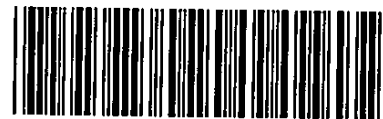


**Vianet Group plc** - 53:534  
(formerly Brulines Group plc)

Consolidated Annual Report & Accounts  
Year ended 31 March 2012

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COMPANIES HOUSE

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

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# HIGHLIGHTS

- Turnover for the year of £22.98 million (2011: £24.28 million)
- Recurring revenues remained steady at 70% of turnover (2011: 70%)
- Gross margins stable at 53% (2011: 53%)
- Operating profit before amortisation of goodwill, share option and exceptional costs of £3.9 million (2011: £4.0 million)
- Profit before tax of £3.1 million (2011: £3.2 million) pre-exceptional costs and £2.3 million (2011: £3.0 million) post exceptional costs
- Basic earnings per share of 9.93p (2011: 9.06p) pre-exceptional costs, and 8.00p (2011: 8.61p) post-exceptional costs
- Final dividend of 4.00 pence per share giving a full year total of 5.67 pence per share (2011: 5.65 pence per share)
- 538 new beer monitoring installations, of which 487 were higher value iDraught™
- Contract extensions secured with Enterprise Inns plc, Punch Taverns plc and Marstons plc
- Fuel Solutions business signed five year contract extension for Facilities and Compliance Management with Morrisons Supermarkets plc
- Vianet vending solutions trading at breakeven in Q4 2012

# SINCE YEAR END

- Group businesses consolidated into two operating subsidiaries, Vianet Limited (Leisure, Vending and Technology) and Vianet Fuel Solutions Limited (Fuel)
  - Contract secured with Spint Pub Company for 400 iDraught™ units on a five year deal
  - Three year contract extension achieved with Glaxo Smith Kline
  - Coca Cola and Vianet's contactless vending solution, which is being deployed at London 2012 Olympic venues, won innovation award at the showcase Contactless & Mobile Awards 2012
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# CONTENTS

Section	Page
Company information	1
Chairman's statement	2
Chief Executive Officer's statement	4
Financial Review	8
Report of the Directors	10
Corporate Governance Statement	17
Report of the Independent Auditor	20
Consolidated Income Statement	22
Consolidated Balance Sheet	23
Consolidated Statement of Changes in Equity	24
Consolidated Cashflow Statement	25
Notes to the Consolidated Financial Statements	26-55
Report of the Independent Auditor (Parent Company)	56
Company Balance Sheet	58
Notes to the Company Balance Sheet	59-62

# COMPANY INFORMATION

Directors	S W Darling (Director) J W Dickson (Chief Executive Officer) M H Foster (Finance Director) S C Gilliland (Non-Executive Director) J H Newman (Non-Executive Chairman) D J Noble (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	Bank of Scotland 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

The last year has been a transitional one for Vianet as the management team completed the reorganisation and integration of acquisitions made in the previous year. The team also continued the programme of innovation within the Group's core businesses and ensured they are appropriately structured in the current economic climate. The Group's name change to Vianet Group plc, which became effective in April 2012, identifies with these successful changes in our strategic development.

## Results

Turnover for the year was £22.98 million (2011: £24.28 million). Turnover in the Leisure division decreased from £18.00 million to £16.43 million. This was due to a combination of factors, predominantly it was due to several of the Group's pub company customers taking their lower margin cellar audit management in house but also due to some pub closures, as well as a number of delayed projects. However, the Board expects the Group to benefit from the delayed projects during the current year. It is pleasing to note that gross margins of over 60% (2011: 58%) in the Leisure division were achieved through improved product mix and the reduction in the cost base.

The level of contractual and recurring revenues remains consistent at just over 70% of Group turnover and the recent contract extensions, both in our beer monitoring and vending sectors, will ensure that this level of contractual business remains steady in the current year.

The Group's overall operating gross margins remained stable at 53% which the Board believes is encouraging in an increasingly competitive environment. The Leisure division's gross margin increased to over 60% (2011: 58%) although, due to lower sales and other costs factors, the margins in the Fuel Division fell to 22% (2011: 42%).

## Acquisitions

Following the multiple acquisitions made in the previous year, the only acquisition made during the period was on 26

October 2011 of Lookout Solutions Limited, a company specialising in vending telemetry solutions, for an initial consideration of £377,024. The Company's Managing Director, Mark Boland, joined the Group as Sales Director.

Action taken to reduce costs across the Group and the integration of acquisitions has successfully yielded its anticipated synergies with some of the benefit of these coming through in the year although the majority of these benefits will occur in the current financial year.

Due to the amount of reorganisation and integration in the year, exceptional and amortisation costs were significantly higher than normal and are detailed in the Financial Review.

As a result, underlying operating profit before exceptional items was £3.9 million (2011: £4.0 million). Group profit before taxation amounted to £2.34 million compared to £3.03 million in 2011. Basic earnings per share post-exceptional costs decreased to 8.00 pence from 8.61 pence in 2011.

## Dividend

Despite the overall underlying trading performance remaining flat, the Board remains confident of the longer term prospects for the Group and is maintaining its progressive dividend policy. The Board is recommending the payment of a final dividend of 4.00 pence per share in respect of the year ended 31 March 2012.

Together with the interim dividend of 1.67 pence per share paid in January 2012, this makes a total dividend of 5.67 pence per share, slightly ahead of the 5.65 pence per share paid in respect of the year ended 31 March 2011.

Subject to the approval of shareholders at the Annual General Meeting to be held on 5 July 2012, the final dividend will be paid on 2 October 2012 to shareholders on the register as at 14 September 2012.

October 2011 of Lookout Solutions Limited, a company specialising in vending telemetry solutions, for an initial consideration of £377,024. The Company's Managing Director, Mark Boland, joined the Group as Sales Director.

## Vending Solutions

### Board and senior management

During the year the Board appointed Stewart Darling as Chief Operating Officer with the task of leading the Leisure, Vending and Technology Solutions business units and bringing together all the Group's common operational activities. This process has progressed well.

Duncan Noble will step down from the main Board at the Annual General Meeting but will remain with the Group as Managing Director of the Technology Solutions unit within Vianet Limited. I would like to thank him for his contribution to the Board over the last six years.

I would also like to thank all of my Board colleagues, senior management and staff for their continued efforts and commitment on behalf of the Group in these difficult economic conditions and in responding so well to the challenges of reorganisation and integration of the Group over the past year.

### Strategy and Business Development

There is an increasing global demand to share, transfer and use data of all kinds across the web. This, together with the development of eCloud<sup>®</sup> technologies, will enable the Group to seek new markets utilising its significant in-house technology, data collection and management skills and experience.

The Group's strategic intent, therefore, remains to extend its data collection, management and support services presence in its current sectors where there is considerable technical and operational overlap and respond to new opportunities as they arise.

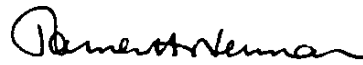
### Outlook

Within the Leisure division the re-launch of iDraught<sup>™</sup> has been successful with increased penetration being achieved within the on-premise draught beer market. Further gains are expected in the current year.

The Group's Vending Solutions business has made excellent progress in developing significant new sales opportunities with major global customers including the relationship with Coca Cola and Visa Europe to provide contactless payment technology for vending machines, which will be used at the forthcoming Olympics. This contract demonstrates the potential for contactless payments in the vending industry where the Group believes there is significant potential for growth.

The Fuel Solutions division has completed its creation of a 'one-stop' solution for the industry and, having cut costs during the last year, is expected to contribute positively to Group profits in the current year.

Having successfully come through a significant period of development and change, with an ever-increasing competency and confidence in its technology base, the Board is confident that the Group is well positioned to benefit from the continued growth in data services across the globe.



James H Newman  
Chairman  
12 June 2012

# CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to present these results and to take this opportunity to describe the diversification, reorganisation and strengthening of the Company - a process which started two years ago

During this time the Company has been steadfastly doing the hard yards to transform itself from essentially being a one location, one product, one market, UK business to become a multi-location, multi-product, multi-market business with real international presence

Utilising the solid financial platform provided by the widely respected and pioneering beer monitoring business in the tenanted pub sector, the Group has made a series of prudent investments in acquiring and developing its product set in the following areas

- Next generation beer monitoring technology for the wider licenced trade,
- Battle tested, cutting edge data capture and transmission technology with potential for industry wide applications,
- Market leading end-to-end vending management solutions, and
- A unique 'one stop shop' forecourt product suite and distribution for fuel asset management solutions

The Company provides solutions for complex customer demands and has established an impressive reputation for its robust and innovative technology, as well as the quality of its support to blue chip customers who demand world class service and data accuracy 24/7

The recent name change to Vianet Group plc signalled the commencement of a new and sustainable growth phase for the Group. Having transformed the shape of the business. Generally, the Group's focus is on large, blue chip customers that have the scale and expertise to exploit the cost saving and sales improvement opportunities which our web based reporting identifies

the management and staff are now focussed on successfully capitalising on significant organic growth opportunities which the Board expects will transform the earnings of the Group

## Transformation of Vianet's business structure

The integration of acquisitions and appraisal of the Group's strategy and market approach over the past two years has helped shape our recent restructuring of the organisation. There is absolute focus on working in partnership with key customers to introduce product sets which will provide the customer with a compelling and sustainable return on investment and, in turn, cement a profitable long term trading relationship

Prior to 01 April 2012 the Group consisted of

- Leisure Division comprising Brulines Limited, Machine Insite Limited and Vianet Limited,
- Fuel Division consisting of Edensure Limited, RFS Limited, and ELS limited, and
- Technology Division consisting of Viotelemetry Limited. For the purposes of segmental analysis this has been included in Group

Utilising the Group's leading data capture and transmission technology, together with our in-house data management expertise and field engineering infrastructure, we have now organised the business into two companies comprising four business units. Vianet Limited comprises three business units, Leisure Solutions and Vending Solutions, which are key vertical markets for our data capture technology, Technology Solutions, which addresses the horizontal market opportunities whilst seeking further vertical opportunities, and Vianet Fuel Solutions Limited is a standalone business unit, the one-stop-shop for fuel asset management products which is also a vertical opportunity for our technology

## Organisational change and executive management structure

Having transformed the shape of the business through

organic change as well as acquisitions, the Board has instigated wide ranging organisational changes to ensure clarity of purpose, individual accountability, efficiency and cost effectiveness. The various trading entities have been consolidated whereby Vianet Group plc has two operating subsidiaries, Vianet Limited and Vianet Fuel Solutions Limited.

Vianet Fuel Solutions Limited, comprising the fuel related businesses that have been acquired, is a standalone business unit with 64 staff where Phil Maud, Managing Director, reports directly to me.

Vianet Limited, with 175 staff, is headed up by Group Chief Operating Officer, Stewart Darling. This division comprises the non-fuel related businesses which have been consolidated into three business units, Leisure Solutions, Vending Solutions and Technology Solutions and three functional areas of Commercial, Technology and Innovation as well as Service Delivery.

In addition to heading up the Group's financial management resource Mark Foster, Group Finance Director, is heavily involved in commercial contracting and heads up HR, Health Safety & Quality and audit of internal processes.

Responding to the increasing demands of dealing with international blue chip customers, the Group continues to attract and develop high calibre individuals to ensure that the organisational structure is populated with leaders who can take the business forward, particularly in sales and delivery execution.

Overall the organisational changes have impacted 42 staff positions and resulted in annualised cost savings of approximately £1 million, the benefit of which will be seen in the current financial year.

## Highly relevant and sustainable products

During this transitional period we have invested in ensuring that our hardware and software products are reliable, have modular flexibility, are value engineered and are highly relevant to a wider range of customers and markets.

We have a highly focussed set of product groups which are aligned to the customer and market needs and provide a significant return on customer investment.

- The Leisure Solutions team has successfully re-launched iDraught™ and Machine Insite and also gained good traction with the launch of Nucleus Smart Till™.
- Vending Solutions now offers the full end-to-end product set for vending telemetry, comprising Touch & Pay™ contactless payment solution, Vitel™ data capture and transmission telemetry and VendExpert™ management software. Significant traction has been achieved including the relationship with VISA and Coca Cola whereby the Group provides these solutions for vending at the Olympic venues. These products allow customers to drive significant cost saving and sales uplift.
- Technology Solutions, utilising the Group's data management expertise, is succeeding in taking its leading data capture and transmission technology to market, already securing relationships with Costa Coffee and Autotime, and
- Fuel Solutions now has the only fully integrated 'one-stop-shop' for leading fuel asset management products and services and following early integration challenges the division has secured new business and gained a number of contract extensions.

## Group performance

Despite challenging UK economic conditions and being held back by Fuel Solutions, the Group's trading performance for H2 was largely as anticipated. Full year pre-exceptional operating profits of £3.9 million (2011: £4.0 million) were broadly in line with market expectations.

The Group's strategy to reduce costs and drive sales, particularly of the Group's newer products, has started to gain traction and the Board expects the benefits to be realised in the current year.



## Leisure Solutions

The Leisure Solutions business achieved a profit contribution of £5.3 million prior to exceptional and financial costs of £0.53 million

The re-launch of iDraught™, the Group's bar management solution, to drive profit and quality and the introduction of the Group's Nucleus Smart Tills™ EPOS system were received very positively by customers, many of whom have been carrying out extensive evaluations of iDraught™ on new sites and as a replacement for standard legacy Brulines Beer Monitoring systems

Trading in the Group's core beer monitoring business has been encouraging despite some initial delays to installation programmes with 538 new installations, of which 487 were higher value iDraught™. iDraught™ is gaining penetration across the on-premise draught beer market and now accounts for twelve per cent of Leisure Solutions', beer monitoring installation base

Several major contract extensions, including the introduction of iDraught™ have been secured with customers such as Enterprise Inns, Punch Taverns, and Marstons. Nucleus Smart Tills™ has already gained good sales traction with over 300 installations

In May 2012 the National Measurement Office ("NMO") issued further guidance on the use of flow monitoring equipment for beer or cider. This followed comments to the Business & Industry Select Committee regarding whether such equipment was "for use in trade" and therefore covered by the Weights and Measures Act 1985

In summary the Board is pleased that the guidance is as anticipated and this remains an issue for local measures authorities on a case by case basis. More importantly, in relation to commercial agreements between pub owners and licensees where the licensee is contracted to source draught beer or cider from the pub company, the NMO has sought to clarify the position and concludes that "it is unlikely that, in practice, flow monitoring equipment is in use for trade". This means that our beer flow monitoring business is unaffected

## Vending solutions

Overall losses associated with the Vending Solutions business, including exceptional costs of £0.19 million, were £0.37 million. These losses continued to reduce during the year to the point where monthly trading was at breakeven in Q4 2012, a trend which has continued into the current year

As announced on 26 October 2011, the acquisition of Lookout Solutions ("Lookout") was a significant step for the Group's Vending Telemetry business. Lookout's leading vending management software application combined with Vianet's own leading contactless payment processing and vending telemetry solutions, provides a compelling end-to-end solution.

With acquisitions now fully integrated and development of the product set completed, the Group has been able to implement changes which are expected to reduce annualised costs by £0.5 million

There has also been success in developing existing contracts, such as the three year contract extension with Glaxo Smith Kline for vending solutions. We have made good progress with a significant number of new sales opportunities for the Group's end-to-end vending telemetry solution with several major international brand owners, including the Group's cutting-edge cashless and contactless Touch & Pay™ payment acceptance solutions being used at the upcoming Olympic Games

Contactless payment is extremely well-suited to the vending sector as it allows customers to pay for low-value items by presenting their bank card or near field communication ("NFC") enabled mobile phone to a special reader fitted on the front of the vending machine, helping to reduce the time it takes to pay. The growth of contactless-enabled cards in circulation in the UK has been substantial, and the figure of 17 million contactless-enabled cards currently in circulation is expected to exceed 30 million by the end of 2012 (source: Visa Europe). It is exciting that the Group's technology is at the forefront of these developments as we work with large brand owners and vending operators in our aim to become the clear market leader in the provision of these solutions for the global vending market

## Vianet Fuel Solutions ("VFS")

VFS losses of £1.49 million (including £0.50 million exceptionals) were higher than anticipated primarily due to H1 integration issues which constrained performance, as well as timing issues relating to new contract activity, which will carry forward and benefit the current year

The Board is pleased to report that good progress was made in downsizing the cost base by an annualised £0.4 million and in gaining new business as the market's only end-to-end solution for forecourt operators. The sales trends and improved cost base indicate that VFS will achieve breakeven in Q2 2013 and trade positively in Q3 2013 and beyond

VFS has secured a five year contract extension with Morrisons Supermarkets plc ("Morrisons") to provide Facilities and Compliance Management solutions for their estate of over 300 petrol forecourts and 12 distribution centre fuel depots. Morrisons has been using VFS since 2006 and our forecourt-trained call handling team now processes more than 3,000 maintenance related calls for Morrisons every month, each of which is captured through a sophisticated web-based system which dramatically reduces repair times and costs, while also ensuring delivery of demanding Service Level Agreements ("SLAs") and customer satisfaction. All proactive and periodic maintenance and legal inspection work is managed through the same system. This contract will also see the rollout of the new VFS "E-Site Register" at every Morrisons' petrol forecourt, providing forecourt managers with a web-based dashboard providing visibility of the status of all current, historical and planned maintenance issues on their site, as well as access to all asset information and legal and compliance documentation. VFS will also provide all electrical testing and repair services across the Morrisons' forecourt estate through their significant and growing national forecourt engineering team. This long term commitment by Morrisons demonstrates the considerable value that VFS solutions can deliver as part of a customer's pursuit of excellence in forecourt operations.

Full availability is a fundamental element of our customers' offerings, and the VFS Facilities Management system ensures full transparency of performance from all service providers and consequently customers' forecourt assets are able to achieve maximum utilisation and contribution to profit.

#### Vianet Technology Solutions

The historical financial performance of the Group's technology arm, Vianet Technology Solutions, is not available as it was only formed from the consolidation of our various technology resources during the past six months.

The team has continued to make good progress in developing horizontal market opportunities, with sales of our leading edge data capture and transmission technologies which help businesses talk to machines, and as a result the Group has a new breed of customer. The roll out in Costa Coffee Express and increased penetration in Autotime's time and attendance product are early examples of these new market opportunities.

#### Summary and outlook

Whilst the Board expects the challenging economic conditions to continue for some time yet, the growth prospects across the Group's divisions are very encouraging and management views the future with much confidence.

The Group has moved successfully beyond being a one product company operating in the tenanted pub market. The Board believes that this should be reflected in the Group's valuation as all parts of the Group of the divisions achieve growth and demonstrate the success of our diversification strategy.

- The core Leisure Solutions business already provides visibility of strong earnings and is expected to deliver organic growth as it continues to gain traction for iDraught™, Nucleus Smart Tills™ and Machine Insite across the wider licenced on trade market.
- The Vending Solutions business is now trading at break even and will move into strong profit as new contracts are realised in 2013 and it becomes established as the market leader.
- Fuel Solutions is now trading close to breakeven and the current sales pipeline will take the division into profit.
- Although still a cost centre, the Technology Solutions team has numerous horizontal market sales opportunities which will allow it to move to profitability in the medium term.

The Group has transformed the shape of the business over the past two to three years, and the markets, products, customers and people are now in place to transform the earnings of the Group.



James Dickson  
Chief Executive Officer  
12 June 2012

# FINANCIAL REVIEW

This year continued to be a transitional one for the Group with the integration of the previous year's acquisitions as well as the further acquisition of Lookout Solutions Limited

The overall general economic environment has imposed challenges on the Group and continued to impact the pub and leisure marketplace. The Fuel division went through significant change and consolidation but by the year end the team had established a stable position for the division.

Reported revenue for the year was £23.0 million (2011: £24.3 million). Operating profit (before amortisation of intangible assets, share based payments, and exceptional items) totalled £3.9 million (2011: £4.0 million), which is in line with last year's performance reflecting the transitional nature of the year. These results are presented after absorbing transitional losses of approximately £1.0 million in aggregate from the Fuel Solutions division companies, the Vending Solutions business (which traded profitably in Q4 2012) as well as US iDraught™ start-up costs.

Blended recurring revenues for the Group are in line with last year at 70%, with continued divisional results in the Leisure division at over 85% and in Fuel Solutions nearing 20%. Exceptional costs of £0.5 million principally relate to the net cost of restructuring and transitional provisions resulting in Group operating profit (before intangible asset amortisation and share based payments) of £3.4 million (2011: £3.8 million).

## Divisional performance

The Leisure division, consisting of the core beer monitoring business, Machine Insight as well as Vending Solutions, achieved turnover of £16.43 million (2011: £17.94 million).

The expected level of beer monitoring installations was not achieved during the year but, of the 538 new systems installed, 487 were the higher value iDraught™ product.

Against this background, the transfer of the low margin cellar audit activities back to customers, and the cost rationalisation programme, gross margins rose to just over 60% (2011: 58%).

The active beer monitoring installation base after pub company disposals, change of use and uplifted systems is approximately 18,500 systems. The pub market continues to operate in a difficult environment. However, with the success of iDraught™ gathering momentum and contracts deferred through to the current year, the Board views the outlook for this division with confidence.

Vianet delivered 2,576 additional units taking the installation base to just short of 12,000. As expected the business moved through breakeven to profitability in the final quarter and the Board continues to view the market opportunities with increasing confidence, especially after the recent acquisition of Lookout Solutions in October 2011.

On 1 April 2012 the former Leisure division companies Brulines Limited, Machine Insight Limited, together with Viatalemetry Limited were brought together under an enlarged Vianet Limited.

The Fuel Solutions division faced some very significant challenges and hurdles during the year, particularly with the recently acquired Energy Level Systems Limited, which resulted in some senior level management restructuring. As a result no earn-out triggers were activated for that company. The re-organisation, together with the effect of on-going strategic commercial development and cost rationalisation, delayed the divisional growth plan by six months. The division contributed £5.4 million in turnover and gross margins of 22% which resulted in a loss for the year before exceptional costs of £0.9 million. Losses pre-exceptional items were much reduced in the fourth quarter at £0.1 million.

For the financial year to March 2013, given the cost rationalisation and leaner structure, the Group expects Fuel Solutions to move through break even and to contribute growing profit

#### Overall Group results

Group results overall, before amortisation of intangible assets, share based payments, option costs, and exceptional costs, were a profit of £3.9 million as compared to £4.0 million at March 2011, but after absorbing the transitional losses as referred to above of £1.0 million

The table below shows the performance of the Group, pre and post exceptional costs, as follows

	FY 2012 £'000	FY 2011 £'000
Revenue	22,975	24,282
Gross Profit	12,235	12,886
	(53%)	(53%)
EBIT	2,398	3,058
PBT post exceptional costs	2,341	3,028
PBT pre exceptional costs	3,080	3,204

#### Divisional Performance

FY 2012	£'000 Leisure	£'000 Fuel	£'000 Group & Technology
Revenue	16,433	5,444	1,098
Gross Profit	10,613	1,180	442
	(65%)	(22%)	(40%)
EBIT pre exceptional costs	5,307	(988)	(1,182)
PBT post exceptional costs	4,739	(1,495)	(903)
PBT pre exceptional costs	5,272	(991)	(1,201)

#### Earnings per share

Basic earnings per share for the year ended 31 March 2012 before exceptional costs amounted to 9.93 pence compared to 9.06p at March 2011. Fully diluted earnings per share (before exceptional costs), which takes account of all outstanding share options, amounted to 9.83 pence which compares to 8.69 pence last year.

#### Taxation

The Group tax charge of £82k (3.50%) arises principally due to the enhanced allowances for research and development expenditure coupled with the release of deferred tax liability no longer required.

#### Balance sheet and cash flow

The Group's balance sheet remains in robust condition. Cash generated from operations amounted to £1.8 million (2011: £1.8 million) adversely impacted by the Fuel Solutions division performance as well as transitional losses in Vending Solutions. The core Leisure business, however, continued to be a very healthy cash generator of just under £4 million.

The funds generated in the year were used to invest in Lookout Solutions Limited, to support the Group's technology research and development expenditure as well as to pay dividends to shareholders. At the year end, the Group's net borrowings had increased to £3.4 million (2011: net borrowings of £1.2 million), a comfortable gearing of 8.5%.

It is anticipated that, given the strong Leisure platform and the improved Fuel Solutions performances in the current year, along with the strength of the Group's balance sheet and cash generating capacity, that there is a solid platform for the Group to capitalise on the organic growth opportunities that exist in its markets.



Mark Foster  
Finance Director  
12 June 2012

# REPORT OF THE DIRECTORS

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

## 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

## Review of business and future developments

The directors accept the results for the year ended 31 March 2012 which show a profit before tax and exceptional items of £3.08m (2011 £3.20m)

The results for the year reflect the challenging economic circumstances, pressures in the leisure marketplace and the hurdles faced within the fuel division. Despite the overall lower result compared to last year, recurring revenues and margins remain healthy. With the rationalisation of the cost reduction measures implemented the Directors are confident of a stronger year going forward. The group re-alignment into two larger and stronger trading divisions is a reflection of the Directors' confidence and belief in our growth plans.

The Chairman's Statement, the Chief Executive Officer's Statement and 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, some transitional losses from acquisitions, impact of restructuring costs and overall market confidence in liquidity and credit.

The directors do not consider there to be any other material business risks other than general slowdown associated with the current economic climate to a degree mitigated by the reduction in the cost base throughout the year.

Non financial risks are summarised in the statement of the Chief Executive Officer on pages 4 to 7.

## Key Performance Indicators

	Target	Actual 2012	Actual 2011
Percentage of revenue from recurring income streams <sup>1</sup>	70%	70%	71%
Gross Margin <sup>2</sup>	50%	53%	53%
Employee Turnover <sup>3</sup>	2%	3%	2%

### 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 turnover. 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 employer with positive values and career prospects.

## 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 does 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 minimal due to the low balances held which is disclosed in note 19

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

### Price risk

The Group holds listed equity investments as follows

	2012	2011
Universe Group plc - ordinary shares of 5p	13,209,754	13,209,754

The Group has no significant exposure to securities price risk

### Credit risk

The Group's principal financial assets are bank balances, cash stock, 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, all of which earn interest at a rate of Bank of England base rate or above. The interest rate on the bank loan and overdraft are at market rates. The Group's policy is to maintain other borrowings at fixed 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 (2011 final 3 98p), taking the full year dividend to 5 67p (2011 5 65p)

## Directors and their interests

The current directors of the company, all of whom served throughout the year and to the date of this report, 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 2012	Ordinary shares of 10p each 2011
S W Darling	-	-
J W Dickson	3,946,552	3,856,168
M H Foster	75,000	75,000
D J Noble	47,468	47,468
J H Newman	40,000	40,000
S C Gilliland	26,000	26,000

## Directors' emoluments

Details of Directors' emoluments for the year are as follows

	Salary and fees 2012 £'000	Other Emoluments 2012 £'000	Total Emoluments 2012 £'000	Salary And Fees 2011 £'000	Other Emoluments 2011 £'000	Total Emoluments 2011 £'000
Executive						
J W Dickson	159	41	200	159	41	200
M H Foster	130	28	158	130	28	158
S W Darling	116	28	144	117	31	148
D J Noble	114	26	140	114	26	140
Non-executive						
J H Newman	36	-	36	36	-	36
S C Gilliland	30	-	30	33	-	33
Total	585	123	708	589	126	715

- 1 Executive remuneration is determined by the remuneration committee consisting of non-executive Directors JH Newman and S C Gilliland
- 2 No payments were made to any Director in respect of compensation for loss of office in 2012 or 2011
- 3 Other emoluments received consist of the provision for private medical care, bonuses, motor car allowances and pension contributions
- 4 J H Newman's fees are paid to Westwood on Derwent Limited, a company of which he is a Director
- 5 S Gilliland fees are paid to SMDH Consulting Limited, a company of which he is a Director
- 6 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 2011	At 31 March 2012	Option price	Date granted
J W Dickson	75,000	75,000	123 0p	October 2006
	31,000	31,000	96 5p	January 2011
M H Foster	150,000	150,000	67 2p	March 2006
	65,000	65,000	123 0p	October 2006
	31,000	31,000	96 5p	January 2011
S W Darling	100,000	100,000	125 0p	April 2009
	31,000	31,000	96 5p	January 2011
D J Noble	80,000	80,000	50 0p	March 2006
	40,000	40,000	67 2p	March 2006
	65,000	65,000	123 0p	October 2006
	31,000	31,000	96 5p	January 2011
J H Newman	36,000	36,000	123 0p	October 2006
	30,000	30,000	102 5p	September 2009
S C Gilliland	24,000	24,000	123 0p	October 2006
	30,000	30,000	102 5p	September 2009

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

The market price of the Company's shares at the end of the financial year was 107p and the range of market prices during the year was between 77p and 108p

## 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
D J Noble	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 do not vest for three years. No value has been paid on grant of the Plan shares and participants are entitled to growth over the Plan term.

## Donations

Charitable donations of £nil (2011 £nil) were made during the year. No political donations were made (2011 £nil).



## Substantial Shareholdings

The Company has been informed that on 25 May 2012 the following shareholders (excluding Directors) held substantial holdings of the issued ordinary shares of the company

	Holding of Ordinary shares Number	Issued Share capital %
New Solera Holdings	4,583,500	16.34
AXA Framlington	3,557,903	12.69
ISIS Equity Partners	2,693,982	9.61
Octopus Investments Limited	1,318,533	4.70
Downing LLP	1,067,650	3.81
Amati Global Investors	978,871	3.49
Western Standard Partners	838,500	3.00
First Pacific Advisors	815,800	3.00
Brewin Dolphin	814,307	3.00

## Going Concern

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2012/2013, and cash generating capacity at least 12 months from the date of signing (underpinned by long term contracts in place and historic 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.

## Payment of Payables

The Group's policy is to settle invoices promptly according to terms and conditions as far as it is practicable. Trade payables at the balance sheet date represented 45 days purchases (2011: 45 days). As the company is a holding company it has no trade payables and accordingly no disclosure is made of the year end creditor days for the company.

## 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. This has been demonstrated in many ways, including 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 3%, 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 perform optimally 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 £740,000 (2011: £735,000) all £740,000 of which was recognised as an asset on the balance sheet (2011: £735,000).

## Annual General Meeting

The Annual General Meeting will be held on 5 July 2012 at 9am, at the offices of Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, LS1 4BN

## Post balance sheet events

There are no post balance sheet events

## 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 elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and 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 Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards/IFRS 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 auditors are 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 auditors are 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.

#### Audit Partner Rotation

The external auditors are required to rotate the lead audit partner responsible for the Group and subsidiary audit every five years in accordance with Ethical Standard 3 (ES3) 'Long association with the audit engagement', issued by the Auditing Practices Board. However, in certain circumstances it is permissible to extend that tenure.

The Board believes that following significant changes to the composition of the group, with five acquisitions made since April 2010, with the last during the financial year ended 31 March 2012, audit quality would be compromised by introducing a new audit partner, because of the understanding of the transactions that the incumbent partner has.

With the group still in the transitional phase of integration, the group needs to draw on the incumbent's experience and deep understanding of the business, so as to ensure that impairment reviews and other sensitive estimates relating to the acquisitions are challenged robustly, but from a position of knowledge.

As a result, the Board and Audit Committee feel that now is not the right time for the lead audit partner to change. Grant Thornton UK LLP and the Company have agreed to extend the term of the lead audit partner, in line with ES3, for one year.

#### Auditors

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 12 June 2012 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Mark H Foster', written over a horizontal line.

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 to comply with the 2010 UK Corporate Governance Code, the Board recognises the value of the Code and has regard to its requirements as far as practicable and appropriate for a public company of its size and nature.

## The Board

The Board consisted of four Executive and two Non-Executive Directors as follows:

### Executive Directors

Stewart W Darling (Director)  
James W Dickson (Chief Executive Officer)  
Mark H Foster (Finance Director & Company Secretary)  
Duncan J Noble (Director)

### Non-Executive Directors

James H Newman (Chairman)  
Stewart C Gilliland

All directors have access to the advice and services of the Company Secretary.

There is a clear division of responsibilities between the 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, human resource 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

James H Newman (Chairman)  
Stewart C Gilliland

It meets at least three times in any year, and is usually attended as a minimum by the Chief Executive Officer and Finance Director, as well as the Group's External Auditors.

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 auditors and their fee, the objectivity of the auditors, 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)  
James H Newman

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 Chairman and non-executive Director 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 H Newman (Chairman)  
James W Dickson  
Stewart C Gilliland

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 Finance Director
- report to the Audit Committee from the external auditors 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 2012 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 (FORMERLY BRULINES GROUP PLC)

We have audited the group financial statements of Vianet Group plc (formerly Brulines Group plc) for the year ended 31 March 2012 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity 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 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 (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## 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 2012 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 Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group 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

- 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 (formerly Brulines Group plc) for the year ended 31 March 2012

Grant Thornton UK LLP

Andrew Wood

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

12 June 2012



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2012

	Note	Before Exceptional 2012 £000	Exceptional 2012 £000	Post Exceptional Total 2012 £000	Total 2011 £000
Continuing operations					
Revenue	3	22,975	-	22,975	24,282
Cost of Sales		(10,740)	-	(10,740)	(11,396)
Gross profit		12,235	-	12,235	12,886
Administration and other operating expenses		(8,339)	(489)	(8,828)	(9,104)
Operating profit pre amortisation and share based payments		3,896	(489)	3,407	3,782
Intangible asset amortisation		(702)	(250)	(952)	(696)
Share based payments		(57)	-	(57)	(28)
Operating profit post amortisation and share based payments		3,137	(739)	2,398	3,058
Finance income	6	5	-	5	36
Finance costs	7	(62)	-	(62)	(66)
Profit before taxation		3,080	(739)	2,341	3,028
Income Tax expense	8	(274)	192	(82)	(597)
Profit after tax and total comprehensive income for the year attributable to the owners of the parent	5	2,806	(547)	2,259	2,431
Earnings per share					
- Basic	9	9 93p	(1 93)p	8 00p	8 61p
- Diluted	9	9 83p	(1 93)p	7 90p	8 26p

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

Details of the exceptional items are included in note 4

# CONSOLIDATED BALANCE SHEET

at 31 March 2012

	Note	2012 £000	2011 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	11	17,723	17,618
Other Intangible Assets	12	1,990	1,638
Property, plant and equipment	13	3,662	3,643
Investments	14	533	533
<b>Total non-current assets</b>		<b>23,908</b>	<b>23,432</b>
<b>Current assets</b>			
Inventories	15	1,903	2,674
Trade and other receivables	16	4,157	4,553
Tax asset		213	-
Cash and cash equivalents		105	2,517
		<b>6,378</b>	<b>9,744</b>
<b>Total assets</b>		<b>30,286</b>	<b>33,176</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	3,400	6,198
Borrowings	18	1,985	1,756
Tax liabilities		-	324
Provisions	20	-	89
		<b>5,385</b>	<b>8,367</b>
<b>Non-current liabilities</b>			
Borrowings	18	1,526	1,992
Provisions	20	-	75
Deferred tax	21	157	303
		<b>1,683</b>	<b>2,370</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	22	2,825	2,825
Share premium account		11,174	11,174
Share based payment reserve		333	276
Own shares		(1,154)	(1,154)
Merger reserve		310	310
Retained profit		9,730	9,008
<b>Total equity</b>		<b>23,218</b>	<b>22,439</b>
<b>Total equity and liabilities</b>		<b>30,286</b>	<b>33,176</b>

The Group financial statements were approved by the Board of Directors on 12 June 2012 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 2012

	Share capital £000	Share premium Account £000	Own Shares £000	Share based payment reserve £000	Merger reserve £'000	Profit and loss account £000	Total £000
At 1 April 2010	2,825	11,174	(1,154)	248	310	7,641	21,044
Dividends	-	-	-	-	-	(1,064)	(1,064)
Share based payments	-	-	-	28	-	-	28
Transactions with owners	-	-	-	28	-	(1,064)	(1,036)
Total comprehensive income for the year	-	-	-	-	-	2,431	2,431
Total comprehensive income less owners transactions	-	-	-	28	-	1,367	1,395
At 31 March 2011	2,825	11,174	(1,154)	276	310	9,008	22,439
At 1 April 2011	2,825	11,174	(1,154)	276	310	9,008	22,439
Dividends	-	-	-	-	-	(1,537)	(1,537)
Share based payments	-	-	-	57	-	-	57
Transactions with owners	-	-	-	57	-	(1,537)	(1,480)
Total comprehensive income for the year	-	-	-	-	-	2,259	2,259
Total comprehensive income less owners transactions	-	-	-	57	-	722	779
At 31 March 2012	2,825	11,174	(1,154)	333	310	9,730	23,218

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2012

	2012 £000	2011 £000
Cash flows from operating activities		
Profit for the year	2,259	2,431
Adjustments for		
Interest receivable	(5)	(36)
Interest payable	62	66
Income tax expense	82	597
Amortisation of intangible assets	701	696
Impairment	250	-
Depreciation	448	480
Gain pre-existing contract on acquisition	-	(200)
Exceptional item	(808)	-
Payment of deferred consideration	(12)	-
Profit on sale of property, plant and equipment	8	(80)
Share based payments	57	28
Operating cash flows before changes in working capital and provisions	3,042	3,982
Change in inventories	797	(510)
Change in receivables	517	13
Change in payables	(2,368)	(1,602)
Change in provisions	(164)	(80)
	(1,218)	(2,179)
Cash generated from operations	1,824	1,803
Income taxes paid	(853)	(834)
Net cash generated from operating activities	971	969
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	21	121
Purchases of property, plant and equipment	(495)	(608)
Purchases of intangible assets	(740)	(735)
Purchase of subsidiary undertakings	(377)	(4,380)
Cash acquired with subsidiary	39	547
Net cash used in investing activities	(1,552)	(5,055)
Cash flows from financing activities		
Interest payable	(62)	(66)
Interest received	5	36
Repayments of borrowings	(511)	(452)
Dividends paid	(1,537)	(1,064)
Net cash used in financing activities	(2,105)	(1,546)
Net decrease in cash and cash equivalents	(2,686)	(5,632)
Cash and cash equivalents at beginning of period	1,260	6,892
Cash and cash equivalents at end of period	(1,426)	1,260

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

## 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. 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.

### 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 2012.

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 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.

#### Leisure

##### 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 support term of the length of the service contract in accordance with the respective customer's agreements.

## 1 Significant accounting policies (continued)

### 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 support term of 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 support term of 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

## Fuel Solutions

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

The revenue is recognised over the support term of 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

### 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 Significant accounting policies (continued)

### 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 the income statement 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 11.

### 1.7 Intangible assets

Separately acquired intangible assets

The Group does not operate any purchased computer software. All such software is licensed and expensed.

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.

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.

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

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

## 1 Significant accounting policies (continued)

### 1.8 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 along with an appropriate portion of relevant overheads. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. 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 5 years

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

### 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

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 income statement 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



## 1 Significant accounting policies (continued)

Depreciation is charged in equal annual instalments over the following periods

Freehold land and property	50 years
Plant and machinery	4 years
Equipment and vehicles	4 years
Fixtures and fittings	4 years
Rental systems	Term of hire

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 consolidated statement of comprehensive income

### 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 income statement.

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 the profit or loss. Impairment losses on goodwill are not subsequently reversed.

## 1 Significant accounting policies (continued)

### 1 11 Borrowing costs

Borrowing costs are capitalised where IAS23 criteria are met. Where criteria is not met, they are recognised in the profit or loss in the period they are incurred.

### 1 12 Operating leases

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

### 1 13 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 14 Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out (FIFO) 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 15 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 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 Significant accounting policies (continued)

### 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.

### 1.16 Provisions

A provision is recognised when, as a result of a past event, the Group has a legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of such an obligation can be made.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Provision is made for the present value of any onerous element of operating leases. This typically arises when the Group ceases to use premises and they are left vacant for the remainder of the lease term or are sub-let at rentals, which fall short of the amount payable by the Group under the lease.

Provision is made for the estimated cost of dilapidation repairs arising from wear and tear to leased properties where the Group has a present legal obligation to repair based on the terms of the lease agreements.

### 1.17 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, 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.

### 1.18 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 Significant accounting policies (continued)

### 1 19 Employee share option schemes

All share-based payment arrangements granted after 7 November 2002 are recognised in the financial statements. IFRS 2 has been applied to grants before 7 November 2002 only where the group has disclosed publicly the fair value of those equity instruments, determined as at the grant date 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 20 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.
- "Shares to be issued" 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 21 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.

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Instruments (effective 1 January 2013)
- Deferred Tax Recovery of Underlying assets - Amendments to IAS12 Income Taxes (effective 1 January 2012)

## 1 Significant accounting policies (continued)

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

### 1.22 Exceptional Items

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size and/or nature rather than indicative of the underlying trading of the Group. These may include items such as acquisition costs, restructuring costs, material profits or losses on disposal of property, plant and equipment, profits or losses on the disposal of subsidiaries and inventory write downs associated with acquisition balance sheets. 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 income statement 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.

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 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 11 to 13.

#### 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.

#### Operating lease commitments

The Group has existing commercial property leases in relation to its offices and its fleet of vehicles. The Group has determined that it has not obtained substantially all the risks and rewards of ownership of the property or vehicles and has therefore accounted for the leases as operating leases.

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

### Provisions

Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation

In estimating the onerous lease provisions, the Group considers the likelihood of being able to sub-let properties, the expected level of rentals, the probability of assignees going into liquidation and property reverting to the Group, expected future trading conditions, and whether uneconomic stores will be closed and properties sub-let

### 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.

## 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 Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance. For management purposes the Group is currently organised into two main operating divisions, being Leisure Services and Fuel Solutions with Group costs and Technology trading now separately highlighted as mentioned in the Report of the Directors. From 1 April 2012, Technology trading will form part of the Leisure division.

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.

### 3 Segment reporting (continued)

Continuing Operations (post exceptional items)	Leisure Services		Fuel Solutions		Group and technology		Total	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
Revenue - sale of goods	1,731	1,890	-	-	883	161	2,614	2,051
Revenue - rendering of services	14,702	16,064	5,444	6,124	215	43	20,361	22,231
Total revenue	16,433	17,954	5,444	6,124	1,098	204	22,975	24,282
Pre-exceptional segment result	5,307	4,843	(988)	(377)	(1,182)	(1,232)	3,137	3,234
Exceptional costs	(533)	(3)	(504)	(90)	298	(83)	(739)	(176)
Post exceptional segment result	4,774	4,840	(1,492)	(467)	(884)	(1,315)	2,398	3,058
Finance income	2	16	1	2	2	18	5	36
Finance costs	(37)	(59)	(4)	(3)	(21)	(4)	(62)	(66)
Profit before taxation	4,739	4,797	(1,495)	(468)	(903)	(1,301)	2,341	3,028
Taxation							(82)	(597)
Profit for the year from continuing operations							2,259	2,431
Other information								
Additions to property, plant, equipment and intangible assets	672	993	124	282	794	68	1,590	1,343
Depreciation and amortisation	461	351	147	125	792	700	1,400	1,176

	Leisure Services		Fuel Solutions		Group and technology		Total	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
Segment assets	7,023	6,949	1,882	3,107	923	2,074	9,828	12,130
Unallocated assets	-	-	-	-	20,245	19,789	20,245	19,789
Total assets	7,023	6,949	1,882	3,107	21,168	21,863	30,073	31,919
Segment liabilities	5,462	7,865	1,050	1,039	186	273	6,698	9,177
Unallocated liabilities	-	-	-	-	157	303	157	303
Total liabilities	5,462	7,865	1,050	1,039	343	576	6,855	9,480

Analysis of revenue by category							2012 £000	2011 £000
Continuing operations								
Sale of goods							2,614	2,051
Rendering of services							20,361	22,231
Finance income							5	36
							22,980	24,318

### 4 Exceptional items

	2012 £000	2011 £000
Deferred consideration release	(808)	-
Corporate restructuring and transitional costs	1,297	176
	489	176

Exceptional items include subsidiary restructuring and office closure costs, group restructuring costs, subsidiary acquisition costs, group share option scheme costs and historical costs identified in one of the subsidiaries

## 5 Profit for the year

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

	2012 £000	2011 £000
Employee benefits expense (note 23)	9,045	9,288
Depreciation of property, plant and equipment (note 13)	448	480
Amortisation of intangible assets (note 12)	701	696
Profit on disposal of property, plant and equipment	8	(80)
Gain on settlement of contract (note 27)	-	(200)
Operating lease rentals payable	243	300
Impairment of goodwill	250	-

<b>Auditor's remuneration</b>	<b>2012</b>	<b>2011</b>
<b>Services to the company and its subsidiaries</b>	<b>£000</b>	<b>£000</b>
Fees payable to the company's auditor for the audit of the annual financial statements	16	15
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	37	35
Other services relating to tax - compliance and advice	16	16
Services relating to corporate finance transactions and share schemes	60	62
Other services - IFRS advice, half year reporting and accounting advice	43	21
	172	149

## 6 Finance income

	2012 £000	2011 £000
Interest on bank deposits	5	36
	5	36

## 7 Finance costs

	2012 £000	2011 £000
Interest payable on bank borrowings	62	66
	62	66



## 8 Taxation

### Analysis of charge in period

	2012 £000	2011 £000
Current tax expense		
- UK corporation tax on profits of the period	298	804
- Amounts in respect of prior periods	10	-
	308	804
Deferred tax expense (note 21)		
- Temporary differences	(226)	(207)
Income tax expense	82	597

### Reconciliation of effective tax rate

The tax for the period is lower (2011 lower) than the standard rate of corporation tax in the UK (26%/28%). The differences are explained below

	2012 £000	2011 £000
Profit before taxation		
- Continuing operations	2,341	3,028
Profit before taxation multiplied by rate of corporation tax in the UK of 26% (2011 28%)	609	848
Effects of		
Other expenses not deductible for tax purposes	21	39
Goodwill amortisation	36	145
Disposal of investment	-	(22)
Adjustments for prior years	10	-
Research and development	(247)	41
Amortisation of intangibles	(547)	-
Movement on losses not recognised	200	(454)
Total tax expense	82	597

## 9 Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders 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

## 9 Earnings per share (continued)

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below

	Earnings £000	2012 Basic earnings per share	Diluted earnings per share	Earnings £000	2011 Basic earnings per share	Diluted earnings per share
Profit attributable to equity shareholders	2,259	8 00p	7 90p	2,431	8 61p	8 26p
					2012 Number	2011 Number
Weighted average number of ordinary shares				28,248,164	28,248,164	
Dilutive effect of share options				330,000	1,522,203	
Diluted weighted average number of ordinary shares				28,578,164	29,770,367	

## 10 Ordinary dividends

	2012 £000	2011 £000
Final dividend for the year ended 31 March 2011 of 3 98p (year ended 31 March 2010 2 24p)	1,083	610
Interim dividend paid in respect of the year of 1 67p (2011 1 67p)	454	454
Amounts recognised as distributions to equity holders	1,537	1,064

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2012 of 4 00p per share. If approved by shareholders, it will be paid on 2 October 2012 to shareholders who are on the register of members on 14 September 2012.

## 11 Goodwill

The main changes in the carrying amounts of goodwill result from the additional investment in the subsidiary companies. The net carrying amount of goodwill can be analysed as follows:

Group	2012 £000	2011 £000
Cost		
At 1 April	17,618	13,523
Additions	355	4,095
At 31 March	17,973	17,618
Accumulated impairment losses		
At 1 April	-	-
Impairment loss during period	(250)	-
At 31 March	(250)	-
Net book amount 31 March	17,723	17,618

Goodwill is tested for impairment annually or when events or changes in circumstances that the carrying amount may not be recoverable. The goodwill impairment test is performed by comparing the carrying value of the CGU and associated goodwill with the aggregate recoverable amount. As a result of these reviews management has impaired the goodwill of Energy Level Systems Limited by £250,000.

## 11 Goodwill (continued)

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

	2012 £000	2011 £000
Leisure Services	13,685	13,330
Fuel Solutions	2,220	2,470
Technology	1,818	1,818
Carrying amount 31 March	17,723	17,618

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 ending 31 March 2013 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 historic track record and committed medium to long term contracts

Sector growth assumptions, applied to both the leisure services and fuel solutions segments. 3% 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 0% and a discount rate assumption of 10% was applied, both the leisure services and the fuel solutions segments would require no impairment (2011: £nil)

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 (2011: £nil), but the fuel solutions segment would require an impairment of £241,000 (2011: £nil)

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 (2011: £nil), but the fuel solutions segment would require an impairment of £435,000 (2011: £nil)

## 12 Other intangible assets

Group	Capitalised development £000	Order book £000	Customer Contracts £000	Patents £000	Total £000
Cost					
At 1 April 2010	377	39	1,445	14	1,875
Arising from business combinations	-	242	381	7	630
Internally generated development costs	735	-	-	-	735
At 31 March 2011	1,112	281	1,826	21	3,240
Arising from business combinations	-	-	310	3	313
Internally generated development costs	740	-	-	-	740
At 31 March 2012	1,852	281	2,136	24	4,293
Amortisation					
At 1 April 2010	-	39	859	8	906
Charge for the year	108	105	482	1	696
At 31 March 2011	108	144	1,341	9	1,602
Charge for the year	210	107	382	2	701
At 31 March 2012	318	251	1,723	11	2,303
Net book amount					
At 31 March 2012	1,534	30	413	13	1,990
At 31 March 2011	1,004	137	485	12	1,638

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 useful lives of the intangible assets acquired during the year were assessed to be as follows:

Customer contracts and relationships - expected length of relationship

The £740,000 of capitalised development costs represents expenditure 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.

### 13 Property, plant and equipment

Group	Freehold Land and buildings £000	Plant, vehicles and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 April 2010	3,103	256	1,719	5,078
Additions	1	243	364	608
On acquisition	-	141	18	159
Disposals	-	(52)	-	(52)
At 31 March 2011	3,104	588	2,101	5,793
Additions	6	89	400	495
On acquisition	-	-	-	-
Disposals	-	(110)	-	(110)
At 31 March 2012	3,110	567	2,501	6,178
Accumulated depreciation				
At 1 April 2010	229	143	1,309	1,681
Charge for the year	60	124	296	480
Disposals	-	(11)	-	(11)
At 31 March 2011	289	256	1,605	2,150
Charge for the year	61	94	293	448
Disposals	-	(82)	-	(82)
At 31 March 2012	350	268	1,898	2,516
Net book amount				
At 31 March 2012	2,760	299	603	3,662
At 31 March 2011	2,815	332	496	3,643

### 14 Investments

	2012 £000	2011 £000
Valuation		
Other shares		
At 1 April	533	556
Disposals	-	(23)
At 31 March	533	533

The Group currently holds 13,209,754 ordinary 5p shares in Universe Group plc, an AIM listed company which represents 11.52% of the share capital

## 15 Inventories

	2012 £000	2011 £000
Raw materials	2,208	2,900
Write down on raw materials	(472)	(487)
Work in progress	167	261
	1,903	2,674

No reversal of previous write-downs was recognised as a reduction of expense in 2011 or 2012. In 2012 £4,473,573 (2011 £4,158,143) was included in the income statement 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.

## 16 Trade and other receivables

	2012 £000	2011 £000
Trade receivables	3,683	3,865
Other receivables	18	30
Prepayments and accrued income	456	658
	4,157	4,553

The directors consider that the carrying amount of trade and other receivables approximates their fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment. Some trade receivables were found to be impaired.

In addition some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2012 £000	2011 £000
Not more than 3 months	1,458	1,050
More than 3 months but not more than 6 months	66	242
More than 6 months but not more than 1 year	107	19
More than 1 year	5	-
	1,636	1,311

## 17 Trade and other payables

	2012 £000	2011 £000
Trade payables	1,210	2,052
Other taxation and social security	728	939
Accruals and deferred income	1,100	2,301
Deferred contingent consideration (note 4)	362	906
	3,400	6,198

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

## 18 Borrowings

Current	2012 £000	2011 £000
Bank overdraft	1,531	1,257
Bank loans	444	478
Hire purchase	10	21
	1,985	1,756
Non-current	2012 £000	2011 £000
Bank loans	1,525	1,981
Hire purchase	1	11
	1,526	1,992

Bank loans are denominated in £ sterling and bear interest based on Bank of Scotland Base Rate plus 1%. 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

	2012 %	2011 %
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

	2012 £000	2011 £000
Between one and two years	130	454
Between two and five years	436	413
More than five years	960	1,125
	1,526	1,992

The Group's bank borrowings bear interest at floating rates, which represent prevailing market rates. The Directors have not considered the impact of interest on these commitments given the levels of cash in the Group and facilities the Group has. The cash generative nature of the Group and hence any interest rate change would be mitigated to a degree by interest earned. The directors consider therefore that the carrying amount of bank borrowings approximates their fair value.

## 19 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. Long term financial investments are managed to generate lasting returns.

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.

	2012 \$000	2011 \$000
Financial assets	33	51
Financial liabilities	-	-
	33	51

	2012 €000	2011 €000
Financial assets	21	46
Financial liabilities	-	-
	21	46

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.

	2012 £000	2011 £000
Cash and cash equivalents	105	2,517
Trade and receivables	3,683	3,865
	3,788	6,382

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.



## 19 Financial instruments (continued)

### Credit risk analysis (continued)

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 8 week projection. Longer term needs are monitored as part of the Group's regular rolling monthly reforecasting process

### Loans and receivables

	2012 £000	2011 £000
<b>Current Assets</b>		
Cash and cash equivalents	105	2,517
Trade and receivables	3,683	3,865
	3,788	6,382
<b>Non-current Assets</b>		
Available for sale financial assets	533	533
	533	533
<b>Current Liabilities</b>		
Financial liabilities measures at amortised cost	4,710	5,768
	4,710	5,768
<b>Net financial (liabilities)/assets</b>	<b>(389)</b>	<b>1,147</b>

The Directors have not disclosed an interest rate sensitivity analysis note given the levels of cash in the Group, and the cash generative nature of the Group, hence any interest rate change would be mitigated to a degree by interest earned

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

## 19 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 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

	2012 £000	2011 £000
Total equity	23,218	22,439
Less cash equivalents	(105)	(2,517)
	23,113	19,922

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

## 20 Provisions

Group	Onerous leases £000	Dilapidations £000	Total £000
1 April 2010	225	20	245
Charged to profit or loss	(81)	-	(81)
1 April 2011	144	20	164
Charged to profit or loss	(144)	(20)	(164)
31 March 2012	-	-	-

Provisions are analysed between current and non-current as follows

	2012 £000	Group 2011 £000
Current	-	89
Non-current	-	75
	-	164

The Group settled all onerous building lease and dilapidation liabilities during the year

## 21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 26% (2011 28%)

The movement on the deferred tax account is as shown below

	2012 £000	2011 £000
At 1 April	303	340
Profit and loss charge	(226)	(207)
Acquisition	80	170
At 31 March	157	303

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below

Net deferred tax liability Group	£000
At 31 March 2012	157
At 31 March 2011	303

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 £157k (2011 £303k) are amounts of £130k relating to tax losses (2011 £390k).

## 22 Issued share capital

	2012 £000	2011 £000
Issued and fully paid		
Ordinary shares of 10p each 28,248,164 (2011 28,248,164)	2,825	2,825

### 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 2012, the Trust owned 818,470 shares (2011 818,470 shares) with a nominal value of £81,847 (2011 £81,847).

At 31 March 2012, Vianet Group plc (formerly Brulines Group plc) owned 216,000 shares (2011 216,000 shares) with a nominal value of £21,600 (2011 £21,600), all held in treasury.

Dividends payable on these shares have been waived.

No shares have been conditionally gifted to certain employees as at 31 March 2012.

## 23 Employees and directors

### Employee benefit expense during the period

	2012 £000	2011 £000
Wages and salaries	7,879	8,165
Social security costs	863	864
Pension costs	246	231
Share based payments	57	28
	9,045	9,288

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

	2012 Number	2011 Number
Sales	11	16
Engineering	68	81
VRS	7	33
Management	14	10
Administration	160	170
	260	310

### Key management personnel - Directors

Group	2012 £000	2011 £000
Aggregate emoluments	634	640
Pension contributions	74	75
	708	715

During the year, 4 (2011: 4) directors had benefits accruing under defined contribution pension schemes

### Highest paid director

	2012 £000	2011 £000
Aggregate emoluments	174	174
Pension contributions	26	26
	200	200

## 24 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	2012 £000	2011 £000
Within one year	348	258
After one year and less than five years	304	349
	652	607

## 25 Contingent liabilities

The Group had no contingent liabilities at the beginning or end of the year.

## 26 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.

	2012		2011	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
At 1 April	1,884,250	105.2	1,464,750	109.3
Granted	110,000	82.6	517,000	99.7
Exercised	-	-	-	-
Forfeited	(68,000)	134.0	(97,500)	138.3
At 31 March	1,926,250	102.9	1,884,250	105.2
Exercisable at 31 March	1,136,750	108.0	1,080,750	104.9

## 26 Share-based payments (continued)

Name of director / senior employee	Date of grant	Number of options	Exercise price	Exercise date	Exercise period
D J Noble	31/03/06	80,000	50 0p	-	01/04/06 to 31/03/16
M H Foster	31/03/06	150,000	67 2p	-	01/04/06 to 31/03/16
D J Noble	31/03/06	40,000	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
M H Foster	26/10/06	65,000	123 0p	-	27/10/09 to 26/10/16
D J Noble	26/10/06	65,000	123 0p	-	27/10/09 to 26/10/16
J H Newman	26/10/06	36,000	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 Darling	07/04/09	100,000	125 0p	-	08/04/12 to 07/04/19
S C Gilliland	25/09/09	30,000	102 5p	-	26/09/12 to 25/09/19
J H Newman	25/09/09	30,000	102 5p	-	26/09/12 to 25/09/19
J W Dickson	27/01/11	31,000	96 5p	-	28/01/14 to 27/01/21
D J Noble	27/01/11	31,000	96 5p	-	28/01/14 to 27/01/21
M H Foster	27/01/11	31,000	96 5p	-	28/01/14 to 27/01/21
S Darling	27/01/11	31,000	96 5p	-	28/01/14 to 27/01/21

## 26 Share-based payments (continued)

The fair value per option and the assumptions used in the calculation were as follows

Share price at grant date	34 8p (March 2006)
	123 0p (October 2006)
	147 5p (December 2006)
	148 5p (January 2008)
	154 0p (July 2008)
	155 5p (August 2008)
	123 0p (November 2008)
	125 0p (April 2009)
	102 5p (September 2009)
Exercise price	50 0p (March 2006)
	67 2p (March 2006)
	123 0p (October 2006)
	147 5p (December 2006)
	148 5p (January 2008)
	151 5p (July 2008)
	151 5p (August 2008)
	132 5p (November 2008)
	143 8p (January 2010)
	126 5p (April 2010)
	119 0p (June 2010)
	115 0p (September 2010)
	111 0p (November 2010)
	96 5p (January 2011)
	102 0p (February 2011)
Shares under option	1,926,250
Vesting period - EMI Options (years)	0
Vesting period - Executive/Employee Scheme (years)	3
Option life (years)	10
Expected life (years)	3
Expected volatility	30%
Risk free rate - 31 March 2006	4.39%
Risk free rate - 19 October 2006	4.75%
Risk free rate - 6 December 2006	4.58%
Expected dividends expressed as a dividend yield	3%
Fair value per option - EMI Options (50 0p)	3.2p
Fair value per option - EMI Options (67 2p)	1.3p
Fair value per option - Executive/Employee Scheme (123 0p)	25.0p
Fair value per option - Executive/Employee Scheme (147 5p)	30.0p

## 26 Share-based payments (continued)

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 (formerly Brulines 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 an expense of £57,000 (2011: £28,000) 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
D J Noble	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 do not vest for three years. 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.



## 27 Business Combinations

### Acquisition of Lookout Solutions Limited

On 26 October 2011, the Group acquired 100% of the issued share capital of Lookout Solutions Limited, a company based in the UK through Vianet Limited. The purchase price was settled for £377,024 in cash and £274,570 in deferred consideration. Details of the acquisition are set out below.

	Carrying values pre acquisition £000	Fair value £000
Intangible assets		
- Customer contracts	-	310
- Patents	2	2
Property, plant and equipment	1	-
Inventories	27	27
Trade and other receivables	120	120
Trade and other payables	(114)	(114)
Taxation		
- Current	(7)	(7)
- Deferred	-	(80)
Cash and cash equivalents	39	39
Net assets acquired	68	297
Goodwill		355
Consideration		652
Consideration satisfied by		
- Cash		377
- Deferred consideration		275
		652

The goodwill that arose on the combination is attributable to on going un-contracted customer relationships, synergies expected to be derived from the combination and the value of the workforce of Lookout Solutions Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of Lookout Solutions Limited is calculated as follows:

	£000
Cash consideration	377
Cash acquired	(39)
	338

## 27 Business Combinations (continued)

The results of operations as if the above acquisition had been made at the beginning of the year are as follows

	£000
Revenue	145
Profit for the year	42

## 28 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. J H Newman, a non-executive director invoiced Vianet Group plc (formerly Brulines Group plc) for fees totalling £43,601 (2011 £39,739). As at 31 March 2012, there was £3,821 outstanding (2011 £4,259). S Gilliland, a non-executive director invoiced Vianet Group plc (formerly Brulines Group plc) for fees totalling £34,161 (2011 £34,363). As at 31 March 2012, there was £2,485 outstanding (2011 £nil).

## 29 Events after the balance sheet date

On 1 April 2012 the Group changed its name to Vianet Group plc and merged a number of its trading subsidiaries in to Vianet Limited representing the leisure division and Vianet Fuel Solutions Limited representing the fuel division.

There were no other post balance sheet events.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIANET GROUP PLC (FORMERLY BRULINES GROUP PLC)

We have audited the parent company financial statements of Vianet Group plc (formerly Brulines Group plc) for the year ended 31 March 2012 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 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 (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## 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 2012,
- 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 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

Other matter

We have reported separately on the group financial statements of Vianet Group plc (formerly Brulines Group plc) for the year ended 31 March 2012

Grant Thornton UK LLP

Andrew Wood  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Leeds

12 June 2012

# COMPANY BALANCE SHEET

at 31 March 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments in subsidiaries	2	20,323	20,323
Investments	3	533	533
		20,856	20,856
Current assets			
Debtors	4	2,998	3,020
Cash at bank and in hand		-	1,603
		2,998	4,623
Creditors amounts falling due within one year	5	(667)	(5,847)
Net current liabilities		2,331	(1,224)
Net assets		23,187	19,632
Capital and reserves			
Ordinary share capital	6	2,825	2,825
Share premium	7	11,174	11,174
Share based payment reserve	7	333	276
Own shares	7	(851)	(851)
Merger reserve	7	310	310
Retained earnings	7	9,396	5,898
Total equity	7	23,187	19,632

The balance sheet was approved by the Board on 12 June 2012 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 historic 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 granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

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.

## 2 Investments in subsidiaries

Company	2012 £000	2011 £000
Cost and net book amount		
Shares in subsidiaries		
At 1 April	20,323	18,589
Additions (see note 11 of Group accounts)	-	1,734
At 31 March	20,323	20,323

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

Subsidiary	Shareholding	Country of incorporation	Principal activity
Brulines Limited	100%	UK	Dispense monitoring
Machine Insite Limited	100%	UK	Machine monitoring
Coin Metrics Limited	100%	UK	Machine monitoring
Brulines Trustee Company Limited	100%	UK	Employee Trust
Edis Limited	100%	UK	Dormant
Bruline Limited	100%	UK	Dormant
Nucleus Data Limited	100%	UK	Dormant
Nucleus Data Holdings Limited	100%	UK	Dormant
Vianet Fuel Solutions Limited (formerly Edensure Limited)	100%	UK	Forecourt Solutions
Vianet Limited	100%	UK	Vending monitoring
Energy Level Systems Limited	100%	UK	Forecourt Solutions
Retail & Forecourt Solutions Limited	100%	UK	Forecourt Solutions
LBI Installations Limited	0%	UK	Forecourt Solutions
Viatelemetry Limited	100%	UK	Telemetry Solutions
Lookout Solutions Limited	0%	UK	Telemetry Solutions

LBI Installations Limited is an indirect investment via Vianet Fuel Solutions Limited (formerly Edensure Limited) in Fuel solutions  
Lookout Solutions Limited is an indirect investment via Vianet Limited in Vending

## 3 Investments

Company	2012 £000	2011 £000
Cost and net book amount		
Other shares		
At 1 April	533	533
Additions	-	-
At 31 March	533	533

The Group currently holds 13,209,754 ordinary 5p shares in Universe Group plc, an AIM listed company which represents 11.52% of its share capital

#### 4 Debtors

	2012 £000	2011 £000
Amounts due from subsidiaries	2,998	3,003
Other taxation	-	17
	2,998	3,020

#### 5 Creditors amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to subsidiaries	547	5,738
Other payables	54	76
Accruals and deferred income	66	33
	667	5,847

#### 6 Issued share capital

	2012 £000	2011 £000
Issued and fully paid		
Ordinary shares of 10p each 28,248,164 (2011 28,248,164)	2,825	2,825

Allotments during the year

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

#### 7. Reserves

	Share capital £000	Share premium £000	Own shares £000	Share based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 April 2010	2,825	11,174	(851)	248	310	3,849	17,555
Profit for the year	-	-	-	-	-	3,113	3,113
Share based payment	-	-	-	28	-	-	28
Dividends	-	-	-	-	-	(1,064)	(1,064)
At 31 March 2011	2,825	11,174	(851)	276	310	5,898	19,632
Profit for the year	-	-	-	-	-	5,035	5,035
Share based payment	-	-	-	57	-	-	57
Dividends	-	-	-	-	-	(1,537)	(1,537)
At 31 March 2012	2,825	11,174	(851)	333	310	9,396	23,187



## 8 Dividends

	2012 £000	2011 £000
Final dividend for the year ended 31 March 2011 of 3.98p (year ended 31 March 2010 2.24p)	1,083	610
Interim dividend paid in respect of the year of 1.67p (2011 1.67p)	454	454
Amounts recognised as distributions to equity holders	1,537	1,064

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2012 of 4.00p per share. If approved by shareholders, it will be paid on 2 October 2012 to shareholders who are on the register of members on 14 September 2012.

## 9 Employees

The company has no employees or employee costs in this and the preceding year.

## 10 Directors

	2012 £000	2011 £000
Directors' emoluments	315	-
Pension contribution	43	-
	358	-

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

	2012 £000	2011 £000
Directors' emoluments	174	-
Pension contribution	26	-
	200	-

Other Directors' emoluments see Group accounts, Report of the Directors

## 11 Share-based payments

The company disclosures required under UK GAAP are identical to those required under IFRS. See Group accounts, note 26 for details.

## 12 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 profit for the financial year was £5,035,000 (2011: £3,113,000).

## 13 Related Party Transactions

No non-executive director payments were incurred in the company in this or the preceding year. 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.