



**Vianet Group plc**

Consolidated Annual Report & Accounts  
Year ended 31 March 2015



The market leading provider of real time monitoring systems and data management services for the UK leisure and forecourt sectors

**vi**atelemetry 

**VENDEXPERT**  
UNLOCK YOUR EXPERTISE 

**i Draught**  


 **VIANET**  
FUEL SOLUTIONS

**Machine insite** 

 **VIANET** Americas

# FINANCIAL HIGHLIGHTS

- Revenue for the year of €18.53 million (2014: €18.34 million)
- Recurring revenues at 71% (2014: 78%)
- Gross margin increased to 59.4% (2014: 58.8%)
- Operating profit before amortisation of goodwill, share option and exceptional costs up 4.3% at €3.18 million (2014: €3.05 million)
- Profit before tax up 9.6% at €1.71 million (2014: €1.56 million)
- Final dividend of 4.00 pence per share proposed giving a full year total of 5.70 pence per share (2014: 5.70 pence per share)
- Vending operating profit up 60% at €0.56 million (2014: €0.35 million)
- Fuel Solutions into profit at €0.03 million (2014: €0.20 million loss)
- Operational cash generation up 78% at €2.87 million (2014: €1.61 million)
- Underlying basic earnings per share (pre deferred tax adjustment) up 9.3% at 6.33 pence (2014: 5.79 pence)

# OPERATIONAL HIGHLIGHTS

- 5,702 new vending units (2014: 2,067)
- High calibre appointment to the role of Managing Director of Vending solutions
- 555 new beer monitoring installations of which 526 were higher value iDraught™ (2014: 416 and 296 units respectively)

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# COMPANY INFORMATION

**Directors** S W Darling (Chief Executive Officer)  
J W Dickson (Executive Chairman)  
M H Foster (Chief Financial Officer)  
S C Gilliland (Non-Executive Director)  
M McGoun (Non-Executive Director)  
C Williams (Non-Executive Director)

**Secretary** M H Foster

**Registered office** One Surtees Way  
Surtees Business Park  
Stockton on Tees  
TS18 3HR

**Registered number** 5345684

**Auditors** Grant Thornton UK LLP  
No 1 Whitehall Riverside  
West Yorkshire  
LS1 4BN

**Bankers** Lloyds Banking Group plc  
1st Floor  
Black Horse House  
91 Sandyford Road  
Newcastle  
NE99 1JW

**Nominated Adviser** Cenkos Securities plc  
6. 7. 8. Tokenhouse Yard  
London  
EC2R 7AS

**Stockbroker** Cenkos Securities plc  
6. 7. 8. Tokenhouse Yard  
London  
EC2R 7AS

**Solicitors** Gordons LLP  
Riverside West  
Whitehall Road  
Leeds  
LS1 4AW

**Registrars** Capita IRG  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

# CHAIRMAN'S STATEMENT

Against a background of uncertainty related to the introduction of the Statutory Code for Pub Companies, Vianet's results for the full year show that encouraging progress has been made. The focused approach to exploiting growth opportunities such as in vending telemetry has returned the Group to modest growth.

Those parts of the Group which are considered to have lower potential have been optimised to produce steady cash flow and Vianet's beer flow monitoring operations are evolving to address external market pressures. Innovative new solutions are being developed and introduced to ensure we remain relevant to our core pub industry customers who are adapting to market changes

In June 2014, the Government lifted some of the uncertainty by publishing its proposed Statutory Code for Pub Companies which the Board regarded as a fair outcome, greeting it with cautious optimism. Subsequently traction in iDraught™ sales started to develop until further uncertainty was introduced in December 2014 with the House of Commons' narrow vote in favour of a Bill to introduce a market rent only ("MRO") option to the Statutory Code.

The Bill has now progressed through the parliamentary process, with likely implementation by Summer 2016. Whilst there may be limited long term impact, the current uncertainty for pub companies has held back further investment in this area, leading to an increase in pub disposals and closures. Although there have been no lost contracts, this has resulted in a net loss of almost 900 beer monitoring installations at a time when the Group was starting to witness a pickup in trading.

This loss of sites held back financial performance in H2 2015 and into the H1 2016, but continued investment in Vending division growth, innovation in the Leisure division, and the Fuel division moving into profit have offset this drag and help provide an encouraging outlook for the Group as a whole.

Good performance has been achieved in the Vending division, where coffee market solutions, including development of supply into machine manufacturers, contributed significantly to results. A significant contract with a multinational coffee company has been rolling out through the period.

Group turnover of £18.53 million was marginally ahead of last year, whilst operating profit of £3.18 million was up by 4.3%. In particular, the Vending division's operating profits increased by 60% to £0.56 million (2014: £0.35 million).

The Group's overall operating gross margins of 59.4% (2014: 58.8%) benefitted from an improved product mix and planned reductions in the cost base across the business.

Group profit before taxation amounted to £1.71 million (2014: £1.56 million) and was impacted by reduced exceptional costs of £0.6 million (2014: £0.71 million) incurred largely from implementation of the cost base reduction programme and further rationalisation of the Group's structure, which has now been largely completed. The Board expects to see a further reduction in exceptional costs in FY 2016.

Basic earnings per share post-exceptional costs (pre-deferred tax asset movements) increased to 6.33 pence from 5.79 pence in 2014.

Against this improving backdrop and the continued strength of recurring income, the Board is proposing to maintain the final dividend at 4.00 pence which, if approved by shareholders, would give a total dividend for the year of 5.70 pence (2014: 5.70 pence).

Subject to approval from shareholders at the Annual General Meeting, to be held on 29 June 2015, the final dividend will be paid on 24 July 2015 to shareholders on the register as at 12 June 2015.

## Board and Staff

The Board is pleased to announce the appointment of Matt Lane to the new role of Managing Director for the Vending Solutions division, reporting directly to Stewart Darling, Group CEO. Matt is a high calibre individual with extensive experience in the vending sector having recently held the roles of Head of Beverage Solutions and Head of Vending at Nestle Professional UK.

The Group's culture, values and frameworks, whereby everyone at Vianet collectively and individually always 'seeks to do the right thing', have been fundamental in gaining support and strengthening the Group's position and reputation, whether dealing with customers, politicians, suppliers or other stakeholders.

Living and breathing 'doing the right thing' not only underpins Vianet's ethos and corporate governance but also the reputation for integrity and transparency, which is a key component of the Group's solutions for customers.

Across the Group, we have been engaged on a number of large development projects and change programmes and our people have again responded with their usual enthusiasm, demonstrating commitment which continues to build the Group's reputation with customers.

I would like to thank all of my Board colleagues, senior management and staff for their continued efforts and commitment on behalf of the Group over the past year.

### **Outlook**

Vianet's growth and profitability remains strongly influenced by external factors be they legislative, socio-economic, or corporate activities affecting the UK pub sector.

Whilst the backdrop to trading in the pub sector will likely remain challenging, the Group continues to make good progress in offsetting the impact of this through successful diversification, continued investment and product innovation to deliver highly relevant customer solutions, and actions taken to reduce costs and improve efficiency.

- The UK beer flow monitoring business continues to evolve and innovate to deliver relevant solutions in a changing business environment and to sustain its strong earnings from long term contracts.
- Vending Solutions has delivered further strong profits growth and has made excellent progress in developing significant new sales opportunities with major global customers. Its prospects remain excellent and there is real focus on developing our capability to take advantage of our leading position in coffee vending and of our vending contactless payment solutions.
- The self-contained Fuel Solutions division is now profitable, has built an excellent reputation with customers and has a good sales pipeline into FY 2016. The effort and commitment to executing our strategy over the past 18-24 months is now paying off and I am confident that our relevance to convenience, a stronger forecourt services pipeline and new opportunities for recurring income contracts in fuel management solutions, will ensure good growth for this division in FY 2016.

The Board remains confident that Vianet's long term strategy is appropriate, that the Group is well positioned, within the parameters of its influence, to deliver sustained earnings growth, which in doing so should also expand the future strategic options for Vianet.



**James W Dickson**  
Chairman

# CHIEF EXECUTIVE OFFICER'S STATEMENT (INCLUDING CHAIRMAN'S REVIEW OF FUEL SOLUTIONS)

## Introduction and approach

Vianet's focus on building a business that is durable for the long term has continued at pace. The Group continues to make good progress in engaging customers to develop and deliver solutions which unlock value in their business and ultimately lead to their increased profitability. We are also increasingly cognisant that the solutions we offer are part of a new industrial revolution commonly referred to as the 'Internet of Everything'.

Whether in industry or the home, embedding intelligence in a growing network of devices will increasingly connect people and machines, leading to new insights, improved decision making and ultimately new business models to challenge existing ones. This gives a great stimulus to evolving the way we think about markets and the needs of our customers, and is also shaping our thinking around what is required to compete even more effectively in the future, whether it be developing new partnerships in a changing industry ecosystem or focusing on a few highly relevant key competencies that will differentiate us.

Long term established relationships with blue chip customers give us a deep understanding of what drives value in their business, and enables Vianet to stay focused on identifying and providing solutions that best meet those needs. With the growth in the Internet of Everything we recognise that the competitive forces in the Group's markets are changing, giving Vianet attractive opportunities although it also means that we may be increasingly exposed to regulatory environments which do not always lend themselves to rapid progress.

The Group's success continues to be rooted in three core strengths in which we continue to invest:

- (i) providing customer solutions which create a platform to make better business decisions;
- (ii) working collaboratively with customers to identify innovations which will drive a material shift in business performance; and
- (iii) developing and retaining great talent in an organisation that is focused on those things that add value.

## Leisure Solutions

Leisure Solutions, comprising core beer monitoring and gaming machine monitoring, inclusive of Vianet Americas costs, achieved an operating profit pre-

amortisation and exceptional costs of £4.14 million (2014: £4.26 million).

The introduction of the MRO option to the Statutory Code, following a last minute intervention in Parliament, has once again cast a shadow of uncertainty over leased and tenanted pub companies and therefore has an adverse impact on industry confidence. With this legislation having passed through Parliament to become law, and likely to be implemented by June 2016, we estimate that it will be a further 12-18 months before its true impact can begin to be assessed.

Whilst pub companies continue to deliberate on how best to approach this change, it is clear that the uncertainty has caused investment expenditure to be postponed together with further pub disposals. Despite these challenges, good progress was made in the adoption of the higher value iDraught™ product and service with 526 additional sites gained during the year. However, this was more than offset by acceleration in the number of pub disposals, which resulted in a loss of approximately 1,400 standard beer monitoring installations over the financial year. This loss of operating contribution from a reduced number of sites being serviced, combined with the full year impact of contract extension negotiations has more than offset the positive effect of new iDraught sales in the financial year.

The commercial trials of iDraught™ solutions for some key managed pub retailers has the objective of determining how best to unlock the value lost through sub optimal draught beer dispense. The trials have proved successful in terms of the results yielded, but progress to contract and roll out has been held back by M&A activity in that sector of the market. Despite this setback in timing, we are optimistic for progress this year.

Overall, the Board remains cautiously confident that the outlook for further growth in the higher value iDraught™ product and service remains promising but the implementation of the MRO option and the resultant accelerated pubs closures will dampen this effect.

## Vianet Americas Inc.

Vianet Americas has continued to make progress following strengthening of the commercial team. Whilst this change initially slowed down sales traction, the team has developed an approach to the market that is starting to deliver the necessary sales growth.



The pre-exceptional loss for the year was reduced to £0.33 million (2014: £0.40 million). Increased focus on national chains, partially offset by withdrawal from several smaller outlets, resulted in the number of contributing sites increasing to 143 (2014: 121 sites).

Market analysis clearly indicates that Vianet's iDraught™ solution is substantially ahead of all competitors in the USA, and this advantage, combined with our strategic alliance with Micro Matic USA for nationwide installation, service and sales support, leaves the Board cautiously optimistic that we will begin to see the progress in sales and reduction in trading losses that our efforts to date have merited.

### Vending Solutions

The Vending Solutions division continued to make very good progress in the period, resulting in a profit of £0.56 million (2014: £0.35 million). This progress can be attributed to the alignment of its vending proposition with key strategic drivers in the marketplace and securing contracts with major blue chip customers. The successful implementation of this strategy is particularly pleasing when factoring in the impact of vending estate rationalisation which is an inevitable outcome of installing our solution.

Cash-only payment has long been an inhibitor of consumption and the consumer experience in the vending industry. The evolution and growth of cashless payment solutions provides a material opportunity to change this dynamic and attract more consumers to the vending space.

For retailers adopting and deploying cashless payment solutions the benefits are generally immediate in terms of sales growth and reduced operating cost, which in turn drive increased adoption. Although Vianet's cashless solutions have developed throughout the year, it is a complex environment which itself is changing as a result of European banking regulation, new market entrants such as Apple Pay, and consumer habits amongst other factors. The decision to partner with payment industry specialists to develop our solutions initially slowed deployment, however we expect that Vianet's cashless payment solutions portfolio and significant experience developed in this new and dynamic space could offer exciting growth opportunities for the Group in years to come.

### Vianet Fuel Solutions ("VFS")

VFS, the Group's Fuel Solutions division made good progress during the period, benefitting from increased

adoption of its range of solutions in the forecourt convenience market, which resulted in improved revenue and margin mix, and importantly, a strong pipeline of activity and opportunities into FY2016.

Turnover of £4.17 million (2014: £4.19 million) was held back by several projects being delayed into FY2016.

The cost base rationalisation and focus on higher margin activity resulted in margins improving to 25.7% (2014: 23.8%). Full year profits in the financial year were £0.03 million (2014: £0.19 million loss).

VFS comprises two distinct business areas:

- Fuel Management Solutions ("FMS") which designs, develops, supports and operates fuel management applications and web-based mission critical data services for forecourt operators; and
- Construction and Forecourt Services ("CFS") which provides added value field based services to complement and support FMS.

Development of our fuel management solutions, together with specialised facilities and compliance management solutions, has created a leading suite of web-based tools which together with the CFS products, provides forecourt operators with the only one-stop shop for what are increasingly essential services.

Against this background, VFS now has an excellent reputation for strong solution innovation, professional execution and standout customer care, all of which we consider fundamental to delivering its growth aspirations. Testimony to VFS success are the number of customers, such as Co-operative groups, Henderson Group, Central Stores, Asda and Morrisons, who commence with a single solution and add further services from the portfolio. This is particularly the case in the forecourt convenience market where VFS's solutions enable operators to increase their focus on higher margin convenience sales.

VFS is now well placed to expand its long term relationships with national operators and the growing convenience sector, whilst building a robust and exclusive distribution of its products to the independent sector. We therefore expect VFS to make good progress in 2016.

# Chief Executive Officer's Statement (Including Chairman's Review of Fuel Solutions) (continued)

## Strategy for Growth

The Group's strategic intent remains to extend the footprint of its solution development and support services in selected sectors where there is considerable technical and operational overlap, and to respond to new opportunities as they arise. There remains an absolute focus on working in partnership with key customers to introduce solutions which drive compelling and sustainable returns on investment and, in turn, cement a profitable long term trading relationship with Vianet.

Whilst the Group has continued to invest in acquiring and developing its product set, much work has been implemented to ensure that the legacy flow monitoring business stays fit for purpose in relation to the changing needs of our customers, the impact of legislative change and the uncertainty that will create as customers rethink their business models, and the emergence of big data and its potential to transform decision making. Key developments that have been addressed are:

- next generation beer monitoring technology for the wider licensed trade;
- machine to machine transmission technology and cutting edge data capture that are both tried and tested and have the potential for application across multiple sectors of which vending telemetry is an outstanding example; and
- people and management capability to ensure the Group takes those steps forward.

## Outlook

Vianet continues to invest in the competencies, skills and behaviours essential to delivering success in the various industries in which the Group operates. Developing great people, culture and values is at the core of what we do and my straightforward philosophy for managing the business is that great people always develop great strategies, plans and products - not the other way around. For that reason, we have again invested in the recruitment and development of high calibre individuals to take the business forward, particularly in sales, and in people development and technology.

Building on that theme, and given the need to have an individual solely focused on realising the exciting opportunities in the vending market, I am delighted that we will be joined in May 2015 by a new Managing

Director, Matt Lane, to lead our Vending Solutions business.

As a result of continuing uncertainty due to the implementation of the industry MRO option, Vianet's traditional beer monitoring business will remain under pressure from pub closures and disposals, and reduced investment expenditure, however the Board expects this to be at least partially offset by continued growth in iDraught™ installations plus other initiatives such as growth of Casio EPOS system sales under our distribution agreement with Casio.

Despite these challenges in Vianet's core business, vending and gaming machine solutions will contribute strongly to the growth of the Group and we are cautiously optimistic of making progress with iDraught™ in the USA after a year of change. VFS should also have a much improved 2016 both in terms of sales and profitability.

Looking to the development of Vianet, there is no doubt that the competitive landscape is changing in a way that will require the Group to concentrate its efforts on the competencies and capabilities key to driving value for our customers in chosen markets, and accept that partnering with scale providers for some services may well be a critical part of this fast changing landscape.

Focusing on the drivers of growth combined with rigorous cost management of Vianet's legacy business should deliver the desired benefits and performance for customers and shareholders. In what has continued to be a challenging business environment, the Group has continued to make good underlying progress and build a solid foundation, which positions Vianet well for future profitable growth.



**Stewart Darling**  
Chief Executive Officer

# FINANCIAL REVIEW

## Group trading result

The financial year under review featured very good growth in Vending Solutions, a reasonable performance from Machine Insite within Leisure, Fuel Solutions moving into a small profit, and reduced losses in the US where work to unlock value continues with some potentially large customers. The penetration of iDraught™ in the UK in the year has progressed, which was pleasing to see post what was thought to be a satisfactory outcome from the Statutory Code consultation in June 2014. This gain, however, has been more than offset by both pub disposals and the uncertainty re-introduced in December 2014 by the MRO option emanating from the Statutory Code debate. Overall, this has slowed trading progress in H2 2015.

The Group has continued with an ongoing cost rationalisation programme, maintained margins, invested for growth, and added key people where needed.

Total revenue for the year was £18.53 million (2014: £18.34 million). Operating profit (before amortisation of intangible assets, share based payments, and exceptional items) was up by 4.3% to £3.18 million (2014: £3.05 million) in line with expectations as reported in December 2014. The results are after absorbing reduced US losses of £0.33 million but with the Fuel division moving in to a small profit.

Blended recurring revenues for the Group are slightly behind last year at 71% (2014: 78%), core beer remaining robust at 83% and Fuel Solutions maintaining a level of around 40%.

Modestly reduced exceptional costs of £0.6 million (2014: £0.7 million) largely result from a lower level of staff reduction and changes during the year, a trend which should improve further in FY2016. We

continue to ensure Vianet is positioned with the right management in place for growth, a process which has taken time to effect. That transition was responsible for the bulk of these exceptional costs, resulting in Group operating profit (pre intangible asset amortisation and share based payments) being up by 10.1% to £2.58 million (2014: £2.34 million).

## Divisional performance

The Leisure division, consisting of the core beer monitoring business (including the US), and gaming machine monitoring, achieved revenue of £12.15 million (2014: £12.45 million) and gross margins pre the cost of data management of 70% (2014: 69%). The divisional results were positively impacted by higher iDraught™ sales than the previous financial year and the benefits of continued cost rationalisation programmes, but faced a strong headwind of pub disposals of circa 1,400 (net circa 900) during the year under review.

The core beer monitoring business delivered 555 (2014: 416) new installations of which 526 (2014: 296) were the higher value iDraught™ systems, as well as 29 traditional Brulines beer monitoring systems. The active installation base after pub company disposals, change of use and uplifted systems is approximately 15,500 (2014: 16,400) systems. Against this background, the core beer monitoring business remains resilient with iDraught™, which is currently 19.6% (2014: 16.6%) of the installation base, extending its footprint.

The final part of the Leisure division is Machine Insite brand which contributed a robust £0.22 million (2014: £0.22 million) this year.

Vending made significant progress in the year with unit sales of 5,702 (2014: 2,067). This helped improve turnover to £2.1 million (2014: £1.5 million) and a pre-

## Divisional Performance

FY 2015	£'000 Leisure	£'000 Vending	£'000 Technology	£'000 Fuel Solutions	£'000 Corporate	£'000 Total
Revenue	12,146	2,105	107	4,172	-	18,530
Gross profit	8,568	1,291	77	1,074	-	11,010
	70%	61%	72%	26%	-	59%
<b>Operating profit/(loss) pre amortisation, share based payments and exceptional costs</b>	<b>4,136</b>	<b>559</b>	<b>(176)</b>	<b>26</b>	<b>(1,369)</b>	<b>3,176</b>

## Financial Review (continued)

exceptional and amortisation profit of £0.56 million (2014: £0.35 million). Although good headway was made on unit sales, one consequence of our service is that customers use the operational transparency to manage their estates more efficiently including the rationalisation and removal of vending machines that are not viable. Accordingly, the net configured units in the field increased by c. 2,500 to c. 14,500 (2014: c. 12,000) with a higher level of hardware sales impacting the revenue mix of c. 45% recurring this year (2014: c. 70%). Vending continues to be well positioned for growth as outlined in the Chief Executive Officer's statement and further investment in this area is being made to move it forward.

The Fuel Solutions division made some significant steps forward this financial year, moving to a small profit for the year, despite delayed starts to several large contract order wins. Turnover was £4.17 million (2014: £4.19 million). Whilst not yet at the level desired, the division delivered a profit before exceptional items and amortisation of £0.03 million (2014: £0.19 million loss) with gross margins of c. 26% (2014: c. 24%). Over the year, underlying performance improved with increased recurring income, higher margins and a reduced cost footprint. The developments referred to in the Chief Executive Officer's statement should result in an increased contribution from this division in FY 2016.

### Overall Group results

Group results overall, before amortisation of intangible assets, share based payments, option costs, and exceptional costs, were a profit of £3.18 million as compared to £3.05 million in the financial year ended 31 March 2014.

The table below shows the performance of the Group (under IFRS), pre and post exceptional costs, as follows:

	FY 2015 £'000	FY 2014 £'000
Revenue	18,530	18,335
Gross Profit	11,010	10,778
	59.4%	58.8%
<b>Operating Profit pre amortisation, share based payments and exceptional costs</b>	<b>3,176</b>	<b>3,048</b>
PBT post exceptional costs	1,709	1,563
PBT pre exceptional costs	2,309	2,272

### Taxation

The Group has continued to utilise available tax losses during the year resulting in no tax being paid (2014: a refund of £0.11 million was received). The Group will continue to utilise the available tax losses carried forward into FY2016. In the financial year under review, the tax line includes a deferred tax asset provision release of £0.42m (2014: £1.57 million asset provision) recognising the impact of the tax losses available and being utilised.

### Earnings per share

Earnings per share has been impacted by the recognition of the deferred tax assets provision referred to above, realising the losses carried by the Group and the unwinding of that provision in FY2015. This reduced overall basic earnings per share before exceptional costs to 7.00 pence for FY2015 as compared to 14.23 pence for FY2014 (which benefitted from the provision being made).

The underlying earnings per share pre the deferred tax asset provision and exceptional items is 8.55 pence for FY2015 compared to 8.42 pence for FY2014. Fully diluted earnings per share (before exceptional costs), which takes account of all outstanding share options, amounted to 8.54 pence in FY2015 which compares to 8.40 pence in the prior financial year.

### Balance sheet and cash flow

The Group balance sheet remains consistently strong.

The Group generated operating cash flow of £2.87 million (2014: £1.61 million) with working capital movement largely neutral. Despite the effects of a challenging core beer market and more aggressive pub company disposal programmes, coupled with losses in the US, the Leisure business overall was a very healthy generator of cash at c. £4.4 million.

The funds generated in FY2015 were utilised to invest in the Group's technology through research and development, service borrowings and fund dividends. The two year £1 million term loan taken in January 2013 was replaced with a new three year £1 million term loan taken in July 2014. At the year end, the Group had borrowings of £2.1 million (2014: £2.4 million), and net debt is marginally lower than last year at £ 2.09 million (2014: £2.25 million).

The balance sheet and cash generating capacity of the Leisure division remains robust and with the Vending and Fuel divisions now contributing operating cash, Vianet has a solid platform to pursue the significant growth opportunities that will generate shareholder value.

A handwritten signature in black ink, appearing to read 'Mark H Foster', with a large, stylized flourish at the end.

**Mark H Foster**  
**Chief Financial Officer**

# STRATEGIC REPORT

## Principal activities

The company is the holding company of a group, the principal activities of which are those of design, product development, sale and rental of fluid monitoring and machine monitoring equipment, together with the provision of data management and related services, both to the leisure and petrol forecourt trade.

## Strategy for Growth

The Group's strategic intent remains to extend its solution development and support services in selected sectors where there is considerable technical and operational overlap, and to respond to new opportunities as they arise. There is absolute focus on working in partnership with key customers to introduce solutions which drive compelling and sustainable returns on investment and, in turn, cement a profitable long term trading relationship with Vianet.

Value innovation and solutions that drive value to the customer are key drivers for our people together with delivery being executed with focus and discipline.

Utilising the solid financial platform provided by the core beer monitoring business, the Group has invested in acquiring and developing its product set in the following areas:

- Next generation beer monitoring technology for the wider licensed trade;
- Machine to machine transmission technology and cutting edge data capture that are both battle tested and have the potential for application across multiple sectors of which vending telemetry is an outstanding example.
- People capability to ensure we have the right people in place to take us forward

## Outlook

The Board believes that the right team is in place with the competencies, skills and behaviours aligned to delivering success in the various industries in which we operate.

Responding to the increasing demands of dealing with international blue chip customers, the Group continues to attract and develop high calibre individuals to take the business forward, particularly in sales and delivery execution.

Whilst Vianet's traditional beer monitoring business will remain under pressure from pub closures and disposals, iDraught™ in the UK, and vending telemetry and cashless payment, and gaming machine telemetry are poised to drive the growth of the Group.

The Group believes that by focusing on growth areas and rigorous cost management of our legacy business, Vianet will deliver the desired benefits and performance for customers and shareholders. In what has continued to be a challenging business environment, the Group has continued to make good underlying progress and build a solid foundation in which positions Vianet for future profitable growth.

## Business Review

### Review of business and future developments

The directors believe the results for the year ended 31 March 2015 are satisfactory, which show a profit before tax and exceptional items of £2.31m (2014: £2.27m).

The results for the year reflect the continued challenging economic circumstances compounded by the Government Statutory Code linked to more aggressive Pub Co site disposal programmes that might otherwise have been the case. The vending division has shown good profits growth, and the fuel division has made good progress. Recurring revenues, however, remain robust and margins remain healthy helped by an ongoing cost reduction programme. The Directors continue to have confidence with the market opportunities that exist coupled with the ongoing cost rationalisation programme that the growth in results will come in to the new financial year and beyond.

The Chairman's and Chief Executive Officer's Statement together with the Financial Review provide further detail on the performance of the Group together with an indication of future prospects.

### Business risk

The directors have considered areas of potential risk to the business to assess its future. On the basis of their review they consider the results and business projections taking into account market conditions that the business is of sound financial footing and has a sustainable operating future. In particular they note that the business has achieved an acceptable result in the year despite the difficult trading conditions, progress in the Fuel division, impact of cost rationalisation and overall market confidence in liquidity and credit.

The directors do not consider there to be any other material business risks other than the potential impact of the proposed Statutory Code but the impact of which will be planned and managed when some certainty appears.

Non financial risks are summarised in the Chairman's Statement on pages 2 to 6.

### Key performance indicators

	Target	Actual 2015	Actual 2014
Percentage of revenue from recurring income streams <sup>1</sup>	70%	71%	78%
Gross Margin <sup>2</sup>	50%	59%	59%
Employee Turnover <sup>3</sup>	2%	2%	2.4%

### Notes to KPIs

<sup>1</sup>Percentage of revenue from recurring income streams = recurring income streams as a percentage of all income streams. Group trading companies aim to increase shareholder value through growth in revenue, linked to profitability (see Gross Margin below). Source data is taken from management information. The recurring contractual nature of the company's income stream has led to continued improvement in performance versus target.

<sup>2</sup>Gross Margin = Gross profit as a percentage of revenue. Group trading companies aim to generate sufficient profit for both distribution to shareholders and re-investment in the company, as measured by Gross Margin. Source data is taken from the audited financial statements.

<sup>3</sup>Employee Turnover = Group trading companies aim to be seen as a good, attractive employers with positive values and career prospects.

### Approval

The strategic report was approved by the Board on 4 June 2015 and signed on its behalf by:



**Mark H Foster**  
Director

# REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2015.

## **Financial risk management**

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk, exchange rate movement and liquidity risk.

While the Group does have a debt exposure, the positive cash generation from operations of the Group means we do not have material exposures in any of the areas identified above and consequently do not use derivative instruments to manage these exposures.

The Group's main financial instruments comprise principally of sterling cash and bank deposits, bank loans and overdrafts together with trade receivables and trade payables that arise directly from its operations. The Group's exposure to foreign exchange risk is not considered a risk due to the level of balances we maintain, the fact we receive and pay in the currencies we have, and the treasury management review we have - balances held which are disclosed in note 18.

The main risks arising from the Group's financial instruments can be analysed as follows:

### ***Credit risk***

The Group's principal financial assets are bank balances, cash, inventory, and trade receivables which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### ***Liquidity risk***

The Group's policy has been to ensure continuity of funding through arranging facilities for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility.

Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits. The interest rate on the bank loan and overdraft are at commercial market rates. The Group's policy is to maintain other borrowings at fixed or low variable rates to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.

## **Dividends**

The directors recommend the payment of a final dividend of 4.00p per share (2014: final 4.00p), taking the full year dividend to 5.70p. (2014: 5.70p)



## Directors and their interests

The current directors of the company are shown below.

Those directors serving at the end of the period had interests in the share capital of the company at 31 March as follows:

	Ordinary shares of 10p each 2015	Ordinary shares of 10p each 2014
S W Darling	-	-
J W Dickson	4,487,860	4,390,534
M H Foster	78,000	75,000
S C Gilliland	26,000	26,000
C Williams	9,250	4,250
M McGoun	-	-

## Directors' emoluments

Details of Directors' emoluments for the year are as follows:

	Salary and fees 2015 £'000	Other emoluments 2015 £'000	Total emoluments 2015 £'000	Salary and fees 2014 £'000	Other emoluments 2014 £'000	Total emoluments 2014 £'000
<b>Executive</b>						
J W Dickson	151	55	206	161	44	205
M H Foster	211	32	243	157	32	189
S W Darling	220	34	254	161	33	194
<b>Non-executive</b>						
S C Gilliland	38	-	38	37	-	37
C Williams	30	-	30	25	-	25
M McGoun	30	-	30	5	-	5
<b>Total</b>	<b>680</b>	<b>121</b>	<b>801</b>	<b>546</b>	<b>109</b>	<b>655</b>

## Report of the Directors (continued)

1. Executive remuneration is determined by the remuneration committee consisting of non-executive Directors C Williams, M McGoun and S C Gilliland attended by the Executive Chairman J W Dickson.
2. No payments were made to any Director in respect of compensation for loss of office in 2015 or 2014
3. Other emoluments received consist of the provision for private medical care, motor car allowances and pension contributions.
4. S Gilliland's fees are paid to SMDH Consulting Limited, a company of which he is a Director
5. C William's fees are paid to MCHD Investments Limited, a company of which he is a Director
6. M McGoun's fees are paid to Noble Adamson Limited, a company of which he is a Director
7. Pension contributions represent payments made to defined contribution schemes. Payments made are disclosed within other emoluments. Non-executive Directors are not entitled to retirement benefits.

### Directors' share options

Details of the share options held by Directors are as follows:

	At 1 April 2014	At 31 March 2015	Option price	Date granted
J W Dickson	75,000	<b>75,000</b>	123.0p	October 2006
	18,600	<b>18,600</b>	96.5p	January 2011
M H Foster	150,000	<b>150,000</b>	67.2p	March 2006
	65,000	-	123.0p	October 2006
	18,600	<b>18,600</b>	96.5p	January 2011
	-	<b>135,000</b>	85.0p	May 2015
S W Darling	100,000	-	125.0p	April 2009
	18,600	<b>18,600</b>	96.5p	January 2011
	-	<b>285,000</b>	85.0p	May 2015
S C Gilliland	24,000	<b>24,000</b>	123.0p	October 2006
	30,000	<b>30,000</b>	102.5p	September 2009

Share options are exercisable between nil and ten years from the date of the grant.

The movement of J W Dickson, M H Foster and S W Darling January 2011 share options pertained to performance conditions over 40% of those options which were not met and have therefore lapsed.

The market price of the Company's shares at the end of the financial year was 86.5p and the range of market prices during the year was between 69.5p and 88p.

## Joint Ownership Plan

The following awards over shares in the Company were made to the following Executive Directors of the Company on 25 September 2009 by a Joint Ownership Plan.

Director	Number of Plan shares in which the Director has an interest
J W Dickson	100,000
M H Foster	100,000
S W Darling	100,000

Awards were made by the Company's Remuneration Committee through the Company's employee benefit trust operated by Halifax EES Trustees International Limited. The awards are subject to EPS performance targets and dependant on performance vest on 31 March 2014. No value has been paid on grant of the Plan shares and participants are entitled to growth over the Plan term.

## Substantial Shareholdings

The Company has been informed that on 25 May 2015 the following shareholders (excluding Directors) held substantial holdings of the issued ordinary shares of the company:

	Holding of Ordinary shares Number	Issued Share capital %
AXA Framlington	3,625,000	13.02
Livingbridge	2,693,982	9.67
IS Partners Investment Solutions	1,690,000	6.07
Lazard Asset Management	1,432,967	5.14
Hargreaves Lansdown Asset Management	1,374,022	4.93
Octopus Investments	1,294,533	4.65
Downing LLP	1,017,650	3.65
Barclays Wealth Management (UK)	944,725	3.39
TD Direct Investing	749,539	2.69
Artemis Fund Managers Limited	735,000	2.64

## Going Concern

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2015/2016, and cash generating capacity at least 12 months from the date of signing (underpinned by long term contracts in place and historical results), have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

## Employees

The Group places great importance on the involvement of its employees, the majority of whom are able to work closely with their managers on a daily basis. Employees are encouraged to be involved in the Group's performance through the use of share options. Employees have frequent opportunities to meet and have discussions with management. The Group aims to keep employees regularly informed of the financial and economic factors affecting the performance of the Group and its objectives in part through the Group intranet and website and in part through regular communication.

The quality and commitment of our people overall has continued to play a major role in our business performance, despite several changes in personnel in the previous 12 months. This has been demonstrated in many ways, including

## Report of the Directors (continued)

improvements in customer satisfaction, contract gains and continued profitability, the development of customer offering and the flexibility they have shown in adapting to changing business requirements and new ways of working. Employees' performance is aligned to company goals through an annual performance review process that is carried out with all employees. Employee turnover was 2%, in line with the threshold we have set.

The Group's policy is that, where it is reasonable and practicable within existing legislation, all employees, including disabled persons are treated in the same way in matters relating to employment, training and career development.

### Research and Development

The Group has a continuing commitment to levels of research and cost of ensuring systems are at the forefront of technological advance which reflect the need to be at the forefront of technological advance to ensure future growth. During the year expenditure on research and development was £707,000 (2014: £622,000) all of which has been recognised as an asset on the balance sheet (2014: £622,000)

### Annual General Meeting

The Annual General Meeting will be held on 29 June 2015 at 11.30am, at the offices of Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, LS1 4BN.

### Directors' Indemnity

Qualifying third party indemnity provisions are in force for the benefit of the directors

### Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual 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 to prepare group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the parent company has elected to prepare company statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the parent company and of the profit or loss of the company and Group for that period. 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 applicable UK Accounting Standards or IFRSs have been followed, 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 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Auditor**

Grant Thornton UK LLP has indicated its willingness to continue in office. A resolution for its re-appointment as independent auditor will be proposed at the AGM.

#### **Approval**

The report of the directors was approved by the Board on 4 June 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mark H Foster', with a large, stylized flourish at the end.

**Mark H Foster**  
Director

# CORPORATE GOVERNANCE STATEMENT

## General Principle

The Group is committed to high standards of corporate governance in all its activities. Whilst the company is not required and does not seek to comply with the 2010 UK Corporate Governance Code, the Board recognises the value of the Code and has regard to its principles as far as practicable and appropriate for a public company of its size and nature.

## The Board

The Board consists of three Executive and three Non-Executive Directors as follows:

### Executive Directors

Stewart W Darling (Chief Executive Officer)  
James W Dickson (Executive Chairman)  
Mark H Foster (Chief Financial Officer and Company Secretary)

### Non-Executive Directors

Stewart C Gilliland  
Mike McGoun  
Chris Williams  
All directors have access to the advice and services of the Company Secretary.

There is a clear division of responsibilities between the Executive Chairman, who is responsible for the running of the Board, and the Chief Executive Officer, who, together with the other Executive Directors, are responsible for running the business.

The Board meets regularly, with no less than ten meetings planned in any one calendar year. Each director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly. There is a formal schedule of matters reserved for Board approval. In principle the Board agrees the Group business plan, determines overall Group Strategy, acquisition, investment, people and development and health and safety policies, as well as approval for major items of capital expenditure.

All directors have access to independent professional advice at the Group's expense. The directors continually ensure they are trained in association with duties and responsibilities of being a director of a listed company.

The independent non-executive directors bring an independent judgement to the management of the Group. They are free from any business or other relationships which could interfere with the exercise of their judgement. The non-executive directors fulfil a key role in corporate accountability.

## Board Committees

The Group has established a number of committees, details of which are set out below and all of which operate with defined Terms of Reference:

### Audit Committee

This consists of:

Chris Williams (Chairman)  
Stewart C Gilliland  
Mike McGoun

It meets at least twice in any year, and is usually attended as a minimum by the Executive Chairman, the Chief Executive Officer and the Chief Financial Officer, as well as the Group's External Auditor.

The Audit Committee has terms of reference (which are available for inspection) to report on matters such as the Group's annual accounts, interim reports, major accounting issues and developments, the appointment of external auditor and their fee, the objectivity of the auditor, the Group's statement on internal control systems and the scope and findings of external audit.

### **Remuneration Committee**

This consists of:

Stewart C Gilliland (Chairman)  
Chris Williams  
Mike McGoun

The Remuneration Committee is attended by the Executive Chairman J W Dickson.

The Remuneration Committee has terms of reference (which are available for inspection) and meets at least twice per year, reviewing and advising upon the remuneration and benefit packages of the Executive Directors and other senior management. The remuneration of the Executive Chairman and non-executive Directors is decided upon by the full Board.

The Remuneration policy is to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value.

The remuneration of the Executive Directors consists of a basic salary and benefits, performance related bonuses and share options. The non-Executive Directors are eligible for performance related share options.

### **Nominations Committee**

This consists of:

James W Dickson (Chairman)  
Stewart C Gilliland  
Chris Williams  
Mike McGoun

The Committee met as required during the course of the year. The Committee has terms of reference which are available for inspection.

### **Internal Control and Risk Management**

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, and recognises these systems are designed to manage rather than eliminate the risk of material loss.

The Board monitors risk through ongoing processes and provides assurance that the significant risks faced by the Group are being identified, evaluated and appropriately managed.

The main elements of the internal control systems are:

- management structure with clearly identified responsibilities
- budget setting process including longer term forecast review
- comprehensive monthly financial reporting system, with comparison to budget, supported by written report from the Chief Executive Officer and Chief Financial Officer

## Corporate Governance statement (continued)

- report to the Audit Committee from the external auditor stating the material findings arising from the audit. This report is also considered by the main Board and action taken where appropriate
- a framework for capital expenditure and controls including authorisation procedures and rules relating to delegation of authority
- risk management policies to manage issues relating to health and safety, environment, legal compliance, insurance and security
- day to day hands on involvement of the Executive Directors

As a result of the above systems and controls, and due to its current size, the Group does not operate an internal audit function, but is keeping its position under review.

### **Shareholder Communication**

The Group places a high level of importance on communicating with its shareholders and welcomes and encourages such dialogue within the regulations governed by the London Stock Exchange. The Board are keen to encourage the participation of a broad base of both institutional and private investors in the Group. Communication with shareholders will be maintained through the Annual General Meeting, annual and interim reports, press releases and periodic presentations.

### **Share Options**

The share option plans in existence at 31 March 2015 were the EMI plan, the Executive plan, the Employee Plan, the Employee Company Share Option Plan and an Executive Joint Ownership Plan. Share options will be issued at appropriate intervals in order to motivate and retain Executive Directors, senior management and other key staff whilst aligning their interests with those of the Group's shareholders. Such grants are approved by the Remuneration Committee.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIANET GROUP PLC

We have audited the group financial statements of Vianet Group plc for the year ended 31 March 2015 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Directors' Responsibilities Statement set out on page 16 the directors are responsible for the preparation of the group 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 group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Other matter

We have reported separately on the parent company financial statements of Vianet Group plc for the year ended 31 March 2015.



Paul Houghton  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Leeds

4 June 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	Note	Before Exceptional 2015 £000	Exceptional 2015 £000	Total 2015 £000	Total 2014 £000
<b>Continuing operations</b>					
Revenue	3	18,530	-	18,530	18,335
Cost of sales		(7,520)	-	(7,520)	(7,557)
<b>Gross profit</b>		11,010	-	11,010	10,778
Administration and other operating expenses		(7,834)	(600)	(8,434)	(8,439)
<b>Operating profit pre amortisation and share based payments</b>		3,176	(600)	2,576	2,339
Intangible asset amortisation		(757)	-	(757)	(734)
Share based payments		(45)	-	(45)	10
<b>Operating profit post amortisation and share based payments</b>		2,374	(600)	1,774	1,615
Finance costs	6	(65)	-	(65)	(52)
<b>Profit before taxation</b>	5	2,309	(600)	1,709	1,563
Income tax expense	7	(419)	-	(419)	1,570
<b>Profit after tax and total comprehensive income for the year attributable to the owners of the parent</b>		1,890	(600)	1,290	3,133
<b>Earnings per share</b>					
- Basic	8	7.00p	(2.22)p	4.78p	11.60p
- Diluted	8	6.99p	(2.22)p	4.77p	11.59p

The accompanying accounting policies and notes form an integral part of these financial statements.

All amounts relate to continuing operations.

Details of the exceptional items are included in note 4.

# CONSOLIDATED BALANCE SHEET

at 31 March 2015

	Note	2015 €000	2014 €000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	17,723	17,723
Other intangible assets	11	2,436	2,486
Property, plant and equipment	12	3,537	3,700
Investments	13	-	-
<b>Total non-current assets</b>		23,696	23,909
<b>Current assets</b>			
Inventories	14	1,897	1,851
Trade and other receivables	15	4,187	3,835
Tax asset	19	1,024	1,443
Cash and cash equivalents		548	183
		7,656	7,312
<b>Total assets</b>		31,352	31,221
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	3,947	3,841
Borrowings	17	1,043	1,183
		4,990	5,024
<b>Non-current liabilities</b>			
Borrowings	17	1,594	1,245
		1,594	1,245
<b>Equity attributable to owners of the parent</b>			
Share capital	20	2,831	2,827
Share premium account		11,198	11,182
Share based payment reserve		209	293
Own shares		(1,381)	(1,381)
Merger reserve		310	310
Retained profit		11,601	11,721
<b>Total equity</b>		24,768	24,952
<b>Total equity and liabilities</b>		31,352	31,221

The Group financial statements were approved by the Board of Directors on 4 June 2015 and were signed on its behalf by:



**J Dickson**  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Merger reserve £'000	Retained profit £000	Total £000
<b>At 1 April 2013</b>	2,827	11,182	(1,381)	345	310	10,086	23,369
Dividends	-	-	-	-	-	(1,540)	(1,540)
Share based payments	-	-	-	(10)	-	-	(10)
Share option forfeitures	-	-	-	(42)	-	42	-
Transactions with owners	-	-	-	(52)	-	(1,498)	(1,550)
Profit and total comprehensive income for the year	-	-	-	-	-	3,133	3,133
Total comprehensive income less owners transactions	-	-	-	(52)	-	1,635	1,583
<b>At 31 March 2014</b>	2,827	11,182	(1,381)	293	310	11,721	24,952
<b>At 1 April 2014</b>	2,827	11,182	(1,381)	293	310	11,721	24,952
Dividends	-	-	-	-	-	(1,539)	(1,539)
Issue of shares	4	16	-	-	-	-	20
Share based payments	-	-	-	45	-	-	45
Share option forfeitures	-	-	-	(129)	-	129	-
Transactions with owners	4	16	-	(84)	-	(1,410)	(1,474)
Profit and total comprehensive income for the year	-	-	-	-	-	1,290	1,290
Total comprehensive income less owners transactions	4	16	-	(84)	-	(120)	(184)
<b>At 31 March 2015</b>	2,831	11,198	(1,381)	209	310	11,601	24,768

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2015

	2015 £000	2014 £000
<b>Cash flows from operating activities</b>		
Profit for the year	1,290	3,133
<b>Adjustments for</b>		
Interest payable	65	52
Income tax expense	419	(1,570)
Amortisation of intangible assets	757	734
Depreciation	492	522
Profit on disposal of investment	-	(90)
Payment of deferred consideration	(20)	(20)
Loss on sale of property, plant and equipment	14	26
Share based payments	45	(10)
<b>Operating cash flows before changes in working capital and provisions</b>	3,062	2,777
Change in inventories	(46)	24
Change in receivables	(352)	(174)
Change in payables	205	(1,020)
	(193)	(1,170)
<b>Cash generated from operations</b>	2,869	1,607
Income taxes refunded	-	110
<b>Net cash generated from operating activities</b>	2,869	1,717
<b>Cash flows from investing activities</b>		
Proceeds on disposal of property, plant and equipment	21	19
Proceeds on disposal of investment	-	623
Purchases of property, plant and equipment	(363)	(455)
Purchases of intangible assets	(787)	(708)
<b>Net cash used in investing activities</b>	(1,129)	(521)
<b>Cash flows from financing activities</b>		
Interest payable	(65)	(52)
Issue of share capital	20	-
Repayments of borrowings	(1,067)	(900)
New borrowings	1,000	-
Dividends paid	(1,539)	(1,540)
<b>Net cash used in financing activities</b>	(1,651)	(2,492)
Net increase/(decrease) in cash and cash equivalents	89	(1,296)
Cash and cash equivalents at beginning of period	(100)	1,196
<b>Cash and cash equivalents at end of period</b>	(11)	(100)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 1. Significant accounting policies

### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). IFRS includes Interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements have been prepared on the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2015/2016, and cash generating capacity at least 12 months from the date of signing (underpinned by long term contracts in place and historical results), have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### 1.2 Subsidiaries

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the company and each of its subsidiaries for the financial year ended 31 March 2015.

Subsidiaries are entities controlled by the Group. Control is deemed to exist when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results, assets, liabilities and cash flows of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Unrealised gains on transactions between the Group parent and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### 1.3 Business combinations

For business combinations occurring since 1 January 2010, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition date fair values.

### 1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods provided in the normal course of business, net of all related discounts and sales tax.

## **1. Significant accounting policies (continued)**

### **Leisure including Vending**

#### **Sale of dispense monitoring equipment**

The revenue from the sale is recognised at the point of installation when the transfer of risk and reward is made to the customer.

#### **Sale of support service packs**

The revenue is recognised over the length of the service contract in accordance with the respective customer's agreements.

#### **Machine & vending monitoring sale of equipment**

The revenue from the sale is recognised at the point of installation when the transfer of risk and reward is made to the customer.

#### **Machine monitoring licence and support, vending service revenue**

The revenue is recognised over the length of the service contract in accordance with the respective customer's agreements.

#### **Machine monitoring data management services**

The revenue is recognised over the length of the service contract in accordance with the respective customer's agreements.

#### **Interest income**

Interest income is accrued on a time basis using the effective interest method.

#### **Rental income**

Income from equipment leased to customers is accounted for on a straight-line basis over the period to which it relates. These arrangements are operating leases, where the risk and reward of the unit, which is capitalised, remains with the Group.

#### **Deferred income**

Deferred income is released over the term of the service contract to which it relates.

### **Fuel Solutions**

#### **Fuel loss management and prevention (wetstock analysis)**

The revenue is recognised over the length of the service contract in accordance with the respective customer's agreements.

#### **Pump dispense calibration and verification services**

The revenue from the sale is recognised at the point of calibration and verification when the transfer of risk and reward is made to the customer.

#### **Facilities management, engineering and project management solutions**

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

# Notes to the Financial Statements for the year ended 31 March 2015 (continued)

## 1. Significant accounting policies (continued)

### Fuel management systems, tank gauging and lining solutions and liquefied petroleum gas and forecourt services

The revenue from the sale is recognised at the point of work being completed when the transfer of risk and reward is made to the customer.

### Interest income

Interest income is accrued on a time basis using the effective interest method.

### Rental income

Income from equipment leased to customers is accounted for on a straight-line basis over the period to which it relates. These arrangements are operating leases, where the risk and reward of the unit, which is capitalised, remains with the Group.

## 1.5 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

## 1.6 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary. Goodwill is not amortised, but tested at least annually for impairment, and carried at cost less accumulated impairment losses. Impairment losses are immediately recognised in profit or loss and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Tests have been undertaken using commercial judgements and a number of assumptions and estimates have been made to support the carrying amount, assessed against discounted cash flows. The details of these assumptions are set out in note 10.

## 1.7 Intangible assets: business combinations

### Acquisition as part of a business combination

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill at their fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets acquired as part of a business combination and recognised by the Group include customer contracts, patents and order book.

After initial recognition, intangible assets acquired as part of a business combination are carried at cost less accumulated amortisation and any impairment losses recognised in administrative expenses in the statement of comprehensive income.



## 1. Significant accounting policies (continued)

### Amortisation

Intangible assets are amortised on a straight-line basis, to reduce their carrying value to their residual value, over their estimated useful lives. The following useful lives were applied during the year:

Customer contracts and relationships	expected length of relationship
Patents	expected length of patent
Order book	expected length of contract

Methods of amortisation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

### 1.8 Intangible assets: Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Directly attributable costs include employee (other than directors) costs incurred on development and directly attributable overheads. The costs of internally generated software developments are recognised as intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

Capitalised development costs are amortised over the life of the product within cost of sales, which is usually no more than five years.

### 1.9 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price of property, plant and equipment together with any directly attributable costs.

# Notes to the Financial Statements for the year ended 31 March 2015 (continued)

## 1. Significant accounting policies (continued)

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the profit or loss when incurred.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of assets to their residual values over their estimated useful lives using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation is charged in equal annual instalments over the following periods:

Freehold land and buildings	50 years
Plant, vehicles and equipment	4 years
Fixtures and fittings	4 years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the profit or loss.

### 1.10 Impairment

At each balance sheet date, the Group assesses whether there is any indication that its assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss. Impairment losses on goodwill are not subsequently reversed.

## **1. Significant accounting policies (continued)**

### **1.11 Operating leases**

The costs of all operating leases are charged to the profit or loss on a straight-line basis. Incentives to sign operating leases are recognised in the profit or loss in equal instalments over the term of the lease.

### **1.12 Own shares**

The costs of purchasing own shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Such amounts are shown in a separate reserve. Neither the purchase nor sale of own shares leads to a gain or loss being recognised.

### **1.13 Inventories**

Inventories are stated at the lower of cost and net realisable value on an average pricing basis. Cost of finished goods and work in progress includes materials and direct labour.

Net realisable value is the estimated selling price, which would be realised after deducting all estimated costs of completion, and costs incurred in marketing, selling and distributing such inventory.

### **1.14 Taxation**

The tax expense represents the sum of current tax and deferred tax.

#### **Current tax**

Current tax is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the balance sheet date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the financial statements or because they are never taxable or deductible.

#### **Deferred tax**

Deferred tax on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method.

Using the balance sheet liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised.

Deferred taxation is measured at the tax rates that are expected to apply when the asset is realised or the liability settled based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities, calculated on an undiscounted basis, are offset only when there is a legally enforceable right to set off current tax amounts and when they relate to the same tax authority and the Group intends to settle its current tax amounts on a net basis.

Current and deferred tax are recognised in the profit or loss except when they relate to items recognised directly in equity, when they are similarly taken to equity.

### **1.15 Pension Costs**

The Group operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the scheme for the year.

# Notes to the Financial Statements for the year ended 31 March 2015 (continued)

## 1. Significant accounting policies (continued)

### 1.16 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

The particular recognition and measurement methods adopted for the Group's financial instruments are disclosed below:

#### Investments

Investments are carried at fair value and are reviewed for impairment by reference to traded share prices.

#### Trade receivables and Cash and cash equivalents

Trade receivables and cash and cash equivalents are categorised as loans and receivables, which are recognised initially at fair value and are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Cash and cash equivalents comprise cash on hand and demand deposits, short term overdrafts, 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.

#### Trade payables and borrowings

Trade payables and borrowings are recorded initially at fair value, net of direct issue costs, and subsequently are recorded at amortised cost using the effective interest method.

### 1.17 Dividends

Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders. Interim dividends are recognised when they are paid.

### 1.18 Employee share option schemes

All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2.

All goods and services received in exchange for the grant of any share-based payment, including awards made under the Joint Ownership Plan (an equity settled scheme) are measured at their fair values. Where employees are rewarded using share-based payments the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit or loss with a corresponding credit to "Share based payment reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to 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, and where appropriate share premium.

## **1. Significant accounting policies (continued)**

### **1.19 Equity**

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.
- “Share based payment reserve” represents equity-settled share-based employee remuneration until such share options are exercised.
- “Own shares reserve” represents the costs/ proceeds of purchasing/ selling own shares.
- “Merger reserve” represents the excess over nominal value of fair value of consideration attributed to equity shares issued in part settlement for subsidiary company shares acquired.
- “Retained earnings reserve” represents retained profits.

### **1.20 New IFRS standards and interpretations not applied**

New standards and interpretations currently in issue but not effective that will have an impact on the financial statements are listed below. These will affect presentation only:

- Defined benefits – employee contributions – Amendments to IAS19 (effective 1 July 2014)
- Improvements to IFRS (effective 1 July 2014)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosure and presentational requirements.

### **1.21 Exceptional Items**

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size, frequency and/or nature rather than indicative of the underlying day to day trading of the Group. These may include items such as acquisition costs, restructuring costs, employee exit and transition costs, legal costs, material profits or losses on disposal of property, plant and equipment, profits or losses on the disposal of subsidiaries. All of these items are charged or credited before calculating operating profit or loss. Material profits or losses on disposal of property, plant and equipment are shown as separate items in arriving at operating profit or loss whereas other exceptional items are charged or credited within operating costs and highlighted by analysis. The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are disclosed separately in the Statement of Comprehensive Income and the notes to the financial statements as exceptional items. The Directors believe that the separate disclosure of these items is relevant to understanding the Group's financial performance.

## **2. Critical accounting judgements and key sources of estimation uncertainty**

### **2.1 Significant judgements and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

# Notes to the Financial Statements for the year ended 31 March 2015 (continued)

## 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the Group's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below.

### Impairment of intangible assets and property, plant and equipment

The Group tests goodwill at least annually for impairment, and whenever there is an indication that the asset may be impaired. All other intangible assets and property, plant and equipment are tested for impairment when indicators of impairment exist. Impairment is determined with reference to the higher of fair value less costs to sell and value in use. Value in use is estimated using adjusted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect the outcome of impairment reviews. See notes 10 to 12.

### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination including customer contracts and customer lists are recognised when they are identifiable or arise from contractual or other legal rights and their fair value can be reliably measured. Fair value is estimated using risk adjusted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect fair values.

### Income taxes

The determination of the Group's tax liabilities requires the interpretation of tax law. The Group obtains appropriate professional advice from its tax advisors in relation to all significant tax matters. The directors believe that the judgements made in determining the Group's tax liabilities are reasonable and appropriate, however, actual experience may differ and materially affect future tax charges.

### Development costs

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Recognition is based on judgements at the time expenditure is incurred. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

## 3. Segment reporting

### Business segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The segment operating results are regularly reviewed by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance. For management purposes the Group is currently organised into three main operating companies, being Vianet Limited for leisure services, Vianet Americas Inc for USA leisure services and Vianet Fuel Solutions for fuel services with Corporate costs separate. Leisure services is further analysed in to three segments – Leisure, Vending and Technology - highlighting the three key divisions within leisure. Vending and Technology do not meet the quantitative thresholds required for segmental reporting. However, these have been split out this year as management believes this information is useful to the users of the financial statements.

### 3. Segment reporting (continued)

The products/services offered by each operating segment are:

Leisure: design, product development, sale and rental of fluid monitoring and machine monitoring equipment together with the provision of data management and related services.

Fuel Solutions: wetstock analysis and related services

The inter-segment sales are immaterial. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities comprise items such as cash and cash equivalents, taxation, and borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

#### 2015

Continuing Operations (post exceptional items)	Leisure Services £000	Vending £000	Technology £000	Fuel Solutions £000	Corporate £000	Total £000
Total revenue	12,146	2,105	107	4,172	-	18,530
Pre-exceptional segment result	3,957	293	(318)	(151)	(1,407)	2,374
Exceptional costs	(336)	(41)	(66)	(105)	(52)	(600)
Post exceptional segment result	3,621	252	(384)	(256)	(1,459)	1,774
Finance costs	(36)	-	-	-	(29)	(65)
Profit/(loss) before taxation	3,585	252	(384)	(256)	(1,488)	1,709
Taxation						(419)
Profit for the year from continuing operations						1,290

#### Other information

Additions to property, plant, equipment and intangible assets	257	302	209	233	69	1,070
Depreciation and amortisation	422	277	247	243	60	1,249

	Leisure Services £000	Vending £000	Technology £000	Fuel Solutions £000	Corporate £000	Total £000
Segment assets	10,183	-	-	2,201	220	12,604
Unallocated assets	-	-	-	-	18,748	18,748
<b>Total assets</b>	<b>10,183</b>	<b>-</b>	<b>-</b>	<b>2,201</b>	<b>18,968</b>	<b>31,352</b>
Segment liabilities	5,387	-	-	893	304	6,584
Unallocated liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5,387</b>	<b>-</b>	<b>-</b>	<b>893</b>	<b>304</b>	<b>6,584</b>

The asset base of the Leisure division cannot be split across Vending and Technology.

Notes to the Financial Statements for the year  
ended 31 March 2015 (continued)

**3. Segment reporting (continued)**

2014

Continuing Operations (post exceptional items)	Leisure Services £000	Vending £000	Technology £000	Fuel Solutions £000	Corporate £000	Total £000
Total revenue	12,451	1,509	187	4,188	-	18,335
Pre-exceptional segment result	4,084	137	(223)	(323)	(1,351)	2,324
Exceptional costs	(302)	(154)	(34)	(292)	73	(709)
Post exceptional segment result	3,782	(17)	(257)	(615)	(1,278)	1,615
Finance costs	(21)	1	-	-	(32)	(52)
Profit/(loss) before taxation	3,761	(16)	(257)	(615)	(1,310)	1,563
Taxation						1,570
Profit for the year from continuing operations						3,133
<b>Other information</b>						
Additions to property, plant, equipment and intangible assets	325	189	294	567	122	1,497
Depreciation and amortisation	594	183	138	202	139	1,256

	Leisure Services £000	Vending £000	Technology £000	Fuel Solutions £000	Corporate £000	Total £000
Segment assets	9,679	-	-	2,246	135	12,060
Unallocated assets	-	-	-	-	19,161	19,161
<b>Total assets</b>	<b>9,679</b>	<b>-</b>	<b>-</b>	<b>2,246</b>	<b>19,296</b>	<b>31,221</b>
Segment liabilities	5,096	-	-	729	444	6,269
Unallocated liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5,096</b>	<b>-</b>	<b>-</b>	<b>729</b>	<b>444</b>	<b>6,269</b>

The asset base of the Leisure division cannot be split across Vending and Technology.

**Analysis of revenue by category**

	2015 £000	2014 £000
<b>Continuing operations</b>		
Sale of goods		
- leisure	2,260	1,437
- fuel	-	-
Rendering of services		
- leisure	12,098	12,710
- fuel	4,172	4,188
	18,530	18,335
Geographical analysis		
- United Kingdom	17,254	17,849
- Rest of Europe	1,044	327
- United States/Canada	198	159
- Other	34	-
	18,530	18,335



#### 4. Exceptional items

	2015 €000	2014 €000
Corporate restructuring and transitional costs	600	709
	600	709

Exceptional costs have reduced year on year. The primary background being the tail end of the transition of people and management to ensure we have the succession and calibre of people on board to deliver the strategic aims and aspirations of the Group. This, coupled with Statutory Code costs, has impacted one off costs at this year's level.

#### 5. Profit for the year

The following items have been included in arriving at profit for the year:

	2015 €000	2014 €000
Employee benefits expense (note 21)	7,928	8,343
Depreciation of property, plant and equipment (note 12)	492	522
Amortisation of intangible assets (note 11)	757	734
Loss on disposal of property, plant and equipment	14	26
Operating lease rentals payable	226	301

#### Auditor's remuneration

	2015 €000	2014 €000
<b>Services to the company and its subsidiaries</b>		
Fees payable to the company's auditor for the audit of the annual financial statements	14	14
Fees payable to the company's auditor and its associates for other services:		
Audit of the financial statements of the company's subsidiaries pursuant to legislation	36	41
Other services relating to tax - compliance and advice	16	18
Other services - IFRS advice, half year reporting and accounting advice	57	43
	123	116

#### 6. Finance costs

	2015 €000	2014 €000
Interest payable on bank borrowings	65	52
	65	52

Notes to the Financial Statements for the year  
ended 31 March 2015 (continued)

**7. Taxation**

**Analysis of charge in period**

	<b>2015 £000</b>	<b>2014 £000</b>
Current tax expense		
– UK corporation tax on profits of the period	-	-
– Amounts in respect of prior periods	1	30
	1	30
Deferred tax charge/credit		
– Temporary differences	418	(1,600)
Income tax credit	419	(1,570)

**Reconciliation of effective tax rate**

The tax for the 2015 period is higher (2014 was lower) than the standard rate of corporation tax in the UK (2015: 21% and 2014: 23%). The differences are explained below:

	<b>2015 £000</b>	<b>2014 £000</b>
Profit before taxation		
– Continuing operations	1,709	1,563
Profit before taxation multiplied by rate of corporation tax in the UK of 21% (2014:23%)	359	359
Effects of:		
Other expenses not deductible for tax purposes	15	(66)
Amortisation of intangibles	24	159
Utilisation of losses	(228)	(806)
Losses recognised	-	(1,531)
Adjustments for prior years	1	30
Research and development	(178)	(167)
Movement on losses not recognised	426	452
Total tax charge/(credit)	419	(1,570)

## 8. Earnings per share

Earnings per share has been impacted by the reversal of a deferred tax asset provision realised in previous years. This has decreased the overall basic earnings per share for the year ended 31 March 2015 before exceptional costs to 7.00 pence compared to 14.23 pence at March 2014.

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders (£1,290k) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated on the basis of profit for the year after tax divided by the weighted average number of shares in issue in the year plus the weighted average number of shares which would be issued if all the options granted were exercised

The table below shows the earnings pre the impact of the movement in the deferred tax asset.

	Earnings £000	2015 Basic earnings per share	Diluted earnings per share	Earnings £000	2014 Basic earnings per share	Diluted earnings per share
Profit attributable to equity shareholders	1,709	6.33p	6.33p	1,563	5.79p	5.78p

	2015 Number	2014 Number
Weighted average number of ordinary shares	26,996,763	26,993,694
Dilutive effect of share options	36,977	34,575
Diluted weighted average number of ordinary shares	27,033,740	27,028,269

## 9. Ordinary dividends

	2015 £000	2014 £000
Final dividend for the year ended 31 March 2015 of 4.0p (year ended 31 March 2014: 4.0p)	1,081	1,082
Interim dividend paid in respect of the year of 1.70p (2014: 1.70p)	458	458
Amounts recognised as distributions to equity holders	1,539	1,540

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2015 of 4.0p per share. If approved by shareholders, it will be paid on 24 July 2015 to shareholders who are on the register of members on 12 June 2015. Total dividend payable 5.70p (2014: 5.70p).

## Notes to the Financial Statements for the year ended 31 March 2015 (continued)

### 10. Goodwill

Group	2015 £000	2014 £000
Cost		
At 1 April and at 31 March	17,973	17,973
Accumulated impairment losses		
At 1 April and at 31 March	(250)	(250)
Net book amount 31 March	17,723	17,723

Goodwill is tested for impairment annually or when events or changes in circumstances indicate that the carrying amount may not be recoverable. The goodwill impairment test is performed by comparing the carrying value of the CGU including associated goodwill with the aggregate recoverable amount.

The carrying value of goodwill is allocated to the following cash generating units:

	2015 £000	2014 £000
Leisure Services	15,503	15,503
Fuel Solutions	2,220	2,220
Carrying amount 31 March	17,723	17,723

Two further cash generating units exist being Vending and Technology, but no goodwill is allocated to these units.

The recoverable amounts attributed are based on value in use calculations. The key assumptions made in undertaking the value in use calculations are set out below.

Budgeted profit and cash flow forecasts for the financial year ended 31 March 2015 were extrapolated for a five year period using sector growth assumptions and used as the basis for the impairment review. The key assumption included within these is a return/improvement in profitability in the future of a number of subsidiary companies, based on committed (medium to long term contracts) and pipeline orders.

Basis of budgets and assumptions are based around historical track record and committed medium to long term contracts.

Sector growth assumptions, applied to the leisure services segments: 3% based on estimates of specific industry rates, where available.

Sector growth assumptions, applied to the fuel solutions segments: between 3% and 7.5% based on estimates of specific industry rates, where available.

Discount rate assumptions, applied to both the leisure services and fuel solutions segments: 10% based on management's view of risks specific to the group.

If sector growth assumption rates were applied at 3% and a discount rate assumption of 15% was applied, the leisure services segment would require no impairment, but the fuel solutions segment would require an impairment of £318,000.

## 10. Goodwill (continued)

If sector growth assumption rates were applied at 0% and a discount rate assumption of 15% was applied, the leisure services segment would require no impairment, but the fuel solutions segment would require an impairment of £717,000.

The Directors are confident that the restructuring and exit of loss making services in fuel solutions result in no impairment being required. This is continually reviewed by the Directors.

## 11. Other intangible assets

Group	Capitalised development £000	Order book £000	Customer contracts £000	Patents £000	Total £000
<b>Cost</b>					
At 1 April 2013	2,605	281	2,136	51	5,073
Internally generated development costs	1,022	-	-	20	1,042
Disposals	-	-	-	(1)	(1)
<b>At 31 March 2014</b>	<b>3,627</b>	<b>281</b>	<b>2,136</b>	<b>70</b>	<b>6,114</b>
Internally generated development costs	695	-	-	12	707
<b>At 31 March 2015</b>	<b>4,322</b>	<b>281</b>	<b>2,136</b>	<b>82</b>	<b>6,821</b>
<b>Amortisation</b>					
At 1 April 2013	680	278	1,922	14	2,894
Charge for the year	601	3	124	6	734
<b>At 31 March 2014</b>	<b>1,281</b>	<b>281</b>	<b>2,046</b>	<b>20</b>	<b>3,628</b>
Charge for the year	721	-	23	13	757
<b>At 31 March 2015</b>	<b>2,002</b>	<b>281</b>	<b>2,069</b>	<b>33</b>	<b>4,385</b>
<b>Net book amount</b>					
<b>At 31 March 2015</b>	<b>2,320</b>	<b>-</b>	<b>67</b>	<b>49</b>	<b>2,436</b>
<b>At 31 March 2014</b>	<b>2,346</b>	<b>-</b>	<b>90</b>	<b>50</b>	<b>2,486</b>

Where appropriate, intangible assets identified in business combinations have been recognised in accordance with the provisions of IFRS 3 (Business Combinations) and IAS 38 (Intangible Assets). Intangible assets have only been recognised where they have identifiable future economic benefits that are controlled by the entity, it is probable that these benefits will flow to the entity and their fair value can be measured reliably.

The £707,000 of capitalised development costs represents expenditure developing technological advancements to ensure the group is at the forefront of technology that fulfils the requirement of IAS 38. These costs will be amortised over the future commercial life of the product, commencing on the sale of the first commercial unit.

Notes to the Financial Statements for the year  
ended 31 March 2015 (continued)

**12. Property, plant and equipment**

Group	Freehold Land and buildings £000	Plant, vehicles and equipment £000	Fixtures and fittings £000	Total £000
<b>Cost</b>				
At 1 April 2013	3,111	855	2,744	6,710
Additions	14	173	268	455
Disposals	-	(65)	(30)	(95)
<b>At 31 March 2014</b>	<b>3,125</b>	<b>963</b>	<b>2,982</b>	<b>7,070</b>
Additions	-	113	250	363
Disposals	-	(70)	(63)	(133)
<b>At 31 March 2015</b>	<b>3,125</b>	<b>1,006</b>	<b>3,169</b>	<b>7,300</b>
<b>Accumulated depreciation</b>				
At 1 April 2013	410	342	2,146	2,898
Charge for the year	62	154	306	522
Disposals	-	(19)	(31)	(50)
<b>At 31 March 2014</b>	<b>472</b>	<b>477</b>	<b>2,421</b>	<b>3,370</b>
Charge for the year	60	139	293	492
Disposals	-	(52)	(47)	(99)
<b>At 31 March 2015</b>	<b>532</b>	<b>564</b>	<b>2,667</b>	<b>3,763</b>
<b>Net book amount</b>				
<b>At 31 March 2015</b>	<b>2,593</b>	<b>442</b>	<b>502</b>	<b>3,537</b>
<b>At 31 March 2014</b>	<b>2,653</b>	<b>486</b>	<b>561</b>	<b>3,700</b>

**13. Investments**

	2015 £000	2014 £000
Valuation:		
Other shares		
At 1 April	-	533
At 31 March	-	-

On 16 April 2013 the Group disposed of its entire shareholding in Universe Group plc at a price of 4.75p per share realising a profit on disposal of £90,049.

## 14. Inventories

	2015 £000	2014 £000
Raw materials	1,887	1,900
Write down on raw materials	(10)	(66)
Work in progress	20	17
	1,897	1,851

No reversal of previous write-downs was recognised as a reduction of expense in 2014 or 2015. In 2015 £2,586,169 (2014: £2,337,508) was included in the statement of comprehensive income under cost of sales. None of the inventories are pledged as securities for liabilities.

The Group's inventories are comprised of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently management considers that there is little risk of significant adjustments to the Group's inventory assets within the next financial year.

## 15. Trade and other receivables

	2015 £000	2014 £000
Trade receivables	3,422	3,199
Other receivables	82	20
Prepayments and accrued income	683	616
	4,187	3,835

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

All trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £26,000 (2014: £ nil) has been recorded accordingly (note 18)

In addition some of the unimpaired trade receivables were past due at the balance sheet date as follows:

	2015 £000	2014 £000
Not more than three months	1,068	1,213
More than three months but not more than six months	174	136
More than six months but not more than one year	93	-
More than one year	-	-
	1,335	1,349

Notes to the Financial Statements for the year  
ended 31 March 2015 (continued)

**16. Trade and other payables**

	<b>2015 £000</b>	<b>2014 £000</b>
Trade payables	1,036	1,014
Other taxation and social security	712	552
Accruals and deferred income	2,170	2,228
Deferred consideration	29	47
	<b>3,947</b>	<b>3,841</b>

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

**17. Borrowings**

<b>Current</b>	<b>2015 £000</b>	<b>2014 £000</b>
Bank overdraft	559	283
Bank loans	484	900
	<b>1,043</b>	<b>1,183</b>
<b>Non-current</b>	<b>2015 £000</b>	<b>2014 £000</b>
Bank loans	1,594	1,245
	<b>1,594</b>	<b>1,245</b>

Bank loans are denominated in £ sterling and bear interest based on Bank of Scotland Base Rate plus a rate of between 1% and 3%. The bank loans are secured by a fixed charge over the land and buildings of the Group.

The weighted average effective interest rates on the Group's borrowings were as follows:

	<b>2015 %</b>	<b>2014 %</b>
Bank overdrafts – floating rates	2.5	2.5
Bank borrowings – floating rates	1.5	1.5

The maturity profile of the Group's non-current bank loans and hire purchase was as follows:

	<b>2015 £000</b>	<b>2014 £000</b>
Between one and two years	484	155
Between two and five years	620	478
More than five years	490	612
	<b>1,594</b>	<b>1,245</b>

The Group's bank borrowings bear interest at floating rates, which represent prevailing market rates.



## 18. Financial Instruments

The Group is exposed on a minimal basis to market risk through its use of a US Dollar and a Euro account. The Group's risk management is co-ordinated by the directors who focus actively on securing the Group's short to medium term cash flows through regular review of all the operating activities of the business.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### Foreign currency sensitivity

Exposures to currency exchange rates arise from the Group's overseas activities, all of which are denominated in US Dollars and Euros.

Due to the non material nature of the Group's exposure to foreign currency risk, sensitivity analyses to movement in exchange rates are not produced.

Foreign currency denominated financial assets and liabilities are set out below.

	2015 \$000	2014 \$000
Financial assets	147	151
Financial liabilities	-	-
	147	151

	2015 €000	2014 €000
Financial assets	140	98
Financial liabilities	-	-
	140	98

The Group has no long term foreign exchange exposure.

At the beginning and end of the year, the Group had no unexpired forward foreign exchange contracts.

### Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date and which are set out below.

	2015 €000	2014 €000
Cash and cash equivalents	548	183
Trade and receivables	3,422	3,199
	3,970	3,382

The Group continuously monitors credit risk of customers and other counterparties and incorporates this information into its credit risk controls. The Group takes up trade references on all new customers and its policy is to deal only with credit worthy companies.

The movement on the bad debt provision in the period is analysed below. The Group provides for bad debts on a specific basis with reference to the age profile of the trade receivables held at the year end

## Notes to the Financial Statements for the year ended 31 March 2015 (continued)

### 18. Financial Instruments (continued)

#### Credit risk analysis (continued)

	£000
Bad debt provision at 31 March 2014	-
Amounts provided	26
Bad debt provision at 31 March 2015	26

Management considers that all the above financial assets are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparty is a reputable bank with a high quality external credit rating.

#### Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring all scheduled cash outflows. Liquidity needs are monitored in various time bands, on a day-to-day and week to week basis, as well as on the basis of a rolling eight week projection. Longer term needs are monitored as part of the Group's regular rolling monthly reforecasting process.

#### Loans and receivables

	2015 £000	2014 £000
<b>Current Assets</b>		
Cash and cash equivalents	548	183
Trade and receivables	3,422	3,199
	3,970	3,382
<b>Non-Current Assets</b>		
Available for sale financial assets	-	-
	-	-
<b>Current Liabilities</b>		
Financial liabilities measured at amortised cost	2,079	2,197
<b>Non Current Liabilities</b>		
Financial liabilities measured at amortised cost	1,594	1,245
	3,673	3,442
Net financial assets/(liabilities)	297	(60)

The carrying value of the above assets and liabilities is equal to their fair value.

## 18. Financial instruments (continued)

### Capital management policies and procedures

The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's dividend policy is to monitor reserves available for distribution to shareholders

The Group monitors capital on the basis of carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is set out below.

	2015 £000	2014 £000
Total equity	24,768	24,952
Less cash equivalents	(548)	(183)
	24,220	24,769

The Group is not subject to external imposed capital requirements, other than the minimum capital requirements and duties regarding reduction of capital as imposed by the Companies Act 2006 for all public limited companies.

### 19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2014: 20%).

The movement on the deferred tax account is as shown below:

	2015 £000	2014 £000
At 1 April	(1,443)	157
Profit and loss credit in respect of losses recognised	419	(1,600)
At 31 March	(1,024)	(1,443)

Deferred tax has been recognised during the year in respect of tax losses in certain of the group's subsidiaries as the directors believe there is sufficient certainty over the extent and timing of their recovery to do so. Included in the amount of £(1,024)k (2014: £(1,443)k) are amounts of £(1,024)k relating to tax losses (2014: £1,457k).

The group has unused tax losses amount to £4,168k (2014: £3,329k) for which no deferred tax asset has been recognised

Notes to the Financial Statements for the year  
ended 31 March 2015 (continued)

**20. Issued share capital**

	<b>2015 £000</b>	<b>2014 £000</b>
Issued and fully paid		
Ordinary shares of 10p each: 28,308,164 (2014: 28,268,164)	2,831	2,827

**Own shares**

The Group accounts for its own shares held by the Trustees of the employee option scheme as a deduction from shareholders equity. At 31 March 2015, the Trust owned 818,470 shares (2014: 818,470 shares) with a nominal value of £81,847 (2014: £81,847).

At 31 March 2015, Vianet Group plc owned 456,000 shares (2014: 456,000 shares) with a nominal value of £45,600 (2014: £45,600), all held in treasury.

Dividends payable on these shares have been waived.

**21. Employees and directors**

**Employee benefit expense during the period**

	<b>2015 £000</b>	<b>2014 £000</b>
Wages and salaries	6,936	7,388
Social security costs	682	735
Pension costs	265	230
Share based payments	45	(10)
	7,928	8,343

**Average monthly number of people (including directors) employed**

	<b>2015 Number</b>	<b>2014 Number</b>
Sales	12	11
Engineering	51	53
VRS	5	5
Management	11	12
Administration	137	154
	216	235

**Key management personnel - Directors**

<b>Group</b>	<b>2015 £000</b>	<b>2014 £000</b>
Short term employment benefits	719	585
Pension contributions	82	70
Share based payments	45	(11)
	846	644

During the year three (2014: three) directors had benefits accruing under defined contribution pension schemes.

## 21. Employees and directors (continued)

### Highest paid director

	2015 £000	2014 £000
Short term employment benefits	232	175
Pension contributions	22	30
	254	205

## 22. Operating lease commitments

The Group lease various motor vehicles and property under non-cancellable operating leases. The leases have been entered into under normal commercial terms.

Total future minimum lease payments under non-cancellable operating leases:

Group 2014	Motor Vehicles £000	Land and Buildings £000	2015 Total £000	2014 Total £000
Within one year	181	54	235	298
After one year and less than five years	154	5	159	339
	335	59	394	637

## 23. Share-based payments

There are five share option plans in place the EMI Plan, the Executive Plan, the Employee Plan, an Employee Company Share Option Plan and an Executive Joint Ownership Plan. Under the share option plans, the directors can grant options over shares in the company to employees. Options are granted with a fixed exercise price equal to the market value of the shares at the date of grant. The contractual life of an option is 10 years. Options granted under the EMI share option plans will become exercisable immediately, and options granted under the Executive Plan and the Employee Plan will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

Details of share options outstanding during the period (including those held by directors) are set out below:

	2015		2014	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
At start of the financial year	1,251,050	105.5	1,621,250	105.4
Exercised	(40,000)	50.00	-	-
Granted	1,432,500	85.0	-	-
Forfeited	(734,250)	112.9	(370,200)	105.2
At end of financial year	1,909,300	90.7	1,251,050	105.5
Exercisable at end of financial year	707,300	100.5	1,226,050	109.0

## Notes to the Financial Statements for the year ended 31 March 2015 (continued)

### 23. Share-based payments (continued)

Name of director / senior employee	Date of grant	Number of options	Exercise price	Exercise date	Exercise period
M H Foster	31/03/06	150,000	67.2p	-	01/04/06 to 31/03/16
J W Dickson	26/10/06	75,000	123.0p	-	27/10/09 to 26/10/16
S C Gilliland	26/10/06	24,000	123.0p	-	27/10/09 to 26/10/16
S C Gilliland	25/09/09	30,000	102.5p	-	26/09/12 to 25/09/19
J W Dickson	27/01/11	18,600	96.5p	-	28/01/14 to 27/01/20
M H Foster	27/01/11	18,600	96.5p	-	28/01/14 to 27/01/21
S Darling	27/01/11	18,600	96.5p	-	28/01/14 to 27/01/21
M H Foster	09/04/15	135,000	85.0p	-	10/04/18 to 09/04/25
S Darling	09/04/15	285,000	85.0p	-	10/04/18 to 09/04/25

Expected volatility was determined by discounting the weighted average volatility of comparable listed companies to a comparable private company volatility. The share price of £0.348 was agreed with HMR&C as the fair value of Vianet Group plc shares at the time of grant of the EMI options. The fair value of the other shares was as per market value at date of grant as shown above. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The fair value on the EMI Plan, the Executive Plan, the Employee Plan and the Employee Company Share Option Plan were all calculated under the Black Scholes model.

The Group recognised a expense of £45,000 (2014: credit £10,000) in relation to equity settled share-based payment transactions in the year.

### Joint Ownership Plan

The following awards over shares in the Company were made to the following Executive Directors of the Company on 25 September 2009 by a Joint Ownership Plan.

Director	Number of Plan shares in which the Director has an interest
J W Dickson	100,000
M H Foster	100,000
S Darling	100,000

Awards were made by the Company's Remuneration Committee through the Company's employee benefit trust operated by Halifax EES Trustees International Limited. The awards are subject to EPS performance targets and dependant on performance vest on 31 March 2015. No value has been paid on grant of the Plan shares and participants are entitled to growth over the Plan term. The fair value on the Joint Ownership Plan was calculated under the Black Scholes model.

### 24. Related party transactions

IAS 24 (Related party transactions) requires the disclosure of the details of material transactions between reporting entities and related parties. Transactions with group entities are eliminated on consolidation. S Gilliland, a non-executive director, invoiced Vianet Group plc for fees totalling £42,570 (2014: £35,909). As at 31 March 2015, there was £nil outstanding (2014: £ nil). C Williams, a non-executive director, invoiced Vianet Group plc for fees totalling £23,453 (2014: £21,494). As at 31 March 2015, there was £nil outstanding (2014: £7,888). M McGoun, a non-executive director, invoiced Vianet Group plc for fees totalling £37,222 (2014: £5,000). As at 31 March 2015, there was £nil outstanding (2014: £3,000).

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIANET GROUP PLC

We have audited the parent company financial statements of Vianet Group plc for the year ended 31 March 2015 which comprise the Company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation 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 Directors' Responsibilities Statement set out on page 16 the directors are responsible for the preparation of the parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## **Opinion on financial statements**

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter 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 parent company financial statements.

## **Matters on which we are required to report by exception**


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

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

## Independent auditor's report to the members of Vianet Group plc

### Other matter

We have reported separately on the group financial statements of Vianet Group plc for the year ended 31 March 2015.



Paul Houghton  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Leeds

4 June 2015



# COMPANY BALANCE SHEET

at 31 March 2015

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Investments in subsidiaries	2	5,199	5,170
Other intangible assets	3	45	39
Property, plant and equipment	4	109	92
Investments	5	-	-
		5,353	5,301
<b>Current assets</b>			
Debtors	6	13,794	12,992
		13,794	12,992
<b>Creditors: amounts falling due within one year</b>	7	(304)	(140)
<b>Net current assets</b>		13,490	12,852
<b>Net assets</b>		18,843	18,153
Capital and reserves			
Ordinary share capital	8	2,831	2,827
Share premium	9	11,198	11,182
Share based payment reserve	9	209	293
Own shares	9	(1,387)	(1,387)
Merger reserve	9	310	310
Retained earnings	9	5,682	4,928
<b>Total equity</b>	9	18,843	18,153

The balance sheet was approved by the Board on 4 June 2015 and signed on its behalf by:



**J W Dickson**  
Director

Company number: 5345684

The accompanying accounting policies and notes form an integral part of the financial statements.

# NOTES TO THE COMPANY BALANCE SHEET

## 1. Principal accounting policies

### 1.1 Basis of preparation

This balance sheet has been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice.

The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

### 1.2 Taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

### 1.3 Investments

Investments in subsidiary undertakings and other entities are stated at cost net of impairments.

### 1.4 Employee share option schemes

All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share based payment" reserve.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

## 1.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price of property, plant and equipment together with any directly attributable costs.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of assets to their residual values over their estimated useful lives using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Depreciation is charged in equal annual instalments over the following periods:

Fixtures and fittings 4 years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the Group statement of comprehensive income.

## 1.6 Intangible Assets

### Patents

Patents are stated at cost net of amortisation and any provision for impairment.

### Amortisation

Intangible assets are amortised on a straight-line basis, to reduce their carrying value to their residual value, over their estimated useful lives. The following useful lives were applied during the year:

Patents expected length of patent

Methods of amortisation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

## 2. Investments in subsidiary

Company	2015 €000	2014 €000
<b>Cost and net book amount:</b>		
Shares in subsidiaries		
At 1 April	5,170	5,170
Additions	29	1,666
Impairment	-	(1,666)
At 31 March	5,199	5,170

## Notes to the Company Balance Sheet (continued)

### 2. Investments in subsidiary (continued)

The company owns the whole of the issued ordinary share capital of the following operating subsidiaries:

Subsidiary	Shareholding	Country of incorporation	Principal activity
Brulines Trustee Company Limited	100%	UK	Employee Trust
Edis Limited	100%	UK	Dormant
Bruline Limited	100%	UK	Dormant
Nucleus Data Holdings Limited	100%	UK	Dormant
Vianet Americas Inc	100%	USA	Leisure Solutions
Vianet Fuel Solutions Limited	100%	UK	Forecourt Solutions
Vianet Limited	100%	UK	Leisure Solutions

Energy Level Systems Limited, Retail & Forecourt Solutions Limited and LBI Installations Limited are indirect investments via Vianet Fuel Solutions Limited in Fuel solutions. Brulines Limited, Machine Insite Limited, Coin Metrics Limited, Viotelemetry Limited and Lookout Solutions Limited are indirect investments via Vianet Limited in Leisure. Nucleus Data Limited is an indirect investment via Nucleus Data Holdings Limited.

The addition to investments relates to waiver of intercompany debt due from non trading subsidiaries during the year.

These balances were subsequently reviewed for impairment and reduced to £nil carrying value.

### 3. Other intangible assets

	Patents £000
<b>Cost</b>	
At 1 April 2013	23
Additions	20
<b>At 31 March 2014</b>	<b>43</b>
Additions	11
<b>At 31 March 2015</b>	<b>54</b>
<b>Amortisation</b>	
At 1 April 2013	1
Charge for the year	3
<b>At 31 March 2014</b>	<b>4</b>
Charge for the year	5
<b>At 31 March 2015</b>	<b>9</b>
<b>Net book amount</b>	
<b>At 31 March 2015</b>	<b>45</b>
<b>At 31 March 2014</b>	<b>39</b>

#### 4. Property, plant and equipment

	Fixtures and fittings £000
<b>Cost</b>	
At 1 April 2013	8
Additions	102
<b>At 31 March 2014</b>	<b>110</b>
Additions	56
<b>At 31 March 2015</b>	<b>167</b>
<b>Accumulated depreciation</b>	
At 1 April 2013	1
Charge for the year	17
<b>At 31 March 2014</b>	<b>18</b>
Charge for the year	40
<b>At 31 March 2015</b>	<b>58</b>
<b>Net book amount</b>	
<b>At 31 March 2015</b>	<b>109</b>
<b>At 31 March 2014</b>	<b>92</b>

#### 5. Investment

Company	2015 £000	2014 £000
Cost and net book amount:		
Other shares		
At 1 April	-	533
Disposals	-	(533)
<b>At 31 March</b>	<b>-</b>	<b>-</b>

## Notes to the Company Balance Sheet (continued)

### 6. Debtors

	2015 £000	2014 £000
Amounts due from subsidiaries	13,704	12,965
Other debtors	70	6
Other taxation	20	21
	13,794	12,992

All intercompany debt is repayable on demand, however Vianet Group plc will not insist on repayment in the next twelve months.

### 7. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank overdraft	2	12
Other payables	100	81
Accruals and deferred income	202	47
	304	140

### 8. Issued share capital

	2015 £000	2014 £000
Issued and fully paid		
Ordinary shares of 10p each: 28,308,164 (2014: 28,268,164)	2,831	2,827

### Allotments during the year

Since the end of the financial year no shares have been issued under the share option scheme.

## 9. Share capital and reserves

	Share capital £000	Share premium £000	Own shares £000	Share based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
<b>At 1 April 2013</b>	2,827	11,182	(1,081)	345	310	6,745	20,328
Loss for the year	-	-	-	-	-	(318)	(318)
Transfer of shares	-	-	(306)	-	-	-	(306)
Share based payment	-	-	-	(11)	-	-	(11)
Share option forfeiture	-	-	-	(41)	-	41	-
Dividends	-	-	-	-	-	(1,540)	(1,540)
<b>At 31 March 2014</b>	2,827	11,182	(1,387)	293	310	4,928	18,153
Loss for the year	-	-	-	-	-	(836)	(836)
Issue of shares	4	16	-	-	-	-	20
Share based payment	-	-	-	45	-	-	45
Share option forfeiture	-	-	-	(129)	-	129	-
Dividends	-	-	-	-	-	1,461	1,461
<b>At 31 March 2015</b>	2,831	11,198	(1,387)	209	310	5,682	18,843

## 10. Dividends

	2015 £000	2014 £000
Final dividend for the year ended 31 March 2015 of 4.0p (year ended 31 March 2014: 4.00p)	1,081	1,082
Interim dividend paid in respect of the year of 1.70p (2014:1.70p)	458	458
Amounts recognised as distributions to equity holders	1,539	1,540

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2015 of 4.00p per share. If approved by shareholders, it will be paid on 24 July 2015 to shareholders who are on the register of members on 12 June 2015.

## 11. Employees and directors

Employee benefit expense during the period

	2015 £000	2014 £000
Wages and salaries	729	638
Social security costs	78	81
Pension costs	86	80
Share based payments	45	(11)
	938	788

Average monthly number of people (including directors) employed

	2015 Number	2014 Number
Management	6	7
	6	7

## Notes to the Company Balance Sheet (continued)

### 12. Directors

	2015 £000	2014 £000
Directors' emoluments	719	585
Pension contribution	82	70
	801	655

The amounts in respect of the highest paid director are as follows:

	2015 £000	2014 £000
Directors' emoluments	232	175
Pension contribution	22	30
	254	205

For other Directors' emoluments see page 13 in the Report of the Directors.

### 13. Share-based payments

The company disclosures required under UK GAAP are identical to those required under IFRS. See Group accounts, note 23, for details.

### 14. Parent Company Profit and Loss Account

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the financial year was £836,000 (2014: loss £318,000).

### 15. Related Party Transactions

Non-executive director payments were incurred in the company during this year.

S Gilliland, a non-executive director, invoiced Vianet Group plc for fees totalling £42,570 (2014: £35,909). As at 31 March 2015, there was £nil outstanding (2014: £ nil). C Williams, a non-executive director, invoiced Vianet Group plc for fees totalling £23,453 (2014: £21,494). As at 31 March 2015, there was £nil outstanding (2014: £7,888). M McGoun, a non-executive director, invoiced Vianet Group plc for fees totalling £37,222 (2014: £5,000). As at 31 March 2015, there was £nil outstanding (2014: £3,000).

See Group accounts, Report of the Directors for details of non-executive directors' emoluments.

The company has taken advantage of the FRS 8 exemption not to disclose related party transactions between wholly owned group undertakings as these will be eliminated within the consolidated financial statements.







One Surtees Way, Surtees Business Park, Stockton on Tees, TS18 3HR

[www.vianetplc.com](http://www.vianetplc.com)