risk is minimised by ensuring that these relationships are nurtured and monies are collected as they fall due.

Ongoing management services fees to the franchisees are secured over franchisees' properties in the event of non payment.

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, team briefings, consultative committees and working parties.

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 Board.

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.

CHARITABLE AND POLITICAL DONATIONS

During the current financial year the Group made charitable donations of £507 (2011 - £11,397).

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 13 July 2012 and is signed on its behalf by

Tim James
Chief Financial Officer

Report of the Independent Auditor to the Members of SnackTime PLC

- To the Members of SnackTime PLC
- Respective Responsibilities of Directors and Auditors
- Scope of the Audit of the Financial Statements
- Opinion on Financial Statements
- Opinion on Other Matter Prescribed by the Companies Act 2006
- Matters on Which We Are Required to Report by Exception

To the Members of SnackTime PLC

TO THE MEMBERS OF SNACKTIME PLC

We have audited the financial statements of SnackTime Plc for the year ended 31 March 2012 which comprise the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of financial position, the Group statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- 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 2012 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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.

Simon Brooker, (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Reading, United Kingdom

Date 13/07/12

BDO LLP

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Group Information

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows

Consolidated Statement of Comprehensive Income

	Notes	2012 Loss before Exceptional Items Amortisation & Share Option Charges £	2012 Amortisation & Share Option Charges £	2012 Exceptional Items (Note 5) £	2012 Total £	2011 Profits before Exceptional Items Amortisation & Share Option Charges £	2011 Amortisation & Share Option Charges £	2011 Exceptional Items (Note 5) £	2011 Total £
REVENUE	3	**22,190,524**	**-**	**-**	**22,190,524**	*17,622,745*	-	*(293,000)*	*17,329,745*
Cost of Sales		**(9,648,031)**	**-**	**(22,012)**	**(9,670,043)**	*(8,255,712)*	-	*(322,238)*	*(8,577,950)*
GROSS PROFIT		**12,542,493**	**-**	**(22,012)**	**12,520,481**	*9,367,033*	-	*(615,238)*	*8,751,795*
Administration expenses		**(12,688,691)**	**(485,947)**	**190,450**	**(12,984,188)**	*(8,107,207)*	*(374,019)*	*(2,175,333)*	*(10,656,559)*
(LOSS)/PROFIT FROM OPERATIONS	5	**(146,198)**	**(485,947)**	**168,438**	**(463,707)**	*1,259,826*	*(374,019)*	*(2,790,571)*	*(1,904,764)*
Finance income	6	**246**	**-**	**-**	**246**	*13,823*	-	-	*13,823*
Finance costs	7	**(268,718)**	**-**	**-**	**(268,718)**	*(250,982)*	-	*(43,563)*	*(294,545)*
(LOSS)/PROFIT BEFORE TAXATION		**(414,670)**	**(485,947)**	**168,438**	**(732,179)**	*1,022,667*	*(374,019)*	*(2,834,134)*	*(2,185,486)*
Income tax credit	11				**681,631**				*28,600*
LOSS AFTER TAXATION & TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE PARENT					**(50,548)**				*(2,156,886)*
Loss Per Share Attributable to the Owners of the Parent									
Basic loss per share	12				**(0.31) pence**				*(15.90) pence*
Diluted loss per share	12				**(0.31) pence**				*(15.90) pence*

All operations are continuing. The Notes on pages 26 to 53 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Notes	Issued share capital £	Share premium account £	Share option reserve £	Convertible debt option reserve £	Capital redemption reserve £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £
Balance as at 1 April 2010		218,023	8,347,383	184,222	65,810	1,274,279	116,892	-	1,366,111	11,572,720
Total comprehensive loss for the year		-	-	-	-	-	-	-	*(2,156,886)*	*(2,156,886)*
Adjustment to fair value of equity		-	-	-	*20,704*	-	-	-	-	*20,704*
Issue of share capital		*108,957*	-	-	-	-	*6,700,862*	-	-	*6,809,819*
Issue of warrants reserve		-	-	-	-	-	-	*2,236,130*	-	*2,236,130*
Share options expense		-	-	*53,269*	-	-	-	-	-	*53,269*
Balance as at 31 March 2011		**326,980**	**8,347,383**	**237,491**	**86,514**	**1,274,279**	**6,817,754**	**2,236,130**	**(790,775)**	**18,535,756**
Balance as at 1 April 2011		326,980	8,347,383	237,491	86,514	1,274,279	6,817,754	2,236,130	(790,775)	18,535,756
Total comprehensive loss for the year		-	-	-	-	-	-	-	(50,548)	(50,548)
Share options expense	24	-	-	30,900	-	-	-	-	-	30,900
Balance as at 31 March 2012		**326,980**	**8,347,383**	**268,391**	**86,514**	**1,274,279**	**6,817,754**	**2,236,130**	**(841,323)**	**18,516,108**

The Notes on pages 26 to 53 form part of these financial statements.

Consolidated Statement of Financial Position

	Notes	2012 £	*2011 £*
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	**7,831,935**	*8,088,138*
Intangible assets	14	**14,739,854**	*15,194,901*
Deferred tax asset	16	**447,379**	*178,955*
		23,019,168	*23,461,994*
CURRENT ASSETS			
Inventories	17	**1,544,124**	*1,580,084*
Trade and other receivables	18	**2,979,389**	*3,747,430*
Cash and cash equivalents		**2,066,312**	*3,379,859*
		6,589,825	*8,707,373*
TOTAL ASSETS		**29,608,993**	*32,169,367*
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	19	**(1,544,015)**	*(911,198)*
Trade and other payables	20	**(4,091,861)**	*(5,914,951)*
Corporation tax		**(484)**	*(127,256)*
Provisions	21	**(210,000)**	*(244,000)*
		(5,846,360)	*(7,197,405)*
NON CURRENT LIABILITIES			
Borrowings	19	**(3,240,437)**	*(4,039,550)*
Provisions	21	**(116,403)**	*(231,000)*
Deferred tax liability	16	**(1,889,685)**	*(2,165,656)*
		(5,246,525)	*(6,436,206)*
TOTAL LIABILITIES		**(11,092,885)**	*(13,633,611)*
NET ASSETS		**18,516,108**	*18,535,756*
EQUITY – ISSUED SHARE CAPITAL ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Share capital	22	**326,980**	*326,980*
Share premium account	23	**8,347,383**	*8,347,383*
Merger reserve	23	**6,817,754**	*6,817,754*
Capital redemption reserve	23	**1,274,279**	*1,274,279*
Share option reserve	23	**268,391**	*237,491*
Convertible debt option reserve	23	**86,514**	*86,514*
Warrant reserve	23	**2,236,130**	*2,236,130*
Retained earnings	23	**(841,323)**	*(790,775)*
TOTAL EQUITY		**18,516,108**	*18,535,756*

These financial statements were approved by the Board of Directors and authorised for issue on 13 July 2012. They were signed on its behalf by:

Jeremy Hamer
Director

Tim James
Director

The Notes on pages 26 to 53 form part of these financial statements.

Consolidated Statement of Cash Flows

CASH FLOW FROM OPERATING ACTIVITIES	2012 £	*2011 £*
Loss Before Tax	**(732,179)**	*(2,185,486)*
Exceptional items	**(168,438)**	*2,790,571*
Profit before taxation and exceptional items	**(900,617)**	*605,085*
Finance costs	**268,718**	*215,081*
Finance income	**(246)**	*(13,823)*
Profit on disposal of fixed assets	**(2,665)**	*-*
Depreciation of property, plant and equipment	**1,538,368**	*1,179,036*
Amortisation of intangible assets	**455,047**	*320,750*
Share based payment expense	**30,900**	*53,268*
Operating cash flow pre-exceptional costs	**1,389,505**	*2,359,397*
Exceptional items	**168,438**	*(2,790,571)*
Operating cash flow	**1,557,943**	*(431,174)*
Decrease in inventories	**35,960**	*349,723*
Decrease/(increase) in receivables	**499,616**	*(744,507)*
Decrease in payables	**(1,435,054)**	*(378,056)*
(Decrease)/increase in provisions	**(148,597)**	*475,000*
Cash generated from operations	**509,868**	*(729,014)*
Interest paid	**(268,718)**	*(215,081)*
Income taxes paid	**-**	*(167,000)*
Net cash from operating activities	**241,150**	*(1,111,095)*
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	**246**	*13,823*
Acquisition of subsidiary, net of cash acquired	**(250,000)**	*(251,856)*
Proceeds on disposal of property, plant and equipment	**15,856**	*-*
Purchase of property, plant and equipment	**(1,176,850)**	*(465,484)*
Net cash generated from investing activities	**(1,410,748)**	*(703,517)*
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	**-**	*(2,759,463)*
Net finance lease payments	**(165,689)**	*(671,394)*
Proceeds from long term borrowings	**-**	*3,450,000*
Net cash (used in)/generated from financing activities	**(165,689)**	*19,143*
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,335,287)**	*(1,795,469)*
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	**2,807,230**	*4,602,699*
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,471,943**	*2,807,230*
Cash and cash equivalents comprise:		
Cash	**2,066,312**	*3,379,859*
Overdrafts	**(594,369)**	*(572,629)*
	1,471,943	*2,807,230*

The Notes on pages 26 to 53 form part of these financial statements.

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1. Presentation of Financial Statements

General information

SnackTime 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 2nd Floor, West Forest Gate, Wellington Road, Wokingham, Berkshire, RG40 2AT. 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 and under the historical cost convention, except where modified by the revaluation of certain financial instruments and commodities.

All companies in the Group use sterling as presentational and functional currency.

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors confirm that they consider that the going concern basis remains appropriate. The Directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2010' which requires the reasons for this decision to be explained. The Directors regard the going concern basis as remaining appropriate as the Group has adequate resources to continue in operational existence for the foreseeable future based upon the Group's forecasts. The Group has adequate financing arrangements which can be utilised by the Group as required. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Changes in accounting policies

The following new standards, amendments and interpretations are also effective for the first time in these financial statements but none have had a material effect on the group so have not been listed.

- Deferred tax: Recovery of Underlying Assets (Amendments to IAS12)

There are certain new standards, amendments and interpretations of existing standards that have been published and are effective for the Company's accounting periods beginning on or after 1 April 2011 and which are applicable to the Company, but which have not been adopted early. These are:

- IFRS 9 Financial Instruments - effective 01/01/2013
- Presentation of Items of Other Comprehensive Income (Amendments to IAS1) – effective 01/07/2012
- IFRS 10 Consolidated Financial Statements – effective 01/01/2013
- IFRS 13 Fair Value Measurement – effective 01/01/2013
- IAS 27 Separate Financial Statements - effective 01/01/2013
- IAS 28 Investments in Associates and Joint Ventures - effective 01/01/2013
- IFRS 11 Joint Arrangements - effective 01/01/2013
- IFRS 12 Disclosure of Interests in Other Entities - effective 01/01/2013
- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – effective 01/01/2013
- Annual Improvements to IFRSs (2009 – 2011) – effective 01/01/2013

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Company's loss for the year or equity. 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:

- Acquisitions are accounted for in accordance with IFRS 3 'Business Combinations', the directors fair valued the assets and liabilities acquired. This requires the Directors to estimate the fair value of the acquired assets and liabilities at the date of acquisition, including intangible assets.
- 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 in Note 14. 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 to enable these to be recognised.
- The sales from vending machines disclosed in Note 10 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 year end date.
- 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.
- Share based payment and warrant valuations are based upon a Black-Scholes based model which requires various assumptions to be made as set out in Note 24.
- The dilapidation provisions set out in Note 21 are calculated as a percentage of annual rents plus specific costs.

Critical accounting estimates and judgements (continued)

- An impairment of goodwill 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 goodwill disclosed in Note 15. This calculation is based on the cash flow forecasts applicable to the Group of cash-generating units for the following financial year extrapolated over a eight year period assuming growth rates in the region of 2-3%. A terminal value has been included which extrapolates the growth of the year 8 cash flow at 2.3% in perpetuity. 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.

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.

Further details are set out in Note 15.

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 has been adopted as detailed in note 1, following a group reconstruction involving Snacktime 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 (branding fees) is recognised at the date of installation or refurbishment. Franchising fees are recognised when the franchisee starts trading. Managed estate sales are recognised in full once the customer has taken over operation of the machine.

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.

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

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

2. Significant Accounting Polices

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.

g) Goodwill

Goodwill is calculated as the difference between the fair value of the consideration exchanged and the net fair value of the identifiable assets and liabilities acquired and is capitalised. Goodwill is tested for impairment annually and whenever there is an indication of impairment. Goodwill is carried at cost less accumulated impairment losses.

When the acquired interest in the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Gains and losses on the disposal of a business combination include the carrying amount of goodwill relating to the entity sold.

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.

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.

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.

All financial assets are classified as loans and receivables.

Bank borrowings

Bank loans and overdrafts are initially recorded at fair value net of transaction costs. 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.

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.
- „Equity element of compound financial instruments‰ represents the equity element of the convertible loan notes (note 19).
- „Warrants reserve‰ represents the fair value at the time the warrants were issued.

n) Pensions

The Group contributes to personal pension plans of one of the directors as detailed in note 9 and 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 and Chief Financial Officer.

p) Exceptional Costs

It is the Group's policy to show items that it considers are of a significant nature separately on the face of the Consolidated Statement of Comprehensive Income in order to assist the reader to understand the accounts. 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 Company operates wholly within the United Kingdom.

4. Auditors Remuneration

The analysis of auditor's remuneration is as follows:

	2012 £	*2011 £*
Fees payable to the Company's auditors for the audit of the Company's annual accounts.		
Total audit fees	**11,000**	*21,000*
Fees payable to the Group's auditors for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	**59,500**	*94,000*
Other services in relation to taxation	**12,000**	*15,000*
All other services	**7,500**	*17,500*
	79,000	*126,500*
	90,000	*147,500*

5. Profit from Operations

	2012 £	*2011 £*
This is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
- owned by the group	**1,354,670**	*1,009,107*
- held under finance leases	**183,698**	*169,929*
Profit on disposal of property, plant and equipment	**(2,665)**	*-*
Exceptional (income)/costs	**(168,438)**	*2,790,571*
Amortisation of intangible assets	**455,047**	*320,750*
Rentals under operating leases:		
- Land and building	**278,143**	*272,714*
- Plant and machinery	**433,432**	*394,180*

Exceptional costs/(income) comprise of:

	2012 £	*2011 £*
Inventory provisions	**-**	*-*
Contract close out costs as a result of restructuring	**-**	*293,000*
Exceptional costs included in revenue	**-**	*293,000*
Contract close out costs as a result of restructuring	**22,012**	*322,238*
Exceptional costs included in cost of sales	**22,012**	*322,238*
Restructuring and redundancy costs	**-**	*428,999*
Onerous lease provisions	**(112,950)**	*231,000*
Dilapidations provisions	**(56,000)**	*243,833*
Professional fees on restructuring	**(21,500)**	*200,757*
Alignment of acquired entities brands	**-**	*352,250*
EBT share option termination provision	**-**	*369,837*
Restructuring bonus to retain key staff	**-**	*94,500*
Costs of acquisition	**-**	*208,177*
Other reorganisation costs	**-**	*45,980*
Exceptional (income)/costs included in administration costs	**(190,450)**	*2,175,333*
Exceptional (income)/costs included in operating profit	**(168,438)**	*2,790,571*
Correction of prior years' convertible loan interest	**-**	*43,563*
Exceptional costs included in interest payable	**-**	*43,563*
Total exceptional (income)/costs	**(168,438)**	*2,834,134*

Exceptional costs in 2012 and 2011 represent items arising primarily from the acquisition of Vendia UK Limited and its subsidiaries on 22 September 2010 and the essential restructuring of the group following the acquisition to streamline operations and align the acquired businesses. This represents a major change to the group structure with two of the newly acquired entities now heading up the Vending operations, being VMI in the North and Midlands and Simply Drinks in London and the South. Snack in the Box remains our national franchise operation and the newly acquired Drinkmaster producing and marketing 'in cup' solutions. Included in the item are professional and other fees relating to the acquisition which are expensed in line with IFRS 3, Business Combinations.

An exceptional interest charge arose in prior year on the convertible loan note which related to interest that should have been charged for the period to 31 March 2011.

6. Finance Income

	2012 £	*2011 £*
Bank interest receivable	**246**	*13,823*

7. Finance Costs

	2012 £	*2011 £*
Interest on bank loans and overdrafts	**186,698**	*102,474*
Interest on convertible loan notes	**48,000**	*116,465*
Interest on obligations under finance leases	**34,020**	*75,606*
	268,718	*294,545*

8. Directors Remuneration

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

	Salary £	Pension £	Fees £	Benefits £	Share options £	Total 2012 £	*Total 2011 £*
Non-Executive Directors							
D Lowe	-	-	8,786	-	-	**8,786**	*28,710*
M Jackson	-	-	25,000	-	-	**25,000**	*25,000*
M Slinkert	-	-	25,000	-	-	**25,000**	*19,173*
I Forde	25,000	-	-	6,640		**31,640**	*126,161*
Executive Directors							
B Jenkins	96,000	133,992	-	3,277	15,190	**248,459**	*76,217*
T James	150,000	3,782	-	4,285	6,619	**165,226**	*34,299*
A Fisher	-	-	-	-	-	**-**	*79,145*
J Brand	-	-	-	-	-	**-**	*115,217*
	271,000	**137,774**	**58,786**	**14,742**	**21,809**	**504,111**	*503,922*

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

Details of the EBT loan are disclosed in note 27.

During the year ended 31 March 2012 pension contributions of £133,992 *(2011 - £Nil)* were paid in respect of the then highest paid director.

8. Directors Remuneration (Continued)

	Option type	Date of grant	Number of options at 31 March 2012	Exercise price	Earliest exercise date	Exercise expiry date
B Jenkins	EMI Option	**17/03/2011**	**32,727**	**110.00p**	**16/03/2014**	13/03/2024
T James	EMI Option	**17/03/2011**	**27,273**	**110.00p**	**16/03/2014**	13/03/2024
B Jenkins	EMI Option	**14/12/2010**	**187,836**	**132.50p**	**14/12/2013**	14/12/2023
T James	EMI Option	**14/12/2010**	**80,000**	**132.50p**	**14/12/2013**	14/12/2023
B Jenkins	EMI Option	**19/12/2007**	**69,444**	**144.00p**	**19/12/2010**	19/12/2020
I Forde	EMI Option	**19/12/2007**	**69,444**	**144.00p**	**19/12/2010**	19/12/2020

60,000 options were granted to Directors during the year to 31 March 2012. Options have been granted to Directors whose performance and potential contribution were judged to be important to the operations of the Group, as incentives to maximise their performance and contribution.

The mid-market price of the ordinary shares on 31 March 2012 was 50.0p and the range during the year was 42.0p to 109.5p.

During the current year retirement benefits were accruing to 1 Director *(2011 – 1)* in respect of money purchase pension schemes.

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:

	2012	*2011*
Operational staff	**220**	*160*
Administrative staff	**55**	*58*
	275	*218*

The aggregate payroll costs were as follows:	2012 £	*2011 £*
Wages, salaries and fees	**6,112,326**	*3,785,926*
Pension costs	**196,371**	*63,689*
Social security costs	**543,736**	*380,916*
Cost of options issued (see Note 24)	**30,900**	*53,269*
	6,883,333	*4,283,800*

10. Segment Information

The Group has three main reportable segments:

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

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 goodwill impairment, 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. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the group position.

	Specialist drinks 2012 £	**Franchising 2012 £**	**Vending 2012 £**	**Head office 2012 £**	**Total 2012 £**
Revenue					
Total revenue	4,696,792	1,790,822	15,978,148	-	22,465,762
Inter-segmental revenue	-	-	(275,238)	-	(275,238)
Group's revenue per consolidated statement of comprehensive income	4,696,792	1,790,822	15,702,910	-	22,190,524
Depreciation	142,108	6,183	1,390,077	-	1,538,368
Amortisation	88,386	152,642	214,019	-	455,047
Operating profit/(loss) before exceptional item	**572,536**	**203,412**	**240,715**	**(1,617,908)**	**(601,245)**
Exceptional costs included within administration expenses (note 5)					168,438
Share-based payments					(30,900)
Finance expense					(268,718)
Finance income					246
Group loss before tax					(732,179)

10. Segment Information (Continued)

	Specialist drinks 2011 £	***Franchising 2011 £***	***Vending 2011 £***	***Head office 2011 £***	***Total 2011 £***
Revenue					
Total revenue	*2,396,560*	*3,115,888*	*11,933,857*	*-*	*17,446,305*
Inter-segmental revenue	*-*	*-*	*(116,560)*	*-*	*(116,560)*
Group's revenue per consolidated statement of comprehensive income	*2,396,560*	*3,115,888*	*11,817,297*	*-*	*17,329,745*
Depreciation	*68,353*	*333,940*	*776,743*	*-*	*1,179,036*
Amortisation	*45,471*	*163,547*	*111,732*	*-*	*320,750*
Operating profit/(loss) before exceptional item	*215,409*	*638,717*	*114,962*	*(645,250)*	*323,838*
Exceptional costs included within administration expenses (note 5)					*(2,175,333)*
Share-based payments					*(53,269)*
Finance expense					*(294,545)*
Finance income					*13,823*
Group loss before tax					*(2,185,486)*

	Specialist drinks 2012 £	**Franchising 2012 £**	**Vending 2012 £**	**Head office 2011 £**	**Total 2012 £**
Additions to non-current assets	199,189	13,866	147,609	933,286	1,293,950
Reportable segment assets	3,953,251	3,779,222	1,125,000	20,304,141	29,161,614
Tax assets	-	13,859	433,520	-	447,379
Total group assets	**3,953,251**	**3,793,081**	**1,558,520**	**20,304,141**	**29,608,993**
Reportable segment liabilities	(563,090)	(271,211)	(3,197,000)	(1,711,899)	(5,743,200)
Loans and borrowings (excluding leases and overdrafts)					(3,460,000)
Deferred tax liabilities					1,889,685
Total group liabilities					**11,092,885**

As at 31 March 2012 there were no non-current assets held outside of the United Kingdom *(2011: £Nil)*.

10. Segment Information (Continued)

	Specialist drinks 2011 £	***Franchising 2011 £***	***Vending 2011 £***	***Head office 2011 £***	***Total 2011 £***
Additions to non-current assets	*110,690*	*24,559*	*330,235*	*-*	*465,484*
Reportable segment assets	*1,388,409*	*3,726,798*	*12,348,062*	*14,527,143*	*31,990,412*
Tax assets	*-*	*-*	*178,955*	*-*	*178,955*
Total group assets	*1,388,409*	*3,726,798*	*12,527,017*	*14,527,143*	*32,169,367*
Reportable segment liabilities	*(675,000)*	*(306,369)*	*(5,148,305)*	*(1,888,281)*	*(8,017,955)*
Loans and borrowings (excluding leases and overdrafts)					*(3,450,000)*
Deferred tax liabilities					*(2,165,656)*
Total group liabilities					*(13,633,611)*

11. Taxation

	2012 £	*2011 £*
Corporation tax		
Current tax expense	**-**	*147,896*
Adjustment to corporation tax for prior period	**(139,454)**	*-*
Deferred tax		
Origination and reversal of timing differences	**(257,276)**	*(110,271)*
Deferred tax income relating to change in rate	**(135,050)**	*-*
Adjustments in respect of prior periods	**(149,851)**	*(66,225)*
Tax on loss on ordinary activities	**(681,631)**	*(28,600)*

Factors affecting tax credit for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26% *(2011: 28%)*. The differences are explained opposite:-

11. Taxation (Continued)

	2012 £	*2011 £*
TAX RECONCILIATION		
(Loss) per accounts before taxation	**(732,179)**	*(2,185,486)*
Tax on loss on ordinary activities at standard rate of 26% (2011 - 28%)	**(190,372)**	*(611,936)*
Expenses not deductible for tax purposes	**19,693**	*82,870*
Ineligible depreciation	**106,425**	*62,057*
Unrecognised deferred tax	**(69,970)**	*551,382*
Change in rate	**(135,050)**	*(46,748)*
Income not taxable	**(123,052)**	*-*
Adjustments to deferred tax for prior years	**(149,851)**	*(66,225)*
Adjustments to corporation tax for prior years	**(139,454)**	*-*
Current tax credit for the year	**(681,631)**	*(28,600)*

The 2010 Budget announced that the main rate of UK corporation tax was to be reduced from 28% to 24% between 2011 and 2014. Further reductions were announced in the 2011 and 2012 Budgets, so that the main rate of corporation tax was reduced to 26% from 1 April 2011, to 24% from 1 April 2012 and with more reductions planned to reduce the main rate to 22% by 1 April 2014.

The rate change from 26% to 24% had been substantively enacted by the balance sheet date, so deferred tax is provided for at a rate of 24%.

The other proposed changes had not been substantively enacted by the balance sheet date and it is not yet possible to quantify the full effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charges and reduce the deferred tax assets accordingly.

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 year ended 31 March 2012 of 16,349,014 *(2011 - 13,625,087)*.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares (3,302,363 shares). 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 are therefore not provided for the current year.

12. (Loss) Per Share (Continued)

	Year ended 31 March 2012			*Year ended 31 March 2011*		
	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	**(50,548)**	**16,349,014**	**(0.31)**	*(2,156,886)*	*13,625,087*	*(15.90)*

13. Property Plant and Equipment

	Land and Buildings £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost						
At 1 April 2010	*-*	*103,919*	*9,153,542*	*278,814*	*230,401*	*9,766,676*
Acquisitions through business combinations	*491,756*	*70,504*	*1,198,721*	*21,138*	*34,381*	*1,816,500*
Additions	*-*	*5,015*	*404,321*	*6,995*	*49,153*	*465,484*
Disposals	*-*	*-*	*(6,431)*	*(135,626)*	*-*	*(142,057)*
At 1 April 2011	491,756	179,438	10,750,153	171,321	313,935	11,906,603
Additions	2,220	6,665	1,190,149	36,509	58,407	1,293,950
Disposals	-	-	(28,142)	(44,962)	(8,176)	(81,280)
At 31 March 2012	**493,976**	**186,103**	**11,912,160**	**162,868**	**364,166**	**13,119,273**
Depreciation						
At 1 April 2010	*-*	*65,457*	*2,393,930*	*175,156*	*132,572*	*2,767,115*
Charge for the year	*4,123*	*25,996*	*1,049,520*	*47,349*	*52,048*	*1,179,036*
Disposals	*-*	*-*	*(4,054)*	*(123,632)*	*-*	*(127,686)*
At 1 April 2011	4,123	91,453	3,439,396	98,873	184,620	3,818,465
Charge for the year	12,328	14,254	1,363,448	46,588	101,750	1,538,368
Disposals	-	-	(19,322)	(44,325)	(5,848)	(69,495)
At 31 March 2012	**16,451**	**105,707**	**4,783,522**	**101,136**	**280,522**	**5,287,338**
Net Book Value At 31 March 2012	**477,525**	**80,396**	**7,128,638**	**61,732**	**83,644**	**7,831,935**
At 31 March 2011	*487,633*	*87,985*	*7,310,757*	*72,448*	*129,315*	*8,088,138*
At 31 March 2010	*-*	*38,462*	*6,759,612*	*103,658*	*97,829*	*6,999,561*

13. Property Plant and Equipment (Continued)

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

	2012 £	*2011 £*
Plant and machinery	**1,010,178**	*902,789*
Motor vehicles	**-**	*41,265*
	1,010,178	*944,054*

14. Intangible Assets

	Goodwill £	Customer Relationships £	Brands £	Total £
Cost				
At 1 April 2010	*-*	*-*	*2,557,883*	*2,557,883*
Acquisitions through business combinations	*9,546,375*	*1,116,087*	*2,400,000*	*13,062,462*
At 31 March 2011 and 31 March 2012	**9,546,375**	**1,116,087**	**4,957,883**	**15,620,345**
Amortisation				
At 1 April 2010	*-*	*-*	*104,694*	*104,694*
Amortisation charge for the year	*-*	*37,203*	*283,547*	*320,750*
At 31 March 2011	***-***	***37,203***	***388,241***	***425,444***
At 1 April 2011	-	37,203	388,241	425,444
Amortisation charge for the year	-	74,405	380,642	455,047
At 31 March 2012	**-**	**111,608**	**768,883**	**880,491**
Net book value				
At 31 March 2012	**9,546,375**	**1,004,479**	**4,189,000**	**14,739,854**
At 31 March 2011	*9,546,375*	*1,078,884*	*4,569,642*	*15,194,901*
At 1 April 2010	*-*	*-*	*2,453,189*	*2,453,189*

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

Goodwill	Indefinite
Customer relationships	Amortised over 15 years
Snack in the Box brands	Amortised over 15 years
Vendia brands	Amortised over 10 years

15. Goodwill and Impairment

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination as follows:

	Goodwill carrying amount	
	2012	*2011*
	£	*£*
Specialist drinks	**1,957,187**	*1,957,187*
Vending	**7,589,188**	*7,589,188*
	9,546,375	*9,546,375*

The group tests annually for impairment or more frequently if there are indications that goodwill 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 2012, which are then extrapolated over 8 years and a terminal value applied to the year 8 cashflow. The major assumptions are as follows:

	Specialist drinks	Vending
	%	**%**
2012		
Discount rate	12.0	12.0
Growth rates in periods 2 - 8	2.0 to 3.0	2.8 to 3.0
Terminal value	2.3	2.3
2011	*12.1*	*12.1*
Discount rate	*1.0 - 2.5*	*1.5 - 2.8*
Growth rates in periods 2 - 5	*2.3*	*2.3*
Terminal value		

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, this is then adjusted to reflect managements's assessment of specific risks related to the cash generating unit. Growth rates beyond the first eight years are based on economic data pertaining to the region concerned.

The recoverable amount for the CGU is set out below:

- Specialist drinks exceeds its carrying amount by £247,000.
- Vending exceeds its carrying amount by £812,000.

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal. The cashflows in 2011 were not sensitive to large variations in the terminal value percentage.

	Specialist drinks 2012 %	Vending 2012 %
Discount rate	Increase from 12.0 to 12.9	Increase from 12.0 to 13.4
Growth rate year 2	Reduction from 3.0 to (3.9)	Reduction from 6 to (5.0)
Terminal value	Reduction from 2.3 to 0.5	Reduction from 2.3 to 1.0

16. Deferred Taxation

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

	2012	*2011*
	£	*£*
At the start of the year	**(1,986,701)**	*(1,319,801)*
Income statement credit	**544,395**	*176,496*
Arising on fair value acquisition adjustments	**-**	*(1,148,500)*
Acquired on acquisition	**-**	*305,104*
At the end of the year	**(1,442,306)**	*(1,986,701)*

Deferred tax assets

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

	Losses £	Provisions £	Total £
At 1 April 2011	*78,282*	*100,673*	*178,955*
Charged/(credit) to income	159,092	(80,485)	78,607
Prior year adjustment	128,070	61,747	189,817
At 31 March 2012	**365,444**	**81,935**	**447,379**

Deferred tax provisions

	Intangible assets £	Tangible assets £	Total £
At 1 April 2011	*1,538,925*	*626,731*	*2,165,656*
Charged to income - current year	(212,325)	(104,069)	(316,394)
Prior year adjustment	(80,165)	120,588	40,423
At 31 March 2012	**1,246,435**	**643,250**	**1,889,685**

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

17. Inventories

	2012 £	*2011 £*
Finished goods and goods for resale	**1,544,124**	*1,580,084*

£87,161 of inventory was written down in the current year *(2011 - £322,238)*. The value of inventory consumed and recognised as an expense was £9,464,123 *(2011 - £8,952,989)*.

18. Trade and other Receivables

	2012 £	*2011 £*
Trade receivables	**2,282,834**	*2,820,139*
Other receivables, prepayments and accrued income	**696,555**	*927,291*
	2,979,389	*3,747,430*

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. On-going management service fees to the franchisees are secured over franchisees' properties in the event of non payment.

Some of the trade receivables are past due but not impaired as at 31 March 2012. The ageing analysis of these trade receivables is as follows:

	2012 £	*2011 £*
Current	**1,038,235**	*1,642,066*
One month overdue	**717,181**	*511,225*
Two to six months overdue	**184,347**	*253,197*
Over six months overdue	**343,071**	*413,651*
	2,282,834	*2,820,139*

Revenues from one customer total £2,059,422 *(2011 - £908,086)*. The major customer purchases goods from the specialist drinks segment.

As at 31 March 2012 trade receivables of £122,236 *(2011 - £154,859)* were past due and impaired. The receivables due at the end of the financial year relate to trading customers, brands and franchisees.

19. Borrowings

	2012 £	*2011 £*
Secured borrowings at amortised cost		
Bank overdrafts	**594,369**	*572,629*
Bank loans	**3,460,000**	*3,450,000*
Convertible loan notes	**542,856**	*536,331*
Finance leases	**187,217**	*391,788*
	4,784,442	*4,950,748*
Amounts due for settlement within 12 months		
Bank overdrafts	**594,369**	*572,629*
Bank loans	**865,000**	-
Finance leases	**84,646**	*338,569*
	1,544,015	*911,198*
Amounts due for settlement after 12 months		
Bank loans	**2,595,000**	*3,450,000*
Convertible loan notes	**542,856**	*536,331*
Finance leases	**102,571**	*53,219*
	3,240,437	*4,039,550*
	4,784,442	*4,950,748*

Terms and conditions of outstanding loans were as follows:

	Interest rate %	Year of maturity	2012 £	*2011 £*
Convertible loan notes*	**8% Fixed**	**2013**	**542,856**	*536,331*
Bank overdraft	**1.75% over base rate**	**2011**	**594,369**	*521,773*
Bank loan	**2.25% over LIBOR**	**2016**	**1,725,000**	*1,725,000*
Bank loan	**5.2% Fixed**	**2016**	**1,725,000**	*1,725,000*

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.

All loans and overdrafts are secured by a fixed and floating charge over the assets of the Group.

* Convertible loan stock of £600,000 was issued on 16 December 2008. Fundraising costs of £45,620 were offset against the loan stock. Of this £86,514 as treated as equity with the remainder of £536,331 being included in long term borrowings. The convertible loan stock bears interest at a rate of 8% per annum. The loan stock is convertible to Ordinary shares at £1.10 per share. The conversion date is the earlier of 5 years or at the loan note holder's request from the 3rd anniversary of the date of issue. The present value of the debt element has been calculated using an effective interest rate of 12%.

19. Borrowings (Continued)

Obligation under finance leases

	2012 £	2011 £
Amounts payable under finance leases		
Within one year	**101,057**	*357,438*
Two to five years	**125,939**	*56,316*
Less future finance charges	**(39,779)**	*(21,966)*
Present value of lease obligations	**187,217**	*391,788*
Less amounts due for settlement within 12 months	**84,646**	*338,569*
Amounts due for settlement after 2 – 5 years	**102,571**	*53,219*

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 year ended 31 March 2012 the average effective borrowing rate was 7.0%. 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.

The fair value of the Group's lease obligations approximates to their carrying amount.

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.

	2012 £	2011 £
Amounts payable under bank loans & loan notes		
Within one year	**875,000**	-
1-2 years	**1,475,000**	*1,475,000*
2-5 years	**1,750,000**	*2,625,000*

20. Trade and Other Payables

	2012 £	2011 £
Due within one year		
Trade payables	**2,446,586**	*2,693,211*
Social security and other taxes	**534,055**	*686,533*
Other payables – deferred consideration (note 30)	**-**	*250,000*
Accruals and deferred income	**1,111,220**	*2,285,207*
	4,091,861	*5,914,951*

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

21. Provisions

	Onerous contracts £	Leasehold dilapidations £	Total £
At 1 April 2010			
Additions in the year	*231,000*	*244,000*	*475,000*
At 1 April 2011	231,000	244,000	475,000
Additions in the year	-	20,353	20,353
Released in the year	(112,950)	(56,000)	(168,950)
At 31 March 2012	**118,050**	**208,353**	**326,403**
Due within one year or less	75,000	135,000	210,000
Due after more than one year	43,050	73,353	116,403
	118,050	208,353	326,403

Leasehold dilapidations - Provision is made for the estimated cost of refurbishing properties in line with the requirements of the various leases, prior to returning them to the landlord. The exact amount may vary as final necessary repairs are determined. Provisions are also made for related professional fees.

Onerous contracts – Provision is made for the onerous element of property lease rentals in respect of vacated premises. The exact amount may vary should the group secure a sublet for the properties or utilise them in the business.

22. Share Capital

	2012 £	2011 £
Allotted, called up and fully paid equity share capital		
At 31 March (ordinary shares of £0.02 each)	**326,980**	*218,023*
Ordinary shares issued during the year (ordinary shares of £0.02 each)	**-**	*108,957*
At 31 March (16,349,014 ordinary shares of £0.02 each)	**326,980**	*326,980*

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.
Share option	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	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Warrant	Cumulative fair value of warrants in issue
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.

23. Share Premium and Reserves (Continued)

GROUP	**Issued share capital £**	**Share premium account £**	**Share option reserve £**	**Convertible debt option reserve £**	**Capital redemption reserve £**	**Warrant reserve £**	**Merger reserve £**	**Retained earnings £**
Balance as at 31 March 2010	*218,023*	*8,347,383*	*184,222*	*65,810*	*1,274,279*	-	*116,892*	*1,366,111*
Issue of shares	*108,957*	-	-	-	-	-	*6,700,862*	-
Issue of shares	-	-	-	-	-	*2,236,130*	-	-
Share option expense	-	-	*53,269*	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-	-	*(2,410,722)*
Adjustment to equity element of compound financial instrument	-	-	-	*20,704*	-	-	-	-
Balance at 31 March 2011	*326,980*	*8,347,383*	*237,491*	*86,514*	*1,274,279*	*2,236,130*	*6,817,754*	*(790,775)*
Share option expense	-	-	30,900	-	-	-	-	-
Retained loss for the year	-	-	-	-	-	-	-	(50,548)
Balance at 31 March 2012	**326,980**	**8,347,383**	**268,391**	**86,514**	**1,274,279**	**2,236,130**	**6,817,754**	**(841,323)**

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:

	2012 Number of share options	**2012 Weighted average exercise price (£)**	*2011 Number of share options*	*2011 Weighted average exercise price (£)*
Outstanding at the beginning of the year	940,352	1.39	*567,718*	*1.44*
Granted during the year	191,674	1.04	*416,037*	*1.33*
Forfeited during the year	(229,498)	1.41	*(43,403)*	*1.44*
Outstanding at the end of the year	**902,528**	**1.31**	*940,352*	*1.39*
Exercisable at the end of the year	376,989	1.40	*380,563*	*1.44*

The weighted average remaining contractual life of the options outstanding at the year end, for the options with a weighted average exercise price of £1.39, is 222 days.

The weighted average remaining contractual life of the options outstanding at the year end, for the options with a weighted average exercise price of £1.04, is 755 days. The weighted average fair value of the options when issued was £0.42.

	2012	*2011*
IFRS 2 Fair value charge recognised as an expense	**£30,900**	*£53,269*
Average share price	**77.8p**	*137.0p*

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

Issue Date	14 December 2008	16 October 2009	10 December 2010
Expected volatility	50%	30.43%	47.18%
Expected life	3 years	3 years	3 years
Risk-free rate	4%	2.73%	2.36%
Dividend yield	N/A	N/A	N/A
Weighted average share price on the grant date	£1.44	£1.10	£1.25
Exercise price	£1.44	£1.44	£1.33

24. Equity-settled share option scheme (Continued)

Issue Date	17 March 2011	31 May 2011	30 June 2011	1 February 2012
Expected volatility	47%	60%	60%	60%
Expected life	3 years	3 years	3 years	3 years
Risk-free rate	2.36%	0.83%	2.36%	0.83%
Dividend yield	N/A	N/A	N/A	N/A
Weighted average share price on the grant date	£1.04	£1.02	£1.25	£0.62
Exercise price	£1.10	£1.10	£1.00	£0.61

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 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.

25. Financial Instruments

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

Financial assets by category

	2012 £	*2011 £*
Loans and receivables		
Trade and other receivables	**2,282,834**	*2,820,139*
Cash and cash equivalents	**2,066,312**	*3,379,859*
	4,349,146	*6,199,998*

The maximum credit risk exposure is £2,282,834 *(2011 - £2,820,139)*.

Financial liabilities by category

	2012 £	*2011 £*
Current liabilities		
Other financial liabilities	**5,635,888**	*6,815,150*
Non current liabilities		
Other financial liabilities	**3,240,425**	*4,050,550*
	8,876,313	*10,865,700*

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 £1.75M has an interest rate of 2.25% above LIBOR. The balance of the bank loan is fixed at 5.2%

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% *(2011 - +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.

	2012 £ +1%	**2012 £ -1%**	*2011 £ +1%*	*2011 £ -1%*
Adjusted net result for the year	**73,994**	**27,106**	*(2,178,672)*	*(2,135,317)*
Adjusted equity	**18,492,662**	**18,539,549**	*18,260,133*	*18,303,488*

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

26. Operating Lease Arrangements

	2012 £	*2011 £*
Minimum lease payments under operating leases recognised as an expense in the year	**278,143**	*272,714*

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

	2012 £	*2011 £*
Within one year	**465,050**	*179,485*
2 to 5 years	**351,640**	*248,083*
Over 5 years	**37,625**	*56,399*
	854,315	*483,967*

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

27. Related Party Transactions

In the year ended 31 March 2012 there were the following related party transactions:

An amount of £nil *(2011 - £17,702)* was paid to Syntegris Partners Limited, a company in which Tim James is a director. The amount paid was in relation to consultancy. As at the year end £nil *(2011 - £2,473)* was due to Syntegris Partners limited.

An amount of £246,400 *(2011: £42,887)* was paid and a further amount of £152,097 *(2011: £274,000)* was accrued as at 31 March 2012 to Bretforton Marketing Services Limited for marketing consultancy and brand fee commission. Ian Forde is a director of this company.

An amount of £nil *(2011 - £220,000)* was provided for in respect of EBT loans to Directors as follows:

	2012 £	*2011 £*
B Jenkins	**-**	*36,000*
T James	**-**	*80,000*
A Fisher	**-**	*16,000*
J Brand	**-**	*88,000*

A company that Blair Jenkins is a related party of received £223,836 from the EBT during 2011 which remains outstanding at 31 March 2012 *(2011: £223,836)*. This amount is within the total debtor of £253,836 *(2011: £253,836)* outstanding as at 31 March 2012 from the EBT.

28. Capital Commitments

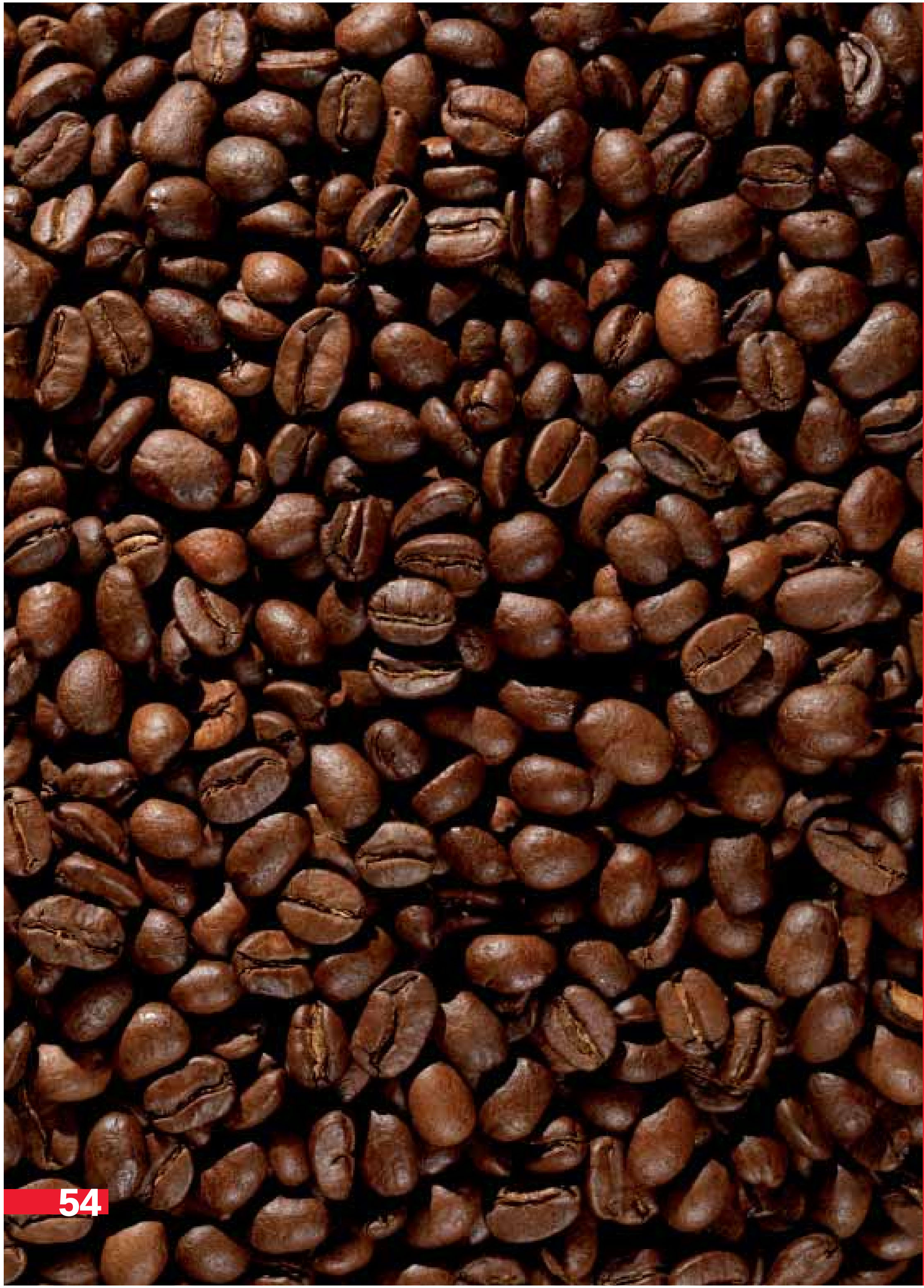
There were no capital expenditure commitments as at the year end.

29. Ultimate Controlling Party

Due to shareholdings in the parent company there is not ultimate controlling party. Substantial interests in the parent company are disclosed in the Directors' Report.

30. Post Balance Sheet Events

Blair Jenkins stepped down as Chief Executive Officer on 30 May 2012, his final settlement is currently being negotiated and there is therefore no reliable estimate of the value of this item at this stage.



Company Financial Statements for SnackTime PLC

- Company Balance Sheet
- Notes to the Financial Statements

Company Balance Sheet

	Notes	**31 March 2012 £**	*31 March 2011 £*
FIXED ASSETS			
Fixed Assets	3	**40,861**	*10,361*
Investments	4	**17,556,720**	*17,556,720*
		17,597,581	*17,567,081*
CURRENT ASSETS			
Cash at bank and in hand		**1,000,027**	*1,339,840*
Deferred tax asset	5	**229**	*229*
Debtors: amounts falling due within one year	6	**4,447,650**	*3,864,268*
		5,447,906	*5,204,337*
CURRENT LIABILITIES	7	**(8,272,822)**	*(5,562,554)*
NET CURRENT LIABILITIES		**(2,824,916)**	*(358,217)*
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,772,665**	*17,208,864*
LONG TERM LIABILITIES			
Convertible loans	8	**-**	*(536,331)*
Bank loans	8	**(2,595,000)**	*(3,450,000)*
NET ASSETS		**12,177,665**	*13,222,533*
SHAREHOLDERS FUNDS			
Share capital	9	**326,980**	*326,980*
Share premium account	10	**8,347,383**	*8,347,383*
Share option reserve	10	**268,391**	*237,491*
Capital redemption reserve	10	**1,274,279**	*1,274,279*
Equity element of compound financial instrument	10	**86,514**	*86,514*
Warrant reserve	10	**2,236,130**	*2,236,130*
Retained (loss)/ earnings	10	**(362,012)**	*713,756*
TOTAL SHAREHOLDERS FUNDS	11	**12,177,665**	*13,222,533*

These financial statements were approved by the Board of Directors and authorised for issue on 13 July 2012.
They were signed on its behalf by:

Jeremy Hamer
Director

Tim James
Director

The Notes on pages 57 to 66 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and 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 £1,075,768 *(2011: Profit of £713,756)*.

The financial statements have been prepared on a going concern basis. The company made a loss of £1,075,768 *(2011 Profit of £713,756)* for the year ended 31 March 2012 and had net current liabilities of £2,824,916 at the balance sheet date *(2011: Net current liabilities of £358,217)*.

The directors have prepared and reviewed cash flow forecasts which show that the group is able to meet its obligations as they fall due for a period of at least twelve months from the date of these financial statements. The company owes subsidiary undertakings £5,995,764 *(2011 - owes £4,551,278)* which it will pay at its discretion or convert into equity at some point in the future to remedy the net current liability position. As such the directors consider it appropriate to prepare the financial statements on a going concern basis.

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 at 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 Note 7 and 8 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 FRS 20 'Share-based payment', as amended by UITF 41 'Scope of FRS 20' and UITF 44 – FRS 20 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

1. Accounting Policies (Continued)

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.

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 in accordance with the guidance set out in UITF 44 and UITF 41 'Scope of FRS 20'.

Details of the share option valuation are set out in Note 12.

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:

	2012	*2011*
Administrative staff	**17**	*15*

The aggregate payroll costs were as follows

	2012 £	*2011 £*
Wages, salaries and fees	**1,142,688**	*520,895*
Social security costs	**108,727**	*45,271*
	1,251,415	*566,166*

Details of the Directors remuneration can be found on page 34.

3. Tangible Fixed Assets

	Fixtures, fittings and equipment £
At 1 April 2011	*11,243*
Additions	40,845
At 31 March 2012	**52,088**
Depreciation	
At 1 April 2011	*882*
Charge for the year	10,345
At 31 March 2012	**11,227**
Net Book Value at 31 March 2012	**40,861**
At 31 March 2011	*10,361*

4. Investments

Investments in shares of subsidiary undertakings:

	£
At 1 April 2011 and 31 March 2012	**17,556,720**

4. Investments (Continued)

All subsidiaries are registered in England and Wales

Subsidiary	Principle 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
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
Integer (VBD) Limited	Dormant	100%	Indirect

5. Deferred Tax

	£
At 31 March 2011 and 31 March 2012	(229)

6. Debtors

	2012 £	*2011 £*
Amounts due within 1 year		
Trade debtors	**300,637**	
Prepayments	**28,760**	*30,234*
Other debtors	**263,803**	*253,836*
Amounts owed by subsidiary undertaking	**3,854,450**	*3,580,198*
	4,447,650	*3,834,034*

7. Current Liabilities

	2012 £	*2011 £*
Amounts due within 1 year		
Bank overdraft	**463,513**	-
Bank loan	**865,000**	-
Convertible loan (Note 8)	**542,856**	-
Trade creditors	**93,688**	-
Social security and other taxes	**105,386**	*50,099*
Accruals & deferred income	**206,615**	*711,177*
Amounts owed to subsidiary undertakings	**5,995,764**	*4,551,278*
Other creditors – deferred consideration	**-**	*250,000*
	8,272,822	*5,562,554*

8. Borrowings

Amounts due for settlement after 12 months	2012 £	*2011 £*
Convertible loan notes	**-**	*536,331*
Bank loan	**2,595,000**	*3,450,000*
	2,595,000	*3,986,331*

Terms and conditions of outstanding loans were as follows:

	Interest rate %	Year of maturity	2012 £	*2011 £*
Convertible loan notes*	**8% Fixed**	**2013**	**542,856**	*536,331*
Bank loan	**2.25% over LIBOR**	**2016**	**1,725,000**	*1,725,000*
Bank loan	**5.2% Fixed**	**2016**	**1,725,000**	*1,725,000*

The fair value in each case equates to the carrying book value. All loans are denominated in sterling.

8. Borrowings (Continued)

* Convertible loan stock of £600,000 was issued on 16 December 2008. Fundraising costs of £45,620 have been offset against the loan stock. Of this £86,514 has been treated as equity with the remainder of £536,331 being included in long term borrowings. The convertible loan stock bears interest at a rate of 8% per annum. The loan stock is convertible to Ordinary shares at £1.10 per share. The conversion date is the earlier of 5 years or at the loan note holder's request from the 3rd anniversary of the date of issue. The present value of the debt element has been calculated using an effective interest rate of 12%.

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

	2012 **£**	*2011* *£*
Amounts payable in respect of the loan notes		
Within one year	**1,475,000**	-
One to two years	**875,000**	*1,411,331*
Two to five years	**1,750,000**	*2,625,000*

9. Share Capital

	2012 **£**	*2011* *£*
Allotted, called up and fully paid equity share capital		
At 31 March (ordinary shares of £0.02 each)	**326,980**	*218,023*
Ordinary shares issued during the year (ordinary shares of £0.02 each)	**-**	*108,957*
At 31 March (16,349,014 ordinary shares of £0.02 each)	**326,980**	*326,980*

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	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	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Warrant	Cumulative fair value of warrants in issue.
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.

10. Share Premium and Reserves (Continued)

COMPANY	**Issued share capital £**	**Share premium account £**	**Share option reserve £**	**Convertible debt option reserve £**	**Capital redemption reserve £**	**Warrant reserve £**	**Retained earnings £**	**Total £**
Balance at 31 March 2011	326,980	8,347,383	237,491	86,514	1,274,279	2,236,130	713,756	13,222,533
Share option expense	-	-	30,900	-	-	-	-	30,900
Retained profit for the year	-	-	-	-	-	-	(1,075,768)	(1,075,768)
Balance at 31 March 2012	**326,980**	**8,347,383**	**268,391**	**86,514**	**1,274,279**	**2,236,130**	**(362,012)**	**12,177,665**

11. Shareholders’ Funds

Reconciliation of movement in shareholders’ funds.

	31 March 2012 £	*31 March 2011 £*
(Loss)/profit for year	**(1,075,768)**	*713,756*
Share option expense	**30,900**	*53,269*
Shares issued during the year	**-**	*108,957*
Adjustment to equity element of compound financial instrument	**-**	*20,704*
Warrants issued during the year - equity financing facility	**-**	*2,236,130*
Net (loss)/additions to shareholders’ funds	**(1,044,868)**	*3,132,816*
Opening shareholders’ funds	**13,222,533**	*10,089,717*
Closing shareholders’ funds	**12,177,665**	*13,222,533*

12. 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:

	2012 Number of share options	**2012 Weighted average exercise price (£)**	*2011 Number of share options*	*2011 Weighted average exercise price (£)*
Outstanding at the beginning of the year	**940,352**	**1.39**	*567,718*	*1.44*
Granted during the year	**191,674**	**1.04**	*567,718*	*1.33*
Forfeited during the year	**(229,498)**	**1.41**	*(43,403)*	*1.44*
Outstanding at the end of the year	**902,528**	**1.31**	*940,352*	*1.39*
Exercisable at the end of the year	**376,989**	**1.40**	*380,563*	*1.44*

The weighted average remaining contractual life of the options outstanding at the year end, for the options with a weighted average exercise price of £1.39, is 222 days.

The weighted average remaining contractual life of the options outstanding at the year end, for the options with a weighted average exercise price of £1.04, is 755 days.

12. Equity-Settled Share Option Scheme (Continued)

	2012	*2011*
IFRS 2 Fair value charge recognised as an expense	**£30,900**	*£53,269*
Average share price	**77.8p**	*137.0p*

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

Issue Date	14 December 2008	16 October 2009	10 December 2010
Expected volatility	50%	30.43%	47.18%
Expected life	3 years	3 years	3 years
Risk-free rate	4%	2.73%	2.36%
Dividend yield	N/A	N/A	N/A
Weighted average share price on the grant date	£1.44	£1.10	£1.25
Exercise price	£1.44	£1.44	£1.33

Issue Date	17 March 2011	31 May 2011	30 June 2011
Expected volatility	47%	60%	51%
Expected life	3 years	3 years	3 years
Risk-free rate	2.36%	0.83%	2.36%
Dividend yield	N/A	N/A	N/A
Weighted average share price on the grant date	£1.04	£1.02	£1.25
Exercise price	£1.10	£1.10	£1.00

Issue Date	1 February 2012
Expected volatility	60%
Expected life	3 years
Risk-free rate	0.83%
Dividend yield	N/A
Weighted average share price on the grant date	£0.62
Exercise price	£0.61

Expected volatility was determined by calculating the historical volatility of the Company’s share price over the previous 3 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.

13. Related Party Transactions

In the year ended 31 March 2012 there were the following related party transactions:

An amount of £nil *(2011 - £17,702)* was paid to Syntegris Partners Limited, a company in which Tim James is a director. The amount paid was in relation to consultancy. As at the year end £nil *(2011 - £2,473)* was due to Syntegris Partners limited.

During the year £246,400 *(2011: £42,887)* was paid and a further amount of £10,597 *(2011: £nil)* was accrued as at 31 March 2012 to Bretforton Marketing Services Limited for marketing consultancy and brand fee commission. Ian Forde is a director of this company.

An amount of £nil *(2011 - £220,000)* was provided for in respect of EBT loans to Directors as follows:

	2012	*2011*
	£	*£*
B Jenkins	**-**	*36,000*
T James	**-**	*80,000*
A Fisher	**-**	*16,000*
J Brand	**-**	*88,000*

A company that Blair Jenkins is a related party of received £223,836 from the EBT during 2011 which remains outstanding as a debtor at 31 March 2012 *(2011: £223,836)*. This amount is within the total debtor of £253,836 *(2011: £253,836)* outstanding as at 31 March 2012 due from the EBT.

14. Post Balance Sheet Events

Blair Jenkins stepped down as Chief Executive Officer on 30 May 2012, his final settlement is currently being negotiated and there is therefore no reliable estimate of the value of this item at this stage.

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The SnackTime Group consists of the following