Company Number: 06135746

SNACKTIME PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED 27 MARCH 2015

SNACKTIME PLC
REPORT AND FINANCIAL STATEMENTS
PERIOD ENDED 27 MARCH 2015

CONTENTS **PAGE**

SNACKTIME PLC

HIGHLIGHTS

PERIOD ENDED 27 MARCH 2015

Financial Highlights

- Revenues decreased by 14% *(2014 – decreased* by 8.3%)
- Adjusted loss before finance income and charges, depreciation, exceptional items, amortisation, share option charges and tax of £1,110,277 *(2014 – profit of £1,138,940)**
- Loss before taxation of £4,383,595 *(2014 – Loss of £8,537,680)*
- Net assets of £1,222,264 (2014 - £2,696,688) following goodwill and intangible impairment of £448,532 *(2014 –* £4,498,430*)*
- Gross profit has decreased from 55% to 54%.
- Net cash outflow from operating activities of £937,125 after exceptional items. *(2014 – Inflow of £191,672)*
- Administration expenses, before exceptional items, amortisation and share option expenses but including depreciation, increased by 2.8% to £11,087,636 (*2014 – £10,784,838*)***.* Total administration expenses reduced by 30.6% to £12,755,675 (*2014 - £18,391,103*).

**- Arrived at from taking the Loss before tax, finance income and charges, exceptional items, amortisation and share option charges of £2,378,510 from the Statement of Comprehensive Income and adding back depreciation of £1,268,233*

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

SNACKTIME PLC

COMPANY INFORMATION

PERIOD ENDED 27 MARCH 2015

DIRECTORS:	J. Hamer (Chairman) M.Stone (Chief Executive Officer) M. Jackson (Non-Executive Director) B. Belotserkovsky (Non-Executive Director) S. Kornienko (Non-Executive Director)
SECRETARY:	M. Maltby
REGISTERED OFFICE:	17 Rufus Business Centre Ravensbury Terrace London SW18 4RL
REGISTERED NUMBER:	06135746
ACCOUNTANTS:	Crowe Clark Whitehill 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

I am belatedly presenting the audited results for the period ended 27 March 2015. It has been another difficult period in which the refinancing and restructuring of the Group have again been the over-riding priority. Revenues continued to decline and operating cash generation was not sufficient to meet our other cash needs putting considerable pressure on our team, our suppliers and our funders.

Despite these difficulties, the Group is looking to the future with the resolve that often results from tough times. Many of the hard decisions have been made, actions taken, and we have been very fortunate to receive such strong support from so many key stakeholders. This support has resulted in substantial funds being raised throughout 2014 and 2015 which is detailed later in this statement. It should be noted that this Chairman's statement covers a period of nearly 2 years up to March 2016.

Financials

Turnover for the period ended 27 March 2015 was down 14% to £16,167,197 (*2014: £18,810,814*) producing an operating loss before amortisation, share option charges and exceptional costs of £2,378,510 (*2014: loss £427,433*). The loss before taxation for the period was £4,383,595 *(2014 – loss £8,537,680*).

EBITDA before exceptional costs and share based payments for the period was a loss of £1,110,277 (*2014: profit £1,156,250*). Following exceptional costs of £1,432,835, including tangible and intangible impairments of £933,532 (*2014: £6,578,644*), the post-tax loss was £4,068,329 *(2014: loss £7,741,521*).

Gross margins decreased slightly to 54% (*2014: 55%*) while our distribution and administration costs before exceptional, share option costs and amortisation rose 3% to £11,087,636 (*2014: £10,784,838).*

Total administration costs for the period were £12,755,675 (*2014 - £18,391,103*).

Net finance charges decreased to £337,046 (2014: £503,982) and net borrowings at 31 March 2015 had decreased to £3,724,145 (*2014: £4,806,200*), including shareholder loans of £1,622,256 (2014: £1,622,256).

The final results are an EBITDA loss before exceptional items of £1,110,277, exceptional costs of £499,303 incurred during the period. This is in line with our announcement on 4 March 2016, but falls well behind the performance announced in July 2015 of an expected £280,000 EBITDA (after deducting additional provision of £270,000) and £650,000 for exceptional items. The difference has resulted from write-downs that have been necessary to ensure that our balance sheet does not over-state the underlying value of the assets and liabilities given the going concern position detailed in this report. These write-downs which have reduced the values of cash and stock in machines, inventories and debtors have resulted in an additional expense of £1,239,580 across the Group's EBITDA and exceptional costs compared to our period end management accounts. There is however no further cash impact from these adjustments and the underlying run-rate of our distribution and administration costs is today significantly below the £11,087,636 charge (before exceptional, share option costs and amortisation) for the year.

Audit

The long delay in announcing the results for the year has resulted from a breakdown in our internal controls and a lack of adequate accounting records in certain subsidiaries and the parent company. As a result, management were able to reconcile the closing group statement of financial position and company balance sheet but were not able to reconcile all the differences in the group statement of comprehensive income and the group statement of cash flows. The closing balances represented in our balance sheet are not in question, but any asset we have not been able to substantiate appropriately has been written-off. As a result BDO were unable to obtain the audit evidence they required over the categorisation of transactions in the Group Statement of Comprehensive Income and the Group Statement of Cash Flows and the related notes and they have issued a qualified opinion on the financial statements. Therefore, statutory and non-statutory performance measures extracted from these statements referred to in the Financial Highlights, this statement, Directors' Report and Strategic Report are subject to qualification. The Auditor's Report covers this in more detail.

As a result of the above, the Company has taken a number of steps to improve the timeliness and accuracy of both financial and management reporting. These include the recruitment of an additional qualified accountant in Blackburn to focus on the vending division; the on-going relocation of all financial accounting (other than Drinkmaster) to Blackburn which is expected to complete this month;

further investment into the accounting system, specifically in the areas of fixed assets, purchase ledger and report writing; the development of a revenue assurance and data analysis function in London to ensure the completeness and accuracy of amounts invoiced to customers; and the retention of interim staff to ensure the delivery of the 2016 audit in a timely and cost efficient manner.

Going Concern and Shareholder support

Further I would like to draw your attention to the matter of Going Concern which is again covered in the Auditor’s Report. The Directors have drawn up these accounts as a going concern on the basis of a letter of support provided to them by the Company’s majority shareholder Mr Belotserkovsky and the on-going support of the Co-operative Bank. The reasons supporting this position are outlined in the accounting policy note 1 as well as being an emphasis of matter within the Auditor’s Report.

Re-financing

Throughout the reporting period and the remainder of 2015 calendar year, the Company was involved in re-structuring its balance sheet. This activity resulted in several transactions which are detailed below:-

In June 2014, Versatel Co Limited subscribed for 3.8 million new shares at 15 pence per share raising £570,000.

In October 2014, a second subscription by Versatel Co Limited for a further 12 million new shares also at 15 pence per share, raised £1,800,000 (gross) of further investment. This second subscription required a vote by the independent shareholders to approve the waiver of the provisions of Rule 9 of the City Code, which was duly passed at the General Meeting held on 28 October 2014.

Re-financing – Post Balance Sheet

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

In December 2015, it was announced that the Company had raised approximately £3,024,645 through the issue of 40,746,451 new shares. Of the total, £1,050,000 was subscribed for by new and existing investors at 5 pence per share to provide working capital for the Group, with the balance raised through the conversion of loan notes and other creditor balances to strengthen the Group’s balance sheet.

In February 2016, we announced the conversion of a further £57,290 of loan notes at 10 pence per share. Of the original £1,622,456 of redeemable or convertible loan notes with maturities in either 2015 or 2018, all but £80,166 have now been converted to equity, together with any accrued but unpaid interest and redemption premium.

.

Further details of these subscriptions are available on our website, www.snacktime.com.

Amendments to the agreements with the Co-Operative Bank

Throughout this period, discussions have also continued with the Co-Operative Bank. Loan repayments have been sporadic, but by 27 March 2015 the outstanding balance had reduced to £2,050,939 which had reduced further to £1,829,995 by 29 February 2016. The £750,000 overdraft facility ran alongside the loan facility throughout the period.

In February 2016, a new agreement was reached with the Co-Operative Bank to extend the Company's existing £750,000 overdraft facility to the end of 2016. In addition, agreement has been reached in respect of the secured loan facility to waive all covenant testing to the end of 2016, and fix the aggregate repayments due in calendar year 2016 to £350,000.

Based upon management's current forecasts, a covenant breach might occur in December 2016 when testing resumes. The existence of this potential breach and its remedy are referred to in the going concern note at various points throughout this Annual Report. Whilst the Co-operative Bank continues to show flexibility and support around the timing of our loan repayment schedule.

Suspension of Trading on AIM

On 17 September 2015, trading on AIM was suspended in the Company's shares due to it being unable to publish these accounts within 6 months of the year end, as required by the AIM Rules for Companies.

It is expected that following publication of these accounts, and announcement of the unaudited results for the six months ended 30 September 2015, trading will resume in the Company's shares on AIM on 16 March 2016.

Strategy

During FY15, the focus has continued to be on stabilising sales, improving operations, reducing costs while refinancing the business. The vending market remains very competitive with evermore retail operations offering hot drinks in particular throughout the 24 hour day, resulting in an annual volume decline of c.5% as reported recently by the AVA (Automatic Vending Association). But despite this additional competition, new vending opportunities arise continuously as existing 3 and 5 year contracts come to an end, alongside new commercial facilities opening. There remains considerable opportunity. Our operated machine base is now stabilising and with an improved and more efficient operating platform we are dealing better with the challenges that taking on new business presents. The key elements of our strategy are as follows:-

Technology - We have been successful in gaining multiple public sector contracts by offering the very latest innovations the industry has to offer. Telemetry, NFC payments and smart phone loyalty applications are now a standard part of such offerings.

A growing Franchise network - with the support of our key brand partners Mars, Walkers and Coca Cola we can offer an attractive franchise proposition with strong growth potential to the right franchisee. Our increasingly professional franchise support team should allow us to expand our network for several years to come by attracting franchisees who themselves are committed to growing their own businesses.

The vending division is concentrating on public sites with higher footfall, city centres and building activity around existing sites. Density of operation is a significant contributor to profitability. Our exclusive range of Unicum vending equipment is giving us a unique offering for our customers. Ultimately success is driven by delivering consistent quality, from hygienic looking machines whenever required.

Drinkmaster is now seeing a key shift in its core product and market. Seal Cup sales have overtaken those of the Drink Pac with considerable growth expected in export markets. The Seal Cup is seen as an ideal on the go or retail convenience solution. Notably, we are now starting to see exports develop which will provide additional significant opportunities for growth.

Operations

In the Vending Division, represented by VMI and Simply Drinks, the disappointing results in the period ended 27 March 2015 have resulted in an £448,532 impairment of intangible assets charge based upon mid-term cash flow forecasts. 2015 saw a total review of support, sales and field structures. This has begun to drive another round of efficiencies and cost reductions, the full benefit of which will be seen during 2016. Our purchasing function has played a key role in the last 12 months in reducing costs, improving the quality of our products and maintaining supplier relationships through difficult times. The full benefits of these activities will take time to show through.

The 3 key depots in London, Blackburn and Corby (including Newport) have each been given greater autonomy and authority to provide the service their customers need locally. Behind the scenes they are soon to be driven as individual profit centres. City centre and public sites have been a particular focus with some notable wins in the NHS more recently. Service remains key to a customer renewing their contract at the end of its term with greater attention being given to the levels of machine functionality, presentation and hygiene.

The Franchise Network has remained largely stable operating 80 areas nationally. 15 sales were made during 2015 on the back of some well executed sales and marketing activity, although many of these sales were replacing a departing franchisee. A new role of Franchise Business Development Manager was also added to the structure to allow more support for a new franchisee to ensure they are meeting their year 1 business plans. There remain 40 further areas of the country that could support a franchisee but the challenge is finding suitable candidates.

Drinkmaster sales fell further after March 2015 due particularly to the shake-up in their betting sector customers. This fall in profits has resulted in a £485,000 impairment of fixed assets being charged this year based upon our mid-term cash flow forecasts. More recently, we are beginning to recover again through the growth of new seal cup sales opening up export markets in particular. This new product is being focused on export, vending, retail and travel markets each of which has the potential to grow the revenue base and ensure there is less reliance on the gaming sector.

People

Over the last 2 years, the Board has had a number of changes as has the divisional senior management. The addition of Boris Belotserkovsky and Sergei Kornienko to the Board provides the Group with the necessary vending and technology skills and experience that will be required to deliver our strategy. The details of the various changes are as follows:-

In June 2014, Boris Belotserkovsky and Gillian White joined the Board following the first Versatel investment mentioned above. Disappointingly, Gillian White has already had to step-down due to conflicting responsibilities, but I would like to thank her for her contribution while she was with us.

In October 2014, Ian Forde resigned from the Board after 13 years. He co-founded the Company back in 2001 and I would like to thank him for his broad contribution to the development of the SnackTime Group.

Also in October 2014, Michiel Slinkert resigned from the Board. He joined the Board when the Vendia UK Limited purchase was completed in September 2010. I would also thank him for his support during those 4 years.

In January 2015, Mark Stone joined the Board as Chief Executive Officer and Sergei Kornienko as a Non-executive Director of the Company. Mark Stone has since tendered his resignation and will leave the Company in April 2016. I would like to thank Mark for his contribution to the Group during a difficult period.

Tim James left the Board in November 2015 following 6 challenging years as our CFO. I would like to thank him also for his support and contribution to the Group.

From December 2015, Michael Maltby has assumed responsibility as Interim CFO and Company Secretary.

During the period ended 27 March 2015, Jon Stepto took over as Managing Director at Drinkmaster Limited following the departure of Paul Vickers who had run the company for the previous 9 years. I would like to thank Paul for his contribution. Andrew Hardhill stepped up to be Managing Director at Snack in the Box Limited, while Sue Sproston, Clive Smith and a number of other key people have left us during this period, all of whom I would like to wish well in their future careers.

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

Current Trading & Prospects

The environment for the Group continues to be challenging and we remain focussed on delivering consistent quality products while managing costs, from "clean, full and working" machines, whenever a purchase is desired. 24 hour unmanned retailing. That said, we are convinced that the winners in the vending sector will be those who can harness new technologies such as wave and pay and telematics, where the active involvement of Uvenco provides us with a competitive advantage. With this in mind, we are encouraged by current trading and look forward to the future with increasing confidence.

Jeremy Hamer

Chairman

Date: 15 March 2016

EXECUTIVE DIRECTORS

Jeremy Hamer, *Chairman,* FCA. Jeremy is a Chartered Accountant who has spent many years 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 Company Plc, as is John F Renshaw Ltd.). He spent his early career in Holland with Coopers and Lybrand.

Mark Stone, *Chief Executive Officer*. Mark was appointed to his current position in October 2014 and has been involved in senior positions in the UK vending industry since 2012. In November 2015 he notified the Board that he would be stepping down for from his positions in April 2016.

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.

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

Sergei Kornienko, *Non-Executive Director*. Sergei Kornienko is a Russian citizen and has been the Chief Executive Officer of Uvenco, Russia’s leading vending company since 2009.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

RISKS AND UNCERTAINTIES

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

- **Changing consumer trends**

  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 their 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.

- **Liquidity Risk**

  During the period to 27 March 2015 the Directors recognised that the Company could have significant liquidity risk given its level of borrowings and their repayment profiles. A number of steps were taken to address this risk culminating in securing two tranches of investment from Versatel Company Limited in new ordinary shares totalling £2.37 million (gross).

  In June 2015, £100,000 was raised through the placing of 1 million shares at 10 pence per share with certain directors and managers of the Company.

  In December 2015 it was announced that we had reached agreement with certain investors, loan note holders and creditors to raise in aggregate £3,024,645 through the issue of 40,746,451 new ordinary shares of 2 pence each in the Company. Of the total, £1,050,000 was subscribed for by new and existing investors at 5 pence per share in the form of new funds to provide working capital for the Group, with the balance raised through the conversion of loan notes and other creditor balances at 10 pence per share to strengthen the Group's balance sheet.

  In February 2016 we announced the conversion of a further £57,290 of loan notes at 10 pence per share and more recently a further £5,000. Of the original £1.62 million of redeemable or convertible loan notes in either 2015 or 2018 all but £75,166 have now converted to equity.

  This investment combined with the recovery in our EBITDA performance and current projections will serve to reduce the level of liquidity risk.

- **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 at the year end date included a requirement to comply with certain specified covenants in relation to rolling quarterly EBITDA and asset cover. Prior to the year end the Group had commenced discussions with the Co-Operative Bank relating to revised facilities, in view of this it was agreed with the Co-Operative Bank that covenants would not be tested in March and similar agreements were made for subsequent months pending new arrangements being put in place.

  On 7 November 2014 the Company entered into an agreement with the Co-operative Bank plc comprising a Term Loan of £2.05 million and an overdraft facility of £750,000. The Term Loan runs until January 2018, is subject to annual reviews and is repayable in ascending quarterly instalments commencing 30th April 2015. It is subject to an interest cover covenant and a debt service covenant. The overdraft is renewable annually.

  A breach of these covenants could result in a significant proportion of the Group's borrowings becoming repayable immediately.

  During the period to 27 March 2015 the Company breached these covenants and subsequently entered into negotiations with its bankers and in January 2016 the Company reached agreement with the Co-op to restructure the repayments of its debt and waive covenant testing until the fourth quarter of 2016.

  The cash flow forecast indicates that the Group may breach the cash flow available for debt service covenant on the facility in December 2016. Under the terms of the loan agreement, the breach can be cured, through an injection of equity. Were the shareholders to decide not to cure, an event of default would arise which under the terms of the agreement would result in the total principal together with accrued interest and all other amounts accrued becoming payable on demand.

- **Cash flow**

  In the period to 27 March 2015 the Company has raised £2.37 million (gross) in the form of new ordinary shares issued to Versatel Company Limited. Since the period end a further two tranches of funding was raised totalling £1.15 million and full details of this fundraising are included throughout this report.

  This investment will ensure that the Company is in a position to meet its liabilities and complete the next stage of the rationalisation commenced in 2012. Our forecasts indicate a positive trading cash flow and a proportion of the new monies will enable us to invest in the asset base to enhance future cash flows.

- **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 impact the Group's revenue and, as a result, its results.

  The Group endeavours, whenever possible, to pass on price increases 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.

  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

	Period ended 27 March 2015	*Year ended 31 March 2014*
Revenue growth[1]	**(14.0)%**	*(8.3)%*
Normalised operating margin[2]	**(6.9)%**	*6.0%*

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

2 Normalised operating margin is calculated by dividing (loss)/profit before Interest, Tax, Share Option Charge, Amortisation, Depreciation and Exceptional items by Revenue.

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

Interest rate risk

The Group's hire purchase contracts and convertible loan are at a fixed rate of interest and so cash flow is not affected by interest rate or cash flow risk. The Group was exposed to interest rate fluctuations on £21.5 million of its bank loans which have an interest rate of 6% above LIBOR. The remaining balance of the loan is fixed at 5.2%. Furthermore, the Group overdraft balance was exposed to an interest rate of 2.75% above LIBOR. The Directors have now refinanced the bank loans and overdraft facilities. See Note 30 for details. 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, some of which are to larger 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. On-going management services fees due from the franchisees are in many cases secured over franchisees' properties in the event of non-payment. During the period a provision of £73,826 was made against trade receivables in the vending division which relates to historic debts that were not deemed recoverable.

GOING CONCERN

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

The Group made a loss of £4.1m for the period ended 27 March 2015 and had net current liabilities of £3.5m and net assets of £1m as at that date. Since then, net funds of £3 m were raised through the issue of new shares which were paid through a combination of cash and the conversion of loan notes and other creditor balances. The Group's bank borrowings were also refinanced in December 2015, details of which you can find in Note 19 to the financial statements. Management have prepared a cash flow forecast for the period to December 2017, the starting position being based on unaudited management accounts to December 2016. Whilst the Directors have continued to reduce the operating costs of the Group and improve the performance of the vending estate there is limited cash headroom in the forecast. Should the Group's operating performance be lower than forecast a further injection of working capital may be required.

The loan agreement with The Cooperative Bank plc includes covenants testing covering cash flow available for debt service and EBITDA interest costs cover. Testing of these covenants is to take place from December 2016. The cash flow forecast indicates that the Group may breach the cash flow available for debt service covenant on the facility in December 2016. Under the terms of the loan agreement, the breach can be cured. Were the shareholders to decide not to cure, an event of default would arise which under the terms of the agreement would result in the total principal together with accrued interest and all other amounts accrued becoming payable on demand.

In order to satisfy themselves that the going concern basis remains appropriate the Directors have requested and been granted a non-binding letter of support from the Group's majority shareholder Mr Belotserkovsky that he will act as guarantor in respect of any cure that might be required in respect of the bank loans should a covenant breach occur and that he will provide further funds should there be a need for a further investment to support working capital during the next 12 months. The letter of support confirmed that he has access to the required funds to continue to provide financial support to the Group.

GOING CONCERN CONTINUED..

The details set out above indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors are of the opinion that the bank and the majority shareholder will continue to support the Group as they have each done in the recent past and hence it will continue as a going concern, meeting its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

EXCEPTIONAL ITEMS

Included within the financial statements are exceptional costs of £1,432,835 (*2014 – £7,172,339*).

Full details of exceptional costs are included in Note 5 of the financial statements. Exceptional costs relate to the following:

Exceptional costs in 2014 and 2015 denoted as redundancy costs follow the continued restructuring of the Group. Legal costs incurred incurred in 2014 followed the loss of an ongoing court case.

The majority of the remaining exceptional costs relate to the impairment of the vending division intangible assets as well as tangible fixed assets in Specialist Drinks.

This report was approved by the Board on 15 March 2016 and is signed on its behalf by

Jeremy Hamer
Chairman

Date: 15 March 2016

The Directors present their report and the audited financial statements for the period ended 27 March 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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

PROVISION OF INFORMATION TO AUDITORS

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

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

DIVIDENDS

The Directors do not recommend payment of a dividend in respect of the period ended 27 March 2015 *(2014: £Nil)*.

.

DIRECTORS

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

Ordinary shares of £0.02 each		**Ordinary Shares 27 March 2015**	*Ordinary Shares 31 March 2014*
I. Forde	(resigned 10 October 2014)	**804,407**	*804,407*
M. Slinkert	(resigned 10 October 2014)	**-**	-
J. Hamer		**80,000**	*80,000*
T. James	(resigned 10 November 2015)	**40,000**	*40,000*
M. Jackson		**197,000**	*197,000*
G. White	(appointed 9 June 2014, resigned 24 July 2015)	**-**	-
B. Belotserkovsky	(appointed 9 June 2014)	**1,466,400**	-
M. Stone	(appointed 2 January 2015)	**-**	-
S. Kornienko	(appointed 27 January 2015)	**-**	-

Of the above holdings the following were held via their individual SIPP's – I. Forde 50,000, J. Hamer 80,000, T. James 20,000 and M. Jackson 125,000.

At 27 March 2015, Versatel Company Limited, a company deemed to be part of the B Belotserkovsky "concert party" held 15,800,000 ordinary shares

M. Slinkert indirectly held a partial beneficial interest in 4,843,616 of ordinary shares in SnackTime plc, via his holding in Vendia Groep BV. This holding was purchased by Mrs V Belotserkovskaya subsequent to the year end.

M. Jackson indirectly held a beneficial interest in 1,792,256 ordinary shares in SnackTime plc via his Directorship at Elderstreet VCT plc.

J. Hamer had a de minimis interest via his holding in both Elderstreet VCT plc and Unicorn AIM VCT plc.

No other Directors who served during the year held beneficial interests in the Company.

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

CAPITAL

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

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

SUBSTANTIAL INTERESTS

There were the following substantial interests (3% or more) in the Company's issued ordinary share capital as at 2nd January 2016

Versatel Company Limited*	32.2%
Mrs V. Belotserkovskaya	16.0%
Unicorn Asset Management Limited	12.8%
Elderstreet Investments Limited	7.0%
HSBC Global Custody Nominee (UK)	6.1%
Uvenco Holdings Limited	3.1%

*The Belotserkovsky Concert Party of which Versatel Company Limited is a part, holds an interest in 54.4% of the Company's issued ordinary share capital. Versatel Company Limited was deemed to be a part of the Concert Party as a result of the business relationship between its owner and Boris Belotserkovsky.

DIRECTORS' INDEMNITIES

The Company has paid £2,999 (2014 - £3,180) in respect of Directors' and Officers' indemnity insurance.

REPORT ON CORPORATE GOVERNANCE

The Financial Conduct 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 UK Corporate Governance 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 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 regular basis, generally each month.

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 that acted during the Financial Year comprised at various times 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.

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments are included within the Strategic Report on page 18.

EMPLOYEE INVOLVEMENT

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

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

DISABLED EMPLOYEES

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

POST BALANCE SHEET EVENTS AND FUTURE DEVELOMENTS

Full details of post balance sheet events are disclosed in Note 30 of the financial statements.

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

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 15 March 2016 and is signed on its behalf by

Jeremy Hamer
Chairman

Date: 15 March 2016

INDEPENDENT AUDTOR'S REPORT TO THE MEMBERS OF SNACKTIME PLC

We have audited the financial statements of SnackTime plc for the year ended 27 March 2015 which comprise the Group Statement of Financial Position and Company Balance Sheet, the Group Statement of Comprehensive Income, the Group Statement of Cash Flows, the Group Statement of Changes in Equity 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

The audit evidence available to us was limited because of a breakdown in the Group's internal controls, together with a lack of adequate accounting records kept by the parent and certain subsidiary undertakings within the Group. This breakdown of internal control was due to the lack of accounting resource, particularly at head office and resulted in essential month and year end control account reconciliation procedures not being performed and the frequent absence of approval and review of transactions. Management did not address these deficiencies before our audit commenced and we therefore encountered numerous errors, unreconciled differences, unsubstantiated transactions and journals during the course of our initial audit. The completion of the audit was put on hold for several months to allow management time to rectify the deficiencies and correct the errors and differences. As a result of this process, management were able to reconcile the closing Group Statement of Financial Position and Company Balance Sheet but were not able to reconcile all the differences in the Group Statement of Comprehensive Income and the Group Statement of Cash Flows. We completed our audit but were unable to confirm or verify the remaining differences by alternative audit procedures. As a result we have been unable to obtain sufficient appropriate audit evidence over the categorisation of transactions in the Group Statement of Comprehensive Income and the Group Statement of Cash Flows and the related notes.

Qualified opinion on financial statements

In our opinion, except for the possible effects of matters described in the Basis for qualified opinion paragraph:

- the Financial Statements give a true and fair view of the state of the Group's and the parent company's affairs as at 27 March 2015 and of the group's loss for the year then ended;

- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company's Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. Further funds may be required to finance the Company's working capital requirements. The Directors have signed an agreement for a debt facility which requires renewal in December 2016. The Directors are confident of obtaining an extension to the existing financing arrangements and that all outstanding liabilities can be met. There is however no guarantee that an agreement will be reached and that the current financing is adequate to cover all liabilities falling due. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept by the parent company.

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:

- 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.

Simon Brooker
For and on behalf of BDO LLP, statutory auditor
Reading
Date
15 March 2016

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

SNACKTIME PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED 27 MARCH 2015

	Notes	2015 Loss before Exceptional Items Amortisation & Share Option Charges £	2015 Amortisation & Share Option Charges £	2015 Exceptional Items (Note 5) £	2015 Total £	2014 Loss before Exceptional Items Amortisation & Share Option Charges £	2014 Amortisation & Share Option Charges £	2014 Exceptional Items (Note 5) £	2014 Total £
REVENUE	3	16,167,197	-	-	16,167,197	18,810,814	-	-	18,810,814
Cost of sales		(7,458,071)	-	-	(7,458,071)	(8,453,409)	-	-	(8,453,409)
GROSS PROFIT		8,709,126	-	-	8,709,126	10,357,405	-	-	10,357,405
Administration expenses		(11,087,636)	(235,204)	(1,432,835)	(12,755,675)	(10,784,838)	(433,926)	(7,172,339)	(18,391,103)
LOSS FROM OPERATIONS	5	(2,378,510)	(235,204)	(1,432,835)	(4,046,549)	(427,433)	(433,926)	(7,172,339)	(8,033,698)
Finance income	6	20	-	-	20	165	-	-	165
Finance costs	7	(337,066)	-	-	(337,066)	(504,147)	-	-	(504,147)
LOSS BEFORE TAXATION		(2,715,556)	(235,204)	(1,432,835)	(4,383,595)	(931,415)	(433,926)	(7,172,339)	(8,537,680)
Income tax credit	11				315,266				796,159
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME TTRIBUTABLE TO THE OWNERS OF THE PARENT									
Loss per share attributable to the owners of the parent					(4,068,329)				(7,741,521)
Basic loss per share	12				(16.92) pence				(47.35) pence
Diluted loss per share	12				(16.92) pence				(47.35) pence

All operations are continuing.
The Notes on pages 26 to 63 form part of these financial statements.

SNACKTIME PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED 27 MARCH 2015

	Issued share capital £	Share premium account £	Share option reserve £	Convertible debt option reserve £	Capital redemption reserve £	Merger reserve £	Warrant Reserve £	Retained deficit £	Total £
***Balance as* at 1 April 2013**	326,980	8,347,383	313,720	86,514	1,274,279	6,817,754	2,236,130	(9,153,729)	10,249,031
Total comprehensive loss for the year	-	-	-	-	-	-	-	(7,741,521)	(7,741,521)
Share options expense	-	-	41,872	-	-	-	-	-	41,872
Variation of existing convertible loans	-	-	-	(31,351)	-	-	-	86,514	55,163
New convertible loans issued	-	-	-	92,143	-	-	-	-	92,143
Balance as at 31 March 2014	**326,980**	**8,347,383**	**355,592**	**147,306**	**1,274,279**	**6,817,754**	**2,236,130**	**(16,808,736)**	**2,696,688**
Balance as at 1 April 2014	326,980	8,347,383	355,592	147,306	1,274,279	6,817,754	2,236,130	(16,808,736)	2,696,688
Total comprehensive loss for the year	-	-	-	-	-	-	-	(4,068,329)	(4,068,329)
Share options expense	-	-	18,970	-	-	-	-	-	18,970
Release of merger reserve	-	-	-	-	-	(6,817,754)	-	6,817,754	-
Issue of shares	316,000	2,054,000	-	-	-	-	-	-	2,370,000
Balance as at 27 March 2015	**642,980**	**10,401,383**	**374,562**	**147,306**	**1,274,279**	**-**	**2,236,130**	**(14,059,311)**	**1,017,329**

The Notes on pages 26 to 63 form part of these financial statements.

SNACKTIME PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

27 MARCH 2015

Company number: 06135746

	Notes	**2015**	*2014*
		£	*£*
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	**4,802,133**	*6,162,739*
Intangible assets	14	**1,246,932**	*1,907,081*
Deferred tax asset	16	**49,656**	*49,150*
		6,098,721	*8,118,970*
CURRENT ASSETS			
Inventories	17	**1,122,301**	*1,283,529*
Trade and other receivables	18	**1,936,606**	*2,674,911*
Cash and cash equivalents		**701,082**	*1,612,884*
		3,759,989	*5,571,324*
TOTAL ASSETS		**9,858,710**	*13,690,294*
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	19	**(3,298,089)**	*(4,616,011)*
Trade and other payables	20	**(3,925,920)**	*(3,662,975)*
Provisions	21	**(63,939)**	*(170,492)*
		(7,287,948)	*(8,449,478)*
NON CURRENT LIABILITIES			
Borrowings	19	**(1,127,138)**	*(1,803,073)*
Deferred tax liability	16	**(426,295)**	*(741,055)*
		(1,553,433)	*(2,544,128)*
TOTAL LIABILITIES		**(8,841,381)**	*(10,993,606)*
NET ASSETS		**1,017,329**	*2,696,688*
EQUITY – ISSUED SHARE CAPITAL ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Share capital	22	**642,980**	*326,980*
Share premium account	23	**10,401,383**	*8,347,383*
Merger reserve	23	**-**	*6,817,754*
Capital redemption reserve	23	**1,274,279**	*1,274,279*
Share option reserve	23	**374,562**	*355,592*
Convertible debt option reserve	23	**147,306**	*147,306*
Warrant reserve	23	**2,236,130**	*2,236,130*
Retained deficit	23	**(14,059,311)**	*(16,808,736)*
TOTAL EQUITY		**1,017,329**	*2,696,688*

These financial statements were approved by the Board of Directors and authorised for issue on 15 March 2016.They were signed on its behalf by:

Jeremy Hamer

The Notes on pages 26 to 63 form part of these financial statements.

SNACKTIME PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD ENDED 27 MARCH 2015

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES	£	£
Loss Before Tax	(4,383,595)	(8,537,680)
Exceptional items (excluding impairment of intangibles and exceptional finance expenses)	499,303	593,695
Loss before taxation and exceptional items	(3,884,292)	(7,943,985)
Finance costs	337,066	504,147
Finance income	(20)	(165)
Loss/(profit) on disposal of fixed assets	1,163	(8,991)
Depreciation of property, plant and equipment	1,268,232	1,566,373
Amortisation of intangible assets	211,617	392,055
Impairment of Intangible and tangible assets	933,533	6,578,644
Share based payment expense	18,970	41,872
Operating cash (outflow)/ inflow pre-exceptional costs	(1,113,731)	1,129,950
Exceptional items	(499,303)	(593,695)
Operating cash (outflow)/ inflow	(1,613,034)	536,255
Decrease/(Increase) in inventories	161,228	(34,961)
Decrease in receivables	738,305	182,361
Increase/(Decrease) in payables	219,995	(173,552)
(Decrease)/increase in provisions	(106,553)	104,397
Cash (used in)/ generated from operations	(600,059)	614,500
Interest paid	(337,066)	(434,845)
Income taxes received/(paid)	-	12,017
Net cash (expenditure)/income from operating activities	(937,125)	191,672
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	20	165
Proceeds on disposal of property, plant and equipment	15,595	36,315
Purchase of property, plant and equipment	(409,385)	(630,816)
Net cash used in investing activities	(393,770)	(594,336)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,120,304)	(180,000)
Net finance lease payments	(54,870)	(72,282)
Proceeds from issue of new loan notes		1,022,456
Proceeds from issue of shares	2,370,000	
Net cash generated from financing activities	1,194,826	770,174
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(136,069)	367,510
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	320,140	(47,370)
CASH AND CASH EQUIVALENTS AT END OF YEAR	184,071	320,140
Cash and cash equivalents comprise:		
Cash	701,082	1,612,884
Overdrafts	(517,011)	(1,292,744)
	184,071	320,140

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 17 Rufus Business Centre, Ravensbury Terrace, London, SW18 4RL. The Company's shares are traded on the AIM market of the London Stock Exchange.

Basis of preparation

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

These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 and under the historical cost convention,

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

Going concern

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

The Group made a loss of £4.1 million for the period ended 27 March 2015 and had net current liabilities of £3.5 million and net assets of £1 million as at that date. Since then, net funds of £3 million were raised through the issue of new shares which were paid through a combination of cash and the conversion of loan notes and other creditor balances. The Group's bank borrowings were also refinanced in December 2015, details of which you can find in Note 19 to the financial statements. Management have prepared a cash flow forecast for the period to December 2017, the starting position being based on unaudited management accounts to December 2016. Whilst the Directors have continued to reduce the operating costs of the Group and improve the performance of the vending estate there is limited cash headroom in the forecast. Should the Group's operating performance be lower than forecast a further injection of working capital may be required.

The loan agreement with The Cooperative Bank plc includes covenant testing covering cash flow available for debt service and EBITDA interest costs cover. Testing of these covenants is to take place from December 2016. The cash flow forecast indicates that the Group may breach the cash flow available for debt service covenant on the facility in December 2016. Under the terms of the loan agreement, the breach can be cured through an injection of equity. Were the shareholders to decide not to cure, an event of default would arise which under the terms of the agreement would result in the total principal together with accrued interest and all other amounts accrued becoming payable on demand..

In order to satisfy themselves that the going concern basis remains appropriate the Directors have requested and been granted a non-binding letter of support from the Group's majority shareholder Mr Belotserkovsky that he intends to support the Group in respect of any cure that might be required in respect of the bank loans should a covenant breach occur and that he will provide further funds should there be a need for a further investment to support working capital during the next 12 months. The letter of support confirmed that he has access to the required funds to continue to provide financial support to the Group.

1 PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

Going concern (continued)

The details set out above indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors are of the opinion that the bank and the majority shareholder will continue to support the Group as they have each done in the recent past and hence it will continue as a going concern, meeting its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

The following new standards have been adopted during the period

- IFRS 10 Consolidated Financial Statements
- IAS 27 (Revised) "Separate Financial Statements"
- Offsetting Financial Assets and Financial Liabilities – (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The adoption of the above new standards has not had a material impact on the financial statements during the period ended 31 March 2015

New Standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the directors have considered the standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and only IFRS 15 "Revenue from Contracts with Customers" was considered to be relevant. The Directors are still assessing whether the application of IFRS 15 once effective will have a material impact on the results of the Company.

1 PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

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:

- Property, plant and equipment includes the value of the vending machine estate. The Directors annually assess both the residual value of these assets and the expected useful life of such assets.
- The Directors have estimated the useful economic lives of intangible assets. The economic lives and the amortisation rates are reviewed annually by the Directors.
- The Group receives branding fees to contribute to the installation and refurbishment of vending machines. The Directors are required to assess the amounts receivable at each reporting date and whether all the conditions have been met to enable these to be recognised.
- The sales from vending machines disclosed are recognised at the point of sale to the customer. At each year end, the Directors are required to make an estimate of sales where the vending machine has not been emptied or inspected at the 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 are the costs of making good premises under the terms of the property lease agreements.
- An impairment of intangible and tangible fixed assets has the potential to significantly impact upon the Group's statement of comprehensive income for the year. In order to determine whether impairments are required the Directors estimate the recoverable amount of the intangibles. This calculation is based on the cash flow forecasts applicable to the Group of cash-generating units for the following financial year extrapolated over an eight year period assuming no growth. A discount factor, based upon the Group's weighted average cost of capital is applied to obtain a current value ('value in use'). The fair value less costs to sell of the cash generating unit is used if this results in an amount in excess of value in use. Any potential impairment is allocated first against intangible fixed assets and then against tangible fixed assets.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The merger method of accounting was adopted in respect of the Group reconstruction involving 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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
Land and buildings	-	2 – 4% straight line basis

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

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

f) Intangible assets

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Impairment of assets

Assets that have a finite useful life but that are not yet in use and are therefore not subject to amortisation or depreciation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually and when events or circumstances suggest that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

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

h) Leases

Where a lease is entered into which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as an item of property, plant and equipment and is depreciated over the shorter of its estimated useful life or the term of the lease.

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

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

i) Inventories

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) Cash and cash equivalents

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

k) Share-based payments

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Financial instruments

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

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

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

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

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

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

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

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 in Note 19.
- "Warrants reserve" represents the fair value at the time the warrants were issued.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Pensions

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

o) Segment reporting

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

p) Exceptional Costs

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

Summary details of exceptional costs are shown in Note 5.

q) Provisions

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

3 REVENUE

The Company operates wholly within the United Kingdom.

4 AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	2015	*2014*
	£	*£*
Fees payable to the Company's auditors for the audit of the Company's annual financial statements		
Total audit fees	**55,000**	*25,000*
Fees payable to the Group's auditors for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	**88,700**	*76,600*
Other services in relation to taxation	**14,850**	*14,420*
All other services	**6,180**	*6,180*
	109,730	*97,200*
	164,730	*122,200*

5 LOSS FROM OPERATIONS

	2015	*2014*
	£	*£*
This is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
- owned by the Group	**1,221,584**	*1,503,813*
- held under finance leases	**46,649**	*79,870*
Loss/(profit) on disposal of property, plant and equipment	**1,163**	*(8,991)*
Exceptional costs	**1,432,835**	*7,172,339*
Amortisation of intangible assets	**211,617**	*392,055*
Rentals under operating leases:		
- Land and building	**115,452**	*157,689*
- Plant and machinery	**515,034**	*481,043*

Exceptional costs comprise of:

	2015	*2014*
	£	*£*
Restructuring and redundancy costs	**419,930**	*206,625*
Onerous lease provisions	**56,951**	*22,254*
Professional fees on restructuring	**22,422**	*157,068*
Reorganisation of national accounts	**-**	*25,539*
Impairment of fixed assets	**485,000**	*-*
Legal costs and settlement of court case	**-**	*182,209*
Impairment of intangible assets	**448,532**	*6,578,644*
Exceptional costs included in administration costs and operating profit	**1,432,835**	*7,172,339*

Exceptional costs in 2015 denoted as restructuring and redundancy costs following the continued restructuring of the Group. Legal costs incurred in the year to 31 March 2014 followed the loss of a court case.

The 2014 impairment of intangible assets includes the full impairment of the recognised goodwill across both the vending and specialist drinks division. The 2015 impairment relates to the brand and customer list intangibles as well as an impairment to the specialist drinks division. The impairments have arisen following continued difficult trading conditions and the loss of a key customer.

6 FINANCE INCOME

	2015 £	*2014 £*
Bank interest receivable	**20**	*165*

7 FINANCE COSTS

	2015 £	*2014 £*
Interest on bank loans and overdrafts	**229,571**	*294,957*
Interest on convertible loan notes	**78,304**	*169,133*
Interest on obligations under finance leases	**29,191**	*40,057*
	337,066	*504,147*

8 DIRECTORS' REMUNERATION

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

	Salary	Fees	Benefits	Total 2015	*Total 2014*
	£	£	£	£	*£*
Non-Executive Directors					
M Jackson	-	20,000	-	20,000	*16,250*
M Slinkert	-	12,000	-	12,000	*20,000*
I Forde	10,000	-	-	10,000	*125,280*
G White	15,833	-	-	15,833	*-*
Executive Directors					
J Hamer	107,500	-	-	107,500	*100,000*
T James	148,000	-	-	148,000	*142,500*
M Stone	66,361	-	-	66,361	*-*
Directors' remuneration	347,694	32,000	-	379,694	*404,030*
NIC				33,105	*27,914*
Share based payment expense				18,970	*17,428*
Key Management Compensation				431,769	*449,372*

Key management personnel are considered to be only the Company's Directors.
During the period ended 27 March 2015 pension contributions of £Nil *(2014 - £Nil)* were paid in respect of the highest paid Director.
The highest paid director received emoluments of £148,000 (2014: £142,500) in respect of their services for the period ended 27 March 2015.

8 DIRECTORS' REMUNERATION *(continued)*

Directors' interests in share options

	Option Type	Date of grant	Number of options at 27 March 2015	Exercise price	Earliest exercise date	Exercise expiry date
J. Hamer	EMI Option	27/07/2012	500,000	28.50p	28/07/2015	27/07/2022
T. James	EMI Option	24/09/2012	500,000	26.00p	24/09/2015	24/09/2022

Nil *(2014 - Nil)* options were granted to Directors during the period to 27 March 2015. 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 27 March 2015 was 7.5 pence and the range during the year was 6.25 pence to 13.75 pence.

No Directors exercised any options during the year.

9 STAFF NUMBERS AND COSTS

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

	2015	*2014*
Operational staff	**186**	*187*
Administrative staff	**34**	*41*
	220	*228*

The aggregate payroll costs were as follows:	**2015** **£**	*2014* *£*
Wages, salaries and fees	**5,140,529**	*5,292,215*
Pension costs	**56,786**	*53,589*
Social security costs	**615,572**	*567,186*
Share based payment (see Note 24)	**18,970**	*41,872*
	5,831,857	*5,954,862*

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. Details are provided in the reconciliation from segment assets and liabilities to the Group position.

10 SEGMENT INFORMATION *(continued)*

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

10 SEGMENT INFORMATION *(continued)*

	Specialist drinks 2014 £	Franchising 2014 £	Vending 2014 £	Total 2014 £
Revenue				
Total revenue	3,965,914	1,562,103	14,615,457	20,143,474
Inter-segmental revenue	-	-	(1,332,660)	(1,332,660)
Group's revenue per consolidated statement of comprehensive income	3,965,914	1,562,103	13,282,797	18,810,814
Depreciation	(185,553)	(50,342)	(1,330,478)	(1,566,373)
Amortisation	(76,632)	(142,467)	(172,957)	(392,056)
Impairment	(2,961,264)	(975,820)	(2,641,560)	(6,578,644)
Operating profit/(loss) before exceptional items	263,793	(10,347)	(348,083)	(94,637)
Operating loss before exceptional items but after impairment charges	(2,697,471)	(986,167)	(2,989,643)	(6,673,281)
Exceptional costs included within administration expenses and finance expense (Note 5)				(593,695)
Head office costs				(724,850)
Share-based payments				(41,872)
Finance expense (including exceptional finance costs)				(504,147)
Finance income				165
Group loss before tax				(8,537,680)

10 SEGMENT INFORMATION *(continued)*

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

As at 27 March 2015 there were £Nil non-current assets held outside of the United Kingdom *(2014: £Nil).*

10 SEGMENT INFORMATION *(continued)*

	Specialist drinks 2014 £	Franchising 2014 £	Vending 2014 £	Head office 2014 £	Total 2014 £
Additions to non-current assets	542,684	46,633	342,860	3,659	935,836
Reportable segment assets	2,334,209	486,185	8,545,547	2,300,744	13,666,685
Tax assets	-	39,221	9,929	-	49,150
Total Group assets	2,334,209	525,406	8,555,476	2,300,744	13,715,835
Reportable segment liabilities	(538,296)	(352,654)	(3,725,462)	(2,447,486)	(7,063,898)
Loans and borrowings (excluding leases, loan notes and overdrafts)					(3,214,194)
Deferred tax liabilities					(741,055)
Total Group liabilities					(11,019,147)

11 TAXATION

	2015	*2014*
	£	*£*
Adjustment to corporation tax for prior period	**-**	-
Deferred tax		
Origination and reversal of timing differences	**(72,662)**	*(681,787)*
Deferred tax income relating to change in rate	**3,921**	*(108,921)*
Adjustments in respect of prior periods	**(246,525)**	*(5,451)*
Tax (credit)/charge on ordinary activities	**(315,266)**	*(796,159)*

Factors affecting tax (credit)/charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% *(2014: 23%).* The differences are explained below:

	2015	*2014*
	£	*£*
TAX RECONCILIATION		
Loss per accounts before taxation	**(4,383,595)**	*(8,537,680)*
Tax on loss on ordinary activities at standard rate of 21% (2014 - 23%)	**(920,555)**	*(1,963,666)*
Expenses not deductible for tax purposes	**(24,164)**	*2,725,211*
Ineligible depreciation	**3,675**	*(8,364)*
Unrecognised deferred tax	**833,715**	*(409,780)*
Change in rate	**39,095**	*(47,117)*
Amortisation of goodwill	**-**	*(1,076,400)*
Adjustments to deferred tax for prior years	**(247,032)**	*(16,043)*
Adjustments to corporation tax for prior years		-
Current tax (credit)/charge for the year	**(315,266)**	*(796,159)*

There were no factors that may affect future tax charges.

12 LOSS PER SHARE

The calculation of basic loss per share is calculated on the basis of the result for the year after tax, divided by the weighted average number of shares in issue for the period ended 27 March 2015 of 24,040,521 *(2014 - 16,349,014).*

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

	Period ended 27 March 2015			*Year ended 31 March 2014*		
	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	**(4,068,329)**	**24,040,521**	**(16.92)**	*(7,741,521)*	*16,349,014*	*(47.35)*

13 PROPERTY PLANT AND EQUIPMENT

	Land and Buildings £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost						
At 1 April 2013	484,799	188,645	12,367,547	36,143	490,655	13,567,789
Additions	43,880	1,654	856,775	-	33,526	935,835
Disposals	-	-	(100,192)	(27,324)	(26,537)	(154,053)
At 1 April 2014	**528,679**	**190,299**	**13,124,130**	**8,819**	**497,644**	**14,349,571**
Additions		2,390	370,386	21,459	15,150	409,385
Disposals		(109,209)	(4,956,917)	-	(222,681)	(5,288,807)
At 27 March 2015	**528,679**	**83,480**	**8,537,599**	**30,278**	**290,113**	**9,470,149**
Depreciation						
At 1 April 2013	39,191	120,519	6,229,365	22,349	335,765	6,747,189
Charge for the year	13,365	14,771	1,464,011	2,916	71,310	1,566,373
Disposals	-	-	(80,538)	(19,655)	(26,537)	(126,730)
At 1 April 2014	**52,556**	**135,290**	**7,612,838**	**5,610**	**380,538**	**8,186,832**
Charge for the year	14,615	11,019	1,152,766	19,162	70,670	1,268,232
Impairment charge	-	-	485,000	-	-	485,000
Disposals		(109,209)	(4,940,159)	-	(222,681)	(5,272,049)
At 27 March 2015	**67,171**	**37,100**	**4,310,445**	**24,772**	**228,527**	**4,668,015**
Net Book Value						
At 27 March 2015	**461,508**	**46,380**	**4,227,154**	**5,506**	**61,586**	**4,802,133**
At 31 March 2014	476,123	55,009	5,511,292	3,209	117,106	6,162,739
At 31 March 2013	445,608	68,126	6,138,182	13,794	154,890	6,820,600

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:

	2015	*2014*
	£	*£*
Plant and machinery	**415,711**	*578,951*

14 INTANGIBLE ASSETS

	Goodwill	**Customer Relationships**	**Brands**	**Total**
Cost	**£**	**£**	**£**	**£**
At 31 March 2014 and 27 March 2015	**9,546,375**	**1,116,087**	**4,957,883**	**15,620,345**
Amortisation				
At 1 April 2013	5,440,000	186,014	1,116,551	6,742,565
Amortisation charge for the year	-	*74,406*	*317,649*	*392,055*
Impairment charge for the year	*4,106,375*	*615,942*	*1,856,327*	*6,578,644*
At 31 March 2014	*9,546,375*	*876,362*	*3,290,527*	*13,713,264*
At 1 April 2014	*9,546,375*	*876,362*	*3,290,527*	*13,713,264*
Amortisation charge for the year	-	*74,406*	*137,211*	*211,617*
Impairment charge for the year	-	*37,410*	*411,122*	*448,532*
At 27 March 2015	***9,546,375***	***988,178***	***3,838,860***	***14,373,413***
Net book value				
At 27 March 2015	**-**	**127,909**	**1,119,023**	**1,246,932**
At 31 March 2014	-	239,725	1,667,356	1,907,081
At 31 March 2013	4,106,375	930,073	3,841,332	8,877,780

The carrying value of brands within the vending division as at 27 March 2015 was £292,329.

The carrying value of the brands within the franchise division as at 27 March 2015 was £826,694.

14 INTANGIBLE ASSETS *(continued)*

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

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

The remaining useful life of the customer relationships is 1.7 years

The remaining useful life of the Vendia brands is 8.6 years

15 IMPAIRMENT

The Group tests for impairment where there are indications that intangible assets may be impaired. The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets for 2015/16, which are then extrapolated over 8 years and a terminal value applied to the year 8 cash flow. The major assumptions are as follows:

	Specialist drinks %	**Vending %**
2015		
Discount rate	**12.0**	**12.0**
Growth rates in periods 2-8	**0**	**0**
Terminal value	**2.0**	**2.0**
2014		
Discount rate	*12.0*	*12.0*
Growth rates in periods 2-8	*0*	*0*
Terminal value	*2.0*	*2.0*

15 IMPAIRMENT *(continued)*

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

The recoverable amount for the CGU is set out below:

- Specialist drinks exceeded its carrying amount by £Nil (*2014 - £Nil*)
- Vending exceeded its carrying amount by £Nil (*2014 - £Nil)*
- Franchise division exceeded its carrying amount by £131,000 (2014 - £Nil)

In the period to 27 March 2015 the cash flow forecasts of vending were assessed and based on the continued tough trading conditions an impairment of £448,533 was made against the intangible assets of the vending division. A further impairment of £485,000 was also made against the tangible fixed assets of the specialist drinks division based on the future cash flows of the Company not supporting the values within the financial statements.

In the prior year impairment charges of £2,149,188 and £1,957,187 were recognised against the goodwill of the Vending and Specialist Drinks divisions respectively which arose from the acquisition of Vendia UK Limited in 2010. The cash flow forecasts of Vending were reassessed which reflects the tough trading conditions and more closely aligns with actual performance during the prior financial year and this financial year. The Specialist Drinks division lost a key contract in this financial year resulting in a reforecast of their EBITDA prediction. Based on these changes in assumptions the value-in-use was no longer able to support the recognition of goodwill and therefore impairment charges were recognised at 31 March 2014. As the value of goodwill was not able to support the full impairment charge recognised, other intangibles have also been impaired. A surplus impairment of £684,512 was allocated pro rata between the intangible assets of the vending division and the intangible assets of the specialist drinks division were fully impaired.

The total impairment recognised against goodwill and intangibles in the vending division was £2,834,140.

The sensitivity of this impairment to changes in the key assumptions in the recoverable amount are as follows

Increase/(decrease) in impairment

	1% increase £'000	**1% decrease £'000**
Discount rate	89	(108)
Growth rates in periods 2-8	(52)	49
Terminal value	(59)	48

16 DEFERRED TAX

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

	2015	*2014*
	£	*£*
At the start of the year	**(691,905)**	*(1,488,731)*
Income statement credit	**72,156**	*682,424*
Change in tax rate	**(3,921)**	*108,921*
Prior year adjustment	**247,031**	*5,481*
At the end of the year	**(376,639)**	*(691,905)*

Deferred tax assets

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

	Losses	**Provisions**	**Total**
	£	**£**	**£**
At 1 April 2014	*1,621*	*47,529*	*49,150*
Credit to income	14,521	(270,588)	(256,067)
Prior year adjustment	(16,142)	272,715	256,573
At 27 March 2015	**-**	**49,656**	**49,656**

Deferred tax provisions

	Intangible assets	**Tangible assets**	**Total**
	£	**£**	**£**
At 1 April 2014	*381,065*	*359,990*	*741,055*
Charged to income - current year	(135,951)	(192,272)	(328,223)
Prior year adjustment	351	9,191	9,542
Change in tax rate	3,921	-	3,921
At 27 March 2015	**249,386**	**176,909**	**426,295**

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

Within the Group as at 27 March 2015 there were deferred tax assets of £1,865,465 (*2014 – £1,031,350*) which have not been recognised as the Directors do not foresee the utilisation of these assets in the foreseeable future. The deferred tax assets recognised at 27 March 2015 are within subsidiaries who expect to generate sufficient taxable profits to utilise them in the foreseeable future.

17 INVENTORIES

	2015	*2014*
	£	*£*
Finished goods and goods for resale	**1,122,301**	*1,283,529*

£32,522 of inventory was written down in the current year *(2014 - £77,126).* The value of inventory consumed and recognised as an expense was £6,583,820 *(2014 - £7,853,720).*

18 TRADE AND OTHER RECEIVABLES

	2015	*2014*
	£	*£*
Trade receivables	**1,671,703**	*2,378,064*
Other receivables, prepayments and accrued income	**264,903**	*296,847*
	1,936,606	*2,674,911*

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 in some cases secured over franchisees' properties in the event of non-payment.

Some of the trade receivables are past due but not impaired as at 27 March 2015. The ageing analysis of these trade receivables is as follows:

	2015	*2014*
	£	*£*
Current	**913,882**	*1,551,033*
One month overdue	**549,913**	*445,637*
Two to six months overdue	**129,479**	*190,182*
Over six months overdue	**78,429**	*191,212*
	1,671,703	*2,378,064*

As at 27 March 2015 trade receivables of £155,709 *(2014 - £153,153)* were past due and impaired. The receivables due at the end of the financial year relate to trading customers, brands and franchisees.

19 BORROWINGS

	2015	*2014*
	£	*£*
Secured borrowings at amortised cost		
Bank overdrafts	**517,011**	*1,292,744*
Bank loans	**2,050,939**	*3,214,194*
Convertible loan notes	**1,022,119**	*1,022,119*
Redeemable loan notes	**498,634**	*498,634*
Finance leases	**336,524**	*391,393*
	4,425,227	*6,419,084*
Amounts due for settlement within 12 months		
Bank overdrafts	**517,011**	*1,292,744*
Bank loans	**2,050,939**	*3,214,194*
Finance leases	**141,058**	*109,073*
Convertible loan notes	**589,081**	*-*
	3,298,089	*4,616,011*
Amounts due for settlement after 12 months		
Bank loans	**-**	*-*
Convertible loan notes	**433,038**	*1,022,119*
Redeemable loan notes	**498,634**	*498,634*
Finance leases	**195,466**	*282,320*
	1,127,138	*1,803,073*
	4,425,227	*6,419,084*

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

	Interest rate	Year of maturity	2015	*2014*
	%		£	*£*
Convertible Loan notes*	**8% Fixed**	**2015**	**589,081**	*589,081*
Convertible Loan notes**	**7% fixed**	**2018**	**433,038**	*433,038*
Redeemable loan notes***	**12% fixed**	**2018**	**498,634**	*498,634*
Bank overdraft	**2.75% over base rate**	**2016**	**184,621**	*1,292,744*
Bank loan	**6% over LIBOR**	**2018**	**1,464,655**	*2,186,083*
Bank loan*****	**5.25% fixed**	**2018**	**585,345**	*1,028,111*

19 BORROWINGS *(continued)*

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

The Group's borrowing facilities at the year end date included a requirement to comply with certain specified covenants in relation to rolling quarterly EBITDA and asset cover. At the year end the Group had commenced discussions with the Co-Operative Bank relating to revised facilities, in view of this it was agreed with the Co-Operative Bank that covenants would not be tested until the end of 2016. Agreement has also been reached with the Co-Operative Bank to extend the Company's existing £750,000 overdraft facility to the end of 2016. In addition, agreement has been reached in respect of the secured loan facility to waive all covenant testing to the end of 2016, defer the two principal repayments of £260,000 due in the last quarter of 2015, and reduce repayments during 2016 from £610,000 to £350,000.

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

The cash flow forecast indicates that the Group may breach the cash flow available for debt service covenant on the facility in December 2016. Under the terms of the loan agreement, the breach can be cured. Were the shareholders to decide not to cure, an event of default would arise which under the terms of the agreement would result in the total principal together with accrued interest and all other amounts accrued becoming payable on demand.

* Convertible loan stock of £600,000 was issued on 16 December 2008. An extension was granted on the repayment of the loan notes for a further 2 years and the loan stock to become repayable in December 2015. Of this £55,163 is treated as equity with the remainder of £544,837 being included in short 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 15 December 2015 or at the loan note holder's request from the 3rd anniversary of the date of issue. In the event of a change in control, the loan note holder may, within 28 days at the date of the change of control, elect by notice to redeem or convert all notes with a 28 day period from when they specify notice. The present value of the debt element has been calculated using an effective interest rate of 12%.

Also included within the terms of the loan note is a redemption premium accruing at 6% per annum to a maximum of 12% of the value of the loan stock.

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

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

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

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

19 BORROWINGS *(continued)*

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.

	2015	*2014*
	£	*£*
Amounts payable under bank loans & loan notes		
Within one year	**3,239,950**	*3,214,194*
1-2 years	**-**	*672,000*
2-5 years	**1,175,364**	*1,175,364*

20 TRADE AND OTHER PAYABLES

	2014	*2014*
	£	*£*
Due within one year		
Trade payables	**1,938,087**	*2,011,638*
Social security and other taxes	**780,951**	*766,411*
Other payables	**306,705**	*115,577*
Accruals and deferred income	**900,177**	*769,349*
	3,925,920	*3,662,975*

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

Obligation under finance leases

	2015	*2014*
	£	*£*
Amounts payable under finance leases		
Within one year	**159,533**	*136,566*
Two to five years	**234,512**	*322,523*
Less future finance charges	**(57,521)**	*(67,696)*
Present value of lease obligations	**336,524**	*391,393*
Amounts due for settlement within 12 months	**141,058**	*109,073*
Amounts due for settlement after 2 – 5 years	**195,466**	*282,320*

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

It is the Group's policy to lease certain parts of its property, plant and equipment under finance leases. For the period ended 27 March 2015 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.

21 PROVISIONS

	Onerous contracts £	Legal dispute £	Leasehold dilapidation £	Total £
At 1 April 2013	3,007	-	63,088	66,095
Additions in the year	-	167,209	22,254	189,463
Utilised in the year	(3,007)	-	(82,059)	(85,066)
At 1 April 2014	**-**	**167,209**	**3,283**	**170,492**
Additions in the year	8,894		24,217	33,111
Utilised in the year	-	(139,664)	-	(139,664)
At 27 March 2015	**8,894**	**27,545**	**27,500**	**63,939**
Due within one year or less	8,894	27,545	27,500	63,939

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.

Legal dispute – Provision is made for the costs of a legal claim made from a former franchisee owner which is expected to be fully settled within 12 months of the year end

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

	2015 £	*2014 £*
Allotted, called up and fully paid equity share capital		
At 27 March (ordinary shares of £0.02 each)	**642,980**	*326,980*

During the year a total of 15,800,000 2 pence shares were issued for a consideration of 15 pence per share.

23 SHARE PREMIUM AND RESERVES

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

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

23 SHARE PREMIUM AND RESERVES *(continued)*

GROUP	Issued share capital £	Share premium account £	Merger reserve £	Capital redemption reserve £	Share option reserve £	Convertible debt option reserve £	Warrant reserve £	Retained deficit £
Balance as at 31 March 2013	*326,980*	*8,347,383*	*6,817,754*	*1,274,279*	*313,720*	*86,514*	*2,236,130*	*(9,153,729)*
Share option expense	-	-	-	-	41,872	-	-	-
Variation of existing convertible loans	-	-	-	-	-	(31,351)	-	86,514
New convertible loans issued	-	-	-	-	-	92,143	-	-
Retained loss for the year	-	-	-	-	-	-	-	(7,741,521)
Balance at 31 March 2014	*326,980*	*8,347,383*	*6,817,754*	*1,274,279*	*355,592*	*147,306*	*2,236,130*	*(16,808,736)*
Share option expense	-	-	-	-	18,970	-	-	-
Issue of shares in the year	316,000	2,054,000	-	-	-	-	-	-
Transfer of merger reserve	-	-	(6,817,754)	-	-	-	-	6,817,754
Retained loss for the year	-	-	-	-	-	-	-	(4,068,329)
Balance at 27 March 2015	**642,980**	**10,401,383**	**-**	**1,274,279**	**374,562**	**147,306**	**2,236,130**	**(14,059,311)**

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:

	2015 Number of share options	**2015 Weighted average exercise price (£)**	*2014 Number of share options*	*2014 Weighted Average Exercise price (£)*
Outstanding at the beginning of the year	1,361,230	0.73	*1,902,528*	*0.73*
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	(361,230)	-	*(541,298)*	-
Outstanding at the end of the year	**1,000,000**	**0.27**	*1,361,230*	*0.73*
Exercisable at the end of the year	-	-	*194,445*	*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 £0.27, is 147 days. The weighted average fair value of the options when issued was £0.11.

	2015	*2014*
IFRS 2 Fair value charge recognised as an expense	**£18,970**	*£41,872*
Average share price	**10.3p**	*12.9p*

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%	51%	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

Issue Date	27 July 2012	24 September 2012
Expected volatility	76%	84%
Expected life	3 years	3 years
Risk-free rate	0.83%	0.83%
Dividend yield	N/A	N/A
Weighted average share price on the grant date	£0.35	£0.35
Exercise price	£0.29	£0.26

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 at amortised cost

	2015	*2014*
	£	*£*
Receivables		
Trade receivables	**1,671,703**	*2,378,064*
Cash and cash equivalents	**701,082**	*1,612,884*
	2,372,785	*3,990.948*

The maximum credit risk exposure is £1,671,703 *(2014 - £2,378,064).*

Financial liabilities at amortised costs by category

	2015	*2014*
	£	*£*
Current liabilities		
Trade and other payables (exc. social security and taxes)	**3,056,866**	*2,896,564*
Borrowings	**3,298,089**	*4,616,011*
Provisions	**152,042**	*170,492*
	6,506,997	*7,683,067*
Non-current liabilities		
Borrowings	**1,127,138**	*1,803,073*
	7,634,135	*9,486,140*

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 £2.0m has an interest rate of 6% above LIBOR on £1.5 million of the balance. The remaining 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% *(2014 - +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.

	2015	**2015**	*2014*	*2014*
	£	**£**	*£*	*£*
	+1%	**-1%**	*+1%*	*-1%*
Adjusted net result for the year	**4,042,650**	**4,094,009**	*7,706,733*	*7,776,310*
Adjusted equity	**991,650**	**1,043,009**	*2,661,900*	*2,731,476*

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

26 OPERATING LEASE ARRANGEMENTS

	2015	*2014*
	£	*£*
Minimum lease payments under operating leases recognised as an expense in the year	**630,486**	*638,732*

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

	2015	*2014*
	£	*£*
Within one year	**588,675**	*412,870*
2 to 5 years	**731,684**	*738,686*
Over 5 years	**53,438**	-
	1,373,797	*1,151,556*

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

27 RELATED PARTY TRANSACTIONS

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

In the period ended 27 March 2015 there were the following related party transactions involving a Director or a Company related to a Director:

During the year loan notes totalling £Nil (*2014 - £400,000*) were issued to Elderstreet VCT. As at 27 March 2015 the total amount owed on loan notes was £450,000 (2014 - £450,000).

During the year loan notes totalling £Nil *(2014 - £10,000*) were issued to T. James. As at 27 March 2015 the total amount owed on loan notes was £10,000 (*2014 - £10,000*).

During the year loan notes totalling £Nil (*2014 - £35,000*) were issued to M. Jackson. As at 27 March 2015 the total amount owed on loan notes was £35,000 *(2014 - £35,000*).

During the year loan notes totalling £Nil (*2014 - £50,000*) were issued to M. Slinkert. As at 27 March 2015 the total amount owed on loan notes was £55,000 (*2014 - £55,000*).

During the year loan notes totalling £Nil (*2014 - £40,000*) were issued to J. Hamer. As at 27 March 2015 the total amount owed on loan notes was £40,000 (*2014 - £40,000*).

During the year loan notes totalling £Nil (*2014 - £100,000*) were issued to the W&E Jackson Settlement Trust. As at 27 March 2015 the total amount owed on loan notes was £nil (*2014 - £100,000*).

During the year loan notes totalling £Nil (*2014 - £300,000*) were issued to Unicorn Asset Management. As at 27 March 2015 the total amount owed on loan notes was £850,000 (*2014 - £850,000*).

All of the above loan notes are unsecured.

An amount of £109,162 *(2014: £110,010)* was paid and £Nil *(2014:* £Nil*)* was accrued as at 27 March 2015 to Bretforton Marketing Services Limited for marketing consultancy and brand fee commission.

During the year, the Group purchased services of £49,608 (2014 £49,607) from Wilowstarcom, a company in which Elderstreet VCT has an interest.

During the year, Versatel Co Limited, a part of the “Concert Party” associated with Boris Belotserkovsky, purchased 15.8 million ordinary shares of 2 pence at a price of 15 pence per share in two tranches: 3.8 million in June 2014 and 12 million in November 2014. As at 27 March 2015, the total number of ordinary shares owned by Versatel Co Limited was 15.8 million.

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

28 CAPITAL COMMITMENTS

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

29 ULTIMATE CONTROLLING PARTY

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

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

30 POST BALANCE SHEET EVENTS

In June 2015, £100,000 was raised through the placing of 1 million shares at 10 pence per share with certain Directors and managers of the Company.

In December 2015 it was announced that we had reached agreement with certain investors, loan noteholders and creditors to raise in aggregate £3,024,645 through the issue of 40,746,451 new ordinary shares of 2 pence each in the Company. Of the total, £1,050,000 was subscribed for by new and existing investors at 5 pence per share in the form of new funds to provide working capital for the Group, with the balance raised through the conversion of loan notes and other creditor balances at 10 pence per share to strengthen the Group's balance sheet.

In February 2016 we announced the conversion of a further £57,290 of loan notes at 10 pence per share. Of the original £1.62 million of redeemable or convertible loan notes in either 2015 or 2018 all but £80,166 have now converted to equity.

Throughout this period discussions have also continued with the Co-Operative Bank. Loan repayments have been sporadic but by 27 March 2015 the outstanding balance had reduced to £2.0 million which had reduced further to £1.87 million by 29 February 2016. The £750,000 overdraft ran alongside the loan facility throughout the period.

In February 2016 a new agreement was reached with the Co-Operative Bank to extend the Company's existing £750,000 overdraft facility to the end of 2016. In addition, agreement has been reached in respect of the secured loan facility to waive all covenant testing to the end of 2016, and fix the repayments due in calendar year 2016 to £350,000.

Based upon management's current forecasts a covenant breach will occur in December 2016 when testing resumes. The existence of this potential breach and its remedy are referred to in the going concern note at various points throughout this annual report.

SNACKTIME PLC
COMPANY FINANCIAL STATEMENTS
PERIOD ENDED 27 MARCH 2015

SNACKTIME PLC

COMPANY BALANCE SHEET

27 MARCH 2015

Company number: 06135746

	Notes	**27 March 2015 £**	*31 March 2014 £*
FIXED ASSETS			
Fixed Assets	3	**58,047**	*62,347*
Investments	4	**7,534,112**	*10,514,454*
		7,592,159	*10,576,801*
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	**2,424,857**	*2,412,951*
		2,424,857	*2,412,951*
CURRENT LIABILITIES	6	**(11,075,972)**	*(10,815,488)*
NET CURRENT LIABILITIES		**(8,651,115)**	*(8,402,537)*
LONG TERM LIABILITIES	7	**(931,672)**	*(1,520,753)*
		-	-
PROVISIONS FOR LIABILITIES AND CHARGES	8	**-**	-
NET ASSETS		**(1,990,628)**	*653,511*
SHAREHOLDERS FUNDS			
Share capital	9	**642,980**	*326,980*
Share premium account	10	**10,401,383**	*8,347,383*
Share option reserve	10	**374,563**	*355,593*
Capital redemption reserve	10	**1,274,279**	*1,274,279*
Equity element of compound financial instrument	10	**147,306**	*147,306*
Warrant reserve	10	**2,236,130**	*2,236,130*
Retained deficit	10	**(17,067,269)**	*(12,034,160)*
TOTAL SHAREHOLDERS FUNDS	11	**(1,990,628)**	*653,511*

These financial statements were approved by the Board of Directors and authorised for issue
On 15 March 2016. They were signed on its behalf by:

Jeremy Hamer
Director

The Notes on pages 66 to 80 form part of these financial statements.

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and 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 £5,033,109 (2014: £9,174,183).

The financial statements have been prepared on a going concern basis. The Company made a loss of £5,033,109 (2014 - £9,174,183) for the period ended 27 March 2015 and had net current liabilities of £8,651,115 at the balance sheet date (2014: £8,402,537).

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

The Group made a loss of £4.1 million for the period ended 27 March 2015 and had net current liabilities of £3.5 million and net assets of £1 million as at that date. Since then, net funds of £3 million were raised through the issue of new shares which were paid through a combination of cash and the conversion of loan notes and other creditor balances. The Group's bank borrowings were also refinanced in December 2015, details of which you can find in Note 30 to the financial statements. Management have prepared a cash flow forecast for the period to December 2017, the starting position being based on unaudited management accounts to December 2016. Whilst the Directors have continued to reduce the operating costs of the Group and improve the performance of the vending estate there is limited cash headroom in the forecast. Should the Group's operating performance be lower than forecast a further injection of working capital may be required.

The loan agreement with The Cooperative Bank plc includes covenant testing covering cash flow available for debt service and EBITDA interest costs cover. Testing of these covenants is to take place from December 2016. The cash flow forecast indicates that the Group may breach the cash flow available for debt service covenant on the facility in December 2016. Under the terms of the loan agreement, the breach can be cured. Were the shareholders to decide not to cure, an event of default would arise which under the terms of the agreement would result in the total principal together with accrued interest and all other amounts accrued becoming payable on demand.

In order to satisfy themselves that the going concern basis remains appropriate the Directors have requested and been granted a non-binding letter of support from the Group's majority shareholder Mr Belotserkovsky that he will act as guarantor in respect of any cure that might be required in respect of the bank loans should a covenant breach occur and that he will provide further funds should there be a need for a further investment to support working capital during the next 12 months. The letter of support confirmed that he has access to the required funds to continue to provide financial support to the Group.

1 ACCOUNTING POLICIES *(continued)*

The details set out above indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors are of the opinion that the bank and the majority shareholder will continue to support the Group as they have each done in the recent past and hence it will continue as a going concern, meeting its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

b) Investments

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

c) Tangible fixed assets

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

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

Fixtures, fittings & equipment - 25% straight line basis

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

d) Convertible loan

The convertible loan notes disclosed in Notes 7 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.

1 ACCOUNTING POLICIES *(continued)*

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 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.

h) Income tax (continued)

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:

	2015	*2014*
	No	*No*
Administrative staff	**8**	*8*

The aggregate payroll costs were as follows:	**2015**	*2014*
	£	*£*
Wages, salaries and fees	**424,980**	*438,704*
Social security costs	**70,846**	*38,205*
Pension costs	**10,151**	-
	505,977	*476,909*

Details of the Directors' remuneration can be found on Page 38.

3 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost	
At 1 April 2014	*102,067*
Additions	1,137
At 27 March 2015	**103,204**
Depreciation	
At 1 April 2014	*39,720*
Charge for the year	5,437
At 27 March 2015	**45,157**
Net Book Value at 27 March 2015	**58,047**
Net Book Value At 31 March 2014	*62,347*

4 INVESTMENTS

Investments in shares of subsidiary undertakings:

	£
At 1 April 2014	***10,514,454***
Impairment charge for the year	(2,980,342)
At 27 March 2015	**7,534,112**

All subsidiaries are registered in England and Wales.

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

5 DEBTORS

	2015 £	2014 £
Amounts due within 1 year		
Trade debtors	**149,137**	*312,473*
Prepayments	**47,365**	*29,479*
Other debtors	**366,424**	*18,842*
Amounts owed by subsidiary undertaking	**1,861,931**	*2,052,157*
	2,424,857	*2,412,951*

6 CURRENT LIABILITIES

	2015 £	2014 £
Amounts due within 1 year		
Bank overdraft (secured)	**184,621**	***282,613***
Bank loan (secured)	**2,050,939**	***3,214,194***
Convertible loan (Note 7)	**589,081**	-
Trade creditors	**167,580**	***96,030***
Social security and other taxes	**65,089**	***340,337***
Accruals & deferred income	**327,184**	***207,753***
Amounts owed to subsidiary undertakings	**7,691,478**	***6,674,561***
	11,075,972	***10,815,488***

7 BORROWINGS

Amounts due for settlement after 12 months	**2015**	*2014*
	£	*£*
Convertible loan	**931,672**	*1,520,753*
Bank loan	**-**	*-*
	931,672	*1,520,753*

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

	Interest rate	**Year of maturity**	**2015**	*2014*
	%		**£**	*£*
Convertible Loan notes*	**8% Fixed**	**2015**	**589,081**	*589,081*
Convertible Loan notes**	**7% fixed**	**2018**	**433,038**	*433,038*
Redeemable loan notes***	**12% fixed**	**2018**	**498,634**	*498,634*
Bank overdraft	**2.75% over base rate**	**2016**	**184,621**	*282,613*
Bank loan	**6% over LIBOR**	**2018**	**1,464,655**	*2,186,083*
Bank loan*****	**5.25% fixed**	**2018**	**585,345**	*1,028,111*

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

The Group's borrowing facilities at the year end date included a requirement to comply with certain specified covenants in relation to rolling quarterly EBITDA and asset cover. At the year end the Group had commenced discussions with the Co-Operative Bank relating to revised facilities, in view of this it was agreed with the Co-Operative Bank that covenants would not be tested until the end of 2016. Agreement has also been reached with the Co-Operative Bank to extend the Company's existing £750,000 overdraft facility to the end of 2016. In addition, agreement has been reached in respect of the secured loan facility to waive all covenant testing to the end of 2016, defer the two principal repayments of £260,000 due in the last quarter of 2015, and reduce repayments during 2016 from £610,000 to £350,000.

The cash flow forecast indicates that the Group may breach the cash flow available for debt service covenant on the facility in December 2016. Under the terms of the loan agreement, the breach can be cured. Were the shareholders to decide not to cure, an event of default would arise which under the terms of the agreement would result in the total principal together with accrued interest and all other amounts accrued becoming payable on demand.

* Convertible loan stock of £600,000 was issued on 16 December 2008. An extension was granted on the repayment of the loan notes for a further 2 years and the loan stock to become repayable in December 2015. Of this £55,163 is treated as equity with the remainder of £544,837 being included in short 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 15 December 2015 or at the loan note holder's request from the 3rd anniversary of the date of issue. In the event of a change in control, the loan note holder may, within 28 days at the date of the change of control, elect by notice to redeem or convert all notes with a 28 day period from when they specify notice. The present value of the debt element has been calculated using an effective interest rate of 12%.

Also included within the terms of the loan note is a redemption premium accruing at 6% per annum to a maximum of 12% of the value of the loan stock.

7 BORROWINGS CONTINUED

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

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

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

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

	2015	*2014*
	£	*£*
Amounts payable under bank loans & loan notes		
Within one year	**2,640,020**	*3,214,194*
One to two years	**-**	*672,000*
Two to five years	**931,672**	*1,175,364*

8 PROVISIONS

	Leasehold dilapidations	**Total**
	£	**£**
At 1 April 2013	47,000	*47,000*
Additions in the year	-	-
Released in the year	(47,000)	*(47,000)*
At 1 April 2014	-	-
Additions in the year		
Utilised in the year	-	-
At 27 March 2015	**-**	**-**
Due within one year or less	-	-

.

9 SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid equity share capital		
At 27 March 2015 (ordinary shares of £0.02 each)	**642,980**	*326,980*

During the year a total of 15,800,000 2 pence shares were issued for a consideration of 15 pence per share

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).
Warrant	Cumulative fair value of warrants in issue.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

10 SHARE PREMIUM RESERVES *(continued)*

COMPANY	Issued share capital £	Share premium account £	Share option reserve £	Capital redemption reserve £	Convertible debt option reserve £	Warrant Reserve £	Retained deficit £	Total £
Balance at 31 March 2014	*326,980*	*8,347,383*	*355,593*	*1,274,279*	*147,306*	*2,236,130*	*(12,034,160)*	*653,511*
Issue of shares	316,000	2,054,000	-	-	-	-	-	2,370,000
Share option expense	-	-	18,970	-	-	-	-	18,970
Retained loss for the year	-	-	-	-	-	-	(5,033,109)	(5,033,109)
Balance at 27 March 2015	**642,980**	**10,401,383**	**374,563**	**1,274,279**	**147,306**	**2,236,130**	**(17,067,269)**	**(1,990,628)**

11 SHAREHOLDERS' FUNDS

Reconciliation of movement in shareholders' funds.

	27 March 2015	*31 March 2014*
	£	*£*
Loss for year	**(5,033,109)**	*(9,174,183)*
Share option expense	**18,970**	*41,871*
Equity element of new compound financial instrument	**-**	*92,143*
Adjustment of existing compound financial instrument	**-**	*55,163*
Issue of shares	**2,370,000**	-
Net loss to shareholders' funds	**(2,644,139)**	*(8,985,006))*
Opening shareholders' funds	**653,511**	*9,638,517*
Closing shareholders' funds	**(1,990,628)**	*653,511*

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:

	2015 Number of share options	**2015 Weighted average exercise price (£)**	*2014 Number of share options*	*2014 Weighted average exercise price (£)*
Outstanding at the beginning of the year	1,361,230	0.73	*1,902,528*	*0.73*
Granted during the year			-	-
Forfeited/lapsed during the year	(361,230)	-	*(541,298)*	-
Outstanding at the end of the year	**1,000,000**	**0.27**	*1,361,230*	*0.73*
Exercisable at the end of the year	-	-	*194,445*	*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 £0.27, is 147 days. The weighted average fair value of the options when issued was £0.11.

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

	2015	*2014*
IFRS 2 Fair value charge recognised as an expense	**18,970**	*41,872*
Average share price	**10.34p**	*12.9p*

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	27 July 2012	24September 2012
Expected volatility	60%	76%	84%
Expected life	3 years	3 years	3 years
Risk-free rate	0.83%	0.83%	0.83%
Dividend yield	N/A	N/A	N/A
Weighted average share price on the grant date	£0.62	£0.35	£0.35
Exercise price	£0.61	£0.29	£0.26

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

Related party transactions are those involving Directors or companies in which Directors have an interest.

In the period ended 27 March 2015 there were the following related party transactions:

During the year loan notes totalling £Nil (*2014 - £400,000*) were issued to Elderstreet VCT. As at 27 March 2015 the total amount owed on loan notes was £450,000 (2014 - £450,000).

During the year loan notes totalling £Nil *(2014 - £10,000*) were issued to T. James. As at 27 March 2015 the total amount owed on loan notes was £10,000 (*2014 - £10,000*).

During the year loan notes totalling £Nil (*2014 - £35,000*) were issued to M. Jackson. As at 27 March 2015 the total amount owed on loan notes was £35,000 *(2014 - £35,000*).

During the year loan notes totalling £Nil (*2014 - £50,000*) were issued to M. Slinkert. As at 27 March 2015 the total amount owed on loan notes was £55,000 (*2014 - £55,000*).

During the year loan notes totalling £Nil (*2014 - £40,000*) were issued to J. Hamer. As at 27 March 2015 the total amount owed on loan notes was £40,000 (*2014 - £40,000*).

During the year loan notes totalling £Nil (*2014 - £100,000*) were issued to the W&E Jackson Settlement Trust. As at 27 March 2015 the total amount owed on loan notes was £Nil (*2014 - £100,000*).

During the year loan notes totalling £Nil (*2014 - £300,000*) were issued to Unicorn Asset Management. As at 27 March 2015 the total amount owed on loan notes was £850,000 (*2014 - £850,000*).

All of the above loan notes are unsecured.

An amount of £109,162 *(2014: £110,010)* was paid and £Nil *(2014:* £Nil*)* was accrued as at 27 March 2015 to Bretforton Marketing Services Limited for marketing consultancy and brand fee commission. Ian Forde is a Director of this company.

During the year, the Group purchased services of £49,608 (2014 £49,607) from Wilowstarcom, a company in which Elderstreet VCT has an interest.

During the year, Versatel Co Limited, a part of the “concert party” associated with Boris Belotserkovsky, purchased 15.8 million ordinary shares of 2 pence at a price of 15 pence per share in two tranches: 3.8 million in June 2014 and 12 million in November 2014. As at 27 March 2015, the total number of ordinary shares owned by Versatel Limited was 15.8 million.

14 POST BALANCE SHEET EVENTS

In June 2015, £100,000 was raised through the placing of 1 million shares at 10 pence per share with certain Directors and managers of the Company.

In December 2015 it was announced that we had reached agreement with certain investors, loan noteholders and creditors to raise in aggregate £3,024,645 through the issue of 40,746,451 new ordinary shares of 2 pence each in the Company. Of the total, £1,050,000 was subscribed for by new and existing investors at 5 pence per share in the form of new funds to provide working capital for the Group, with the balance raised through the conversion of loan notes and other creditor balances at 10 pence per share to strengthen the Group's balance sheet.

In February 2016 we announced the conversion of a further £57,290 of loan notes at 10 pence per share and more recently a further £5,000. Of the original £1.62 million of redeemable or convertible loan notes in either 2015 or 2018 all but £75,166 have now converted to equity.

Throughout this period discussions have also continued with the Co-Operative Bank. Loan repayments have been sporadic but by 27 March 2015 the outstanding balance had reduced to £2.0m which had reduced further to £1.87 million by 29 February 2016. The £750,000 overdraft ran alongside the loan facility throughout the period.

In February 2016 a new agreement was reached with the Co-Operative Bank to extend the Company's existing £750,000 overdraft facility to the end of 2016. In addition, agreement has been reached in respect of the secured loan facility to waive all covenant testing to the end of 2016, and fix the repayments due in calendar year 2016 to £350,000.

Based upon management's current forecasts a covenant breach will occur in December 2016 when testing resumes. The existence of this potential breach and its remedy are referred to in the going concern note at various points throughout this annual report.

Full details of these subscriptions are available on our website.