The Equipment Rental Specialist

ANNUAL REPORT AND ACCOUNTS 2020

2020

www.vpplc.com

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About Us

Vp is a rental business providing specialist products and services.

Our objective is to deliver sustainable, quality returns to our shareholders by providing products and services to a diverse range of end markets including infrastructure, construction, housebuilding and oil and gas, both in UK and International markets.

Our Business Model and Strategy

Our aim is to create sustainable value

Resilient and proven model

- market leading positions in niche sectors
- diverse markets in UK and Overseas
- take long term view

First class asset management

- buy quality products at competitive prices
- maintain assets through rental life cycles
- use strong balance sheet and cash generation for fleet growth and acquisitions

Specialist rental

- embrace change and innovate
- provider of choice
- continue to exceed customer expectations
- value added service proposition

Building on core attributes

- retain and attract the best people
- safe and sustainable business
- product service reliability and operational excellence

How we measure success (Key Performance Indicators)

OBJECTIVE	Specialism and market leading positions	Value added services and operational excellence	Innovation	Asset management financial strength	People and safety
MEASURE	PBTA, revenue growth, margins			• ROACE • EBITDA gearing • Net debt • Fleet spend	• Annualised employee turnover* • Reportable accidents*

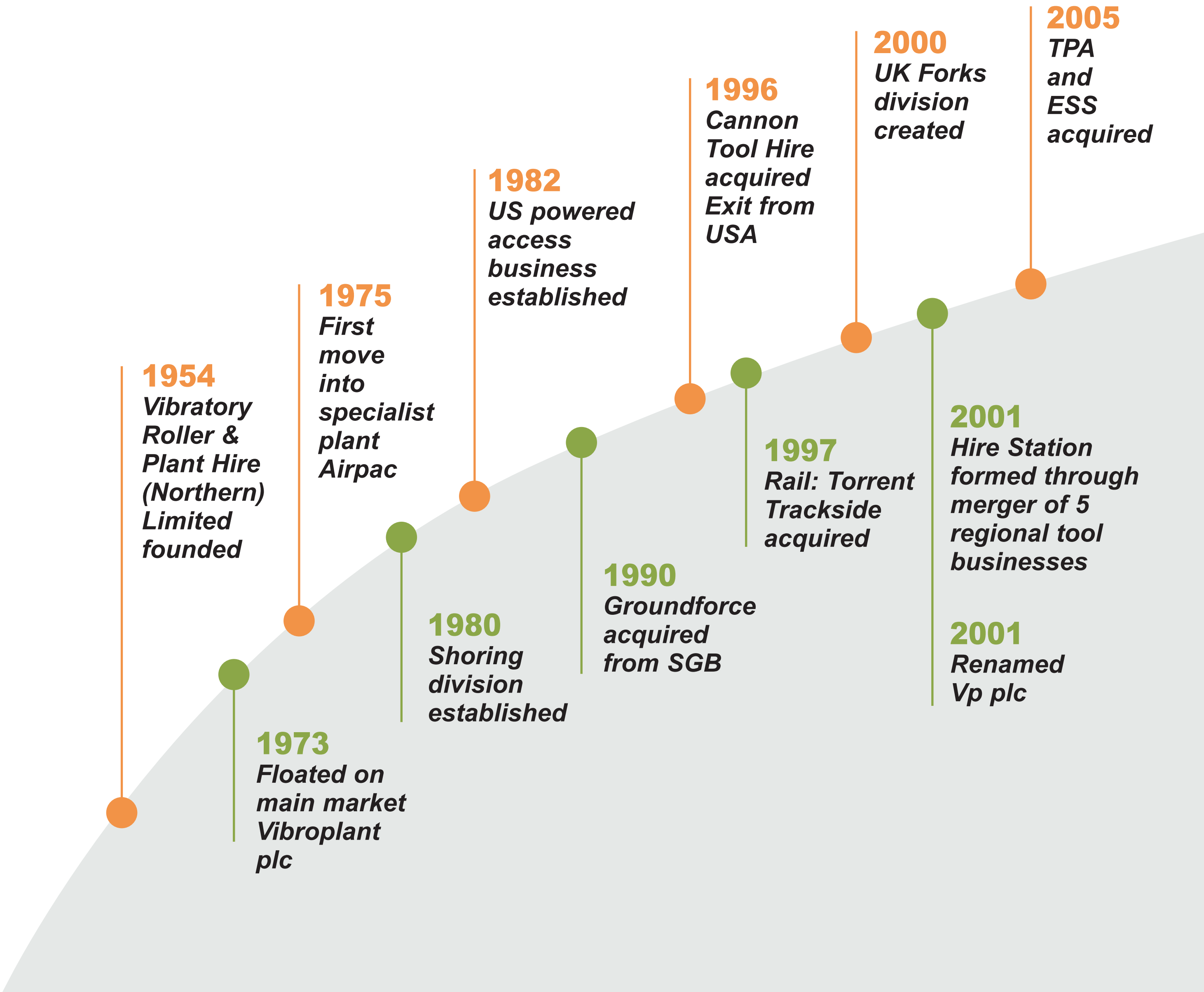
*shown in CSR report

66 Years in Business

The Company was founded in 1954 and floated on the UK Stock Market in 1973 as Vibroplant plc.

In 2000, the Company exited its historically core general plant business to focus on higher return specialist activities and subsequently changed its name to Vp plc.

Since then the Group has developed a wide range of sector leading, specialist rental businesses serving a diverse range of end markets in UK and International markets.



2006
Acquisition of Bukom Oilfield Services (Airpac Bukom formed)

2007
MEP acquired

2010
Geographical expansion: Global (Airpac Bukom) Eire (Groundforce Germany (TPA)

2014
Vp celebrates 60 years

2015
Acquisition of Test & Measurement

2016
Acquisitions of Higher Access and TR Pty (Australia)

2017
Acquisitions of JMS M&E and Zenith Survey Equipment

2017
Acquisition of Brandon Hire

2019
Acquisition of Sandhurst

Revenue History	1970: £2m	1980: £14m	1990: £70m	2000: £55m	2010: £129m	2015: £206m	2016: £209m	2017: £249m	2018: £304m	2019: £383m	2020: £363m

Diverse Range of End Markets

INFRASTRUCTURE

CONSTRUCTION

HOUSEBUILD

OIL AND GAS

Geographical Spread

UK

EUROPE

ASIA PACIFIC

2020

Group Businesses

Brandon Hire Station

The UK's Tool and Equipment Hire Specialist

Brandon Hire Station is a leading provider of tools and specialist rental products to industry, construction and home owners across the UK.

ESS Safeforce

Dedicated to your Safety

ESS Safeforce is a specialist provider of safety, survey, communications and test & measurement equipment rental in the UK and the Netherlands.

MEP Hire

Mechanical, Electrical & Low Level Access Specialists

MEP Hire provides mechanical and electrical press fittings and low level access products to the UK construction, fit out, mechanical and electrical markets.

Group Businesses

Torrent Trackside

Railway Plant. Railway People.

Specialist suppliers of rail infrastructure portable plant and related trackside services to Network Rail, London Underground and their appointed track renewal, maintenance and project contractors.

Groundforce

Specialist Construction Solutions

Groundforce is a market leading rental provider of excavation support systems and specialist products for the water, civil engineering and construction industries with operations in the UK, the Republic of Ireland and mainland Europe.

TPA

Portable Roadways

TPA Portable Roadways is one of Europe's largest suppliers of temporary access solutions. Operating from bases in the UK and Germany, TPA provides portable roadways and temporary access solutions to customers in the transmission, construction, rail and outdoor events markets.

Group Businesses

UK Forks

Materials Handling Specialists

UK Forks is one of the UK's leading specialist hirers of telescopic handlers and tracked access platforms. The products and services are utilised by its customers to improve safety and productivity on construction and housebuilding sites across the UK.

International division

Airpac Bukom

Oilfield Services

Airpac Bukom Oilfield Services is an international business supporting a wide range of oil and gas markets, servicing well test, pipeline testing, rig maintenance and LNG markets worldwide.

TR Group

TR is Australasia's leading technical equipment rental group providing test and measurement, communications, calibration and audio visual solutions in Australia, New Zealand and South East Asia.

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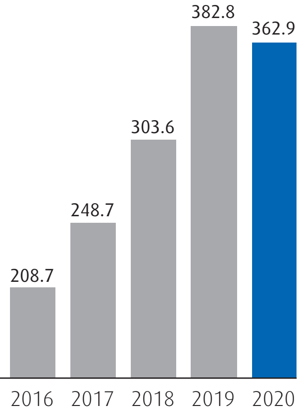
Financial Highlights

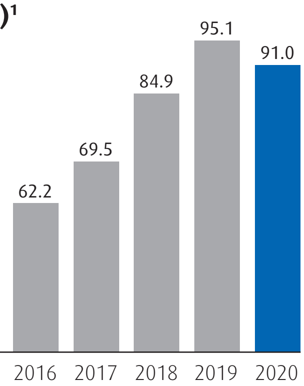
GROUP REVENUE

£362.9m



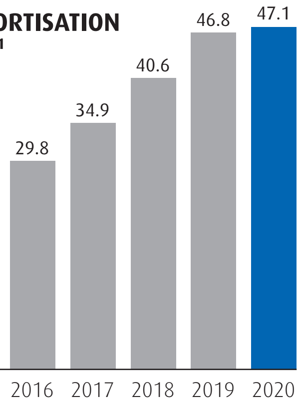
BASIC EARNINGS PER SHARE (PRE AMORTISATION AND EXCEPTIONAL ITEMS)[1]

91.0p



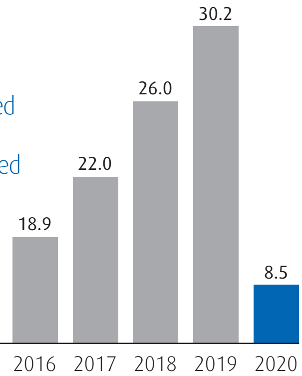
PROFIT BEFORE TAX, AMORTISATION AND EXCEPTIONAL ITEMS[1]

£47.1m



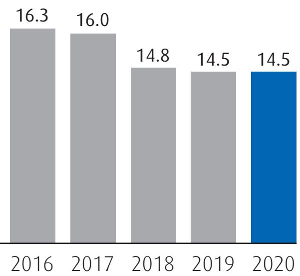
DIVIDENDS PER SHARE

Decision on a dividend delayed due to Covid-19 pandemic. Interim dividend only presented for current financial year.



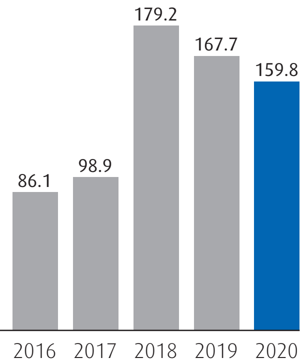
RETURN ON AVERAGE CAPITAL EMPLOYED

14.5%



NET DEBT

£159.8m



Notes on alternative performance measures:

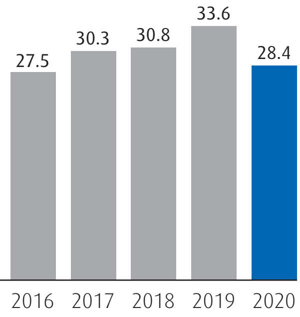
1 Following the adoption of IFRS 16 *Leases* with effect from 1 April 2019, as the Group has adopted the accounting standard using the modified retrospective approach to transition and has accordingly not restated prior periods, the results for the year ended 31 March 2020 are not directly comparable with those reported in the prior period under the previous applicable accounting standard, IAS 17 *Leases*. To provide meaningful comparatives, the results for the year ended 31 March 2020 have therefore also been presented under IAS 17. Further, as the decision makers currently allocate resource and assess performance primarily on an IAS 17 basis, the alternative performance measures will be disclosed based on IAS 17 until the transition to an IFRS 16 basis in the financial year ending 31 March 2021. See Note 11 and page 9 for a reconciliation of the IAS 17 alternative performance measures to the equivalent IFRS 16 measures. The adoption of IFRS 16 did not have a significant impact on profit before taxation (£0.5 million impact). The balance sheet impact has been disclosed in note 11.

- All performance measures stated as before amortisation are also before impairment of intangibles and exceptional items.
- Basic earnings per share pre amortisation and exceptional items is reconciled to basic earnings per share in note 22.
- Profit before tax, amortisation and exceptional items is reconciled to profit before tax in the Income Statement.
- EBITDA is reconciled to profit before tax, amortisation and exceptional items by adding back net financial expenses and depreciation.
- Return on average capital employed is based on profit before tax, interest, amortisation and exceptional items divided by average capital employed on a monthly basis using the management accounts. Profit before tax, interest, amortisation and exceptional items is reconciled to profit before interest and tax in the Income Statement.

Financial Highlights

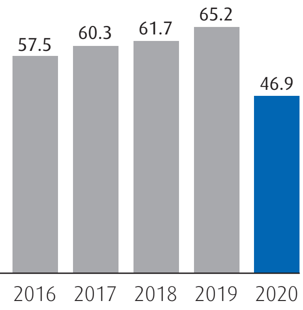
PROFIT BEFORE TAX

£28.4m



BASIC EARNINGS PER SHARE

46.9p



Impact on Consolidated Income Statement, EBITDA and earnings per share

Basic earnings per share before the amortisation of intangibles and exceptional items decreased by 0.8 pence for the period to 31 March 2020 as a result of the adoption of IFRS 16. The financial impact of the transition on the Group's Consolidated Income Statement and EBITDA for the year ended 31 March 2020 is set out below:

	EXCLUDING IFRS 16	IFRS 16 IMPACT	REPORTED
	£000	£000	**£000**
Operating profit before amortisation and exceptional items	51,890	3,590	**55,480**
Operating profit	33,616	3,590	**37,206**
EBITDA	98,050	25,767	**123,817**
Net financial expense	(4,791)	(4,049)	**(8,840)**
Profit before taxation, amortisation and exceptional items	47,099	(459)	**46,640**
Profit before taxation	28,825	(459)	**28,366**

Chairman's Statement

Chairman: Jeremy Pilkington

The Covid-19 pandemic has understandably overshadowed the year end and as a result my statement this year will be more concerned than usual with current and future prospects. However, I would like to start with a traditional review of the year ended 31 March 2020.

Profits before tax, amortisation and exceptional items rose marginally to £47.1 million (2019: £46.8 million) on revenues down by 5% to £362.9 million (2019: £382.8 million). Net debt at the year-end was £159.8 million (2019: £167.7 million) after funding £49.1 million capital investment in the rental fleet (2019: £63.8 million). Our characteristically strong EBITDA was £98.1 million (2019: £101.4 million).

Return on average capital employed remained strong at 14.5% (2019: 14.5%) and earnings per share softened marginally to 91.0 pence per share (2019: 95.1 pence per share).

Against an economic background severely distracted in the UK by Brexit and its associated issues, these results can, I believe, be considered a very satisfactory performance. However, owing to the exceptional circumstances of Covid-19, the Board has decided to delay the decision on a dividend until later in the year when we would hope to have better visibility of the overall situation. We appreciate that income is of vital importance to shareholders and we intend to restore normal patterns of distributions as soon as possible.

As previously announced, in May 2019 we acquired Sandhurst Limited for £3.325 million. Sandhurst works within the Groundforce division to offer specialist excavator attachments to the construction and civil engineering sectors from five locations across the UK. Within a market that has experienced some local headwinds, Sandhurst has traded satisfactorily in its first year of our ownership.

Both in the UK and internationally, the Covid-19 lockdown has had a severe impact on activity levels across most, but not all, of our business streams. Our first response everywhere has been to ensure the safety of our employees, our customers and all other elements of our supply chain. Thereafter, we have prioritised cash conservation and the adjustment of our cost base against the new reality of sharply reduced activity levels. Recruitment and capital expenditure have been frozen except in the most exceptional circumstances. We have mothballed some branches and furloughed workers where appropriate. Homeworking has been widely employed with only a minimum office presence and subject to the observation of social distancing and other hygiene guidelines. We have however needed to maintain a core operational capability in support of critical infrastructure activities such as health, transport and utilities.

As a result of these measures, I am pleased to be able to say that, at this stage, we believe that the strength of the Group's cash flow referred to above supports what is a comfortable level of borrowing headroom.

Shareholders are already aware of the announcement by the Competition and Markets Authority on 9 April 2019 in respect of suspected anti-competitive behaviour within the temporary groundworks sector. The CMA's findings remain provisional and we continue to co-operate fully with their investigation and we await their determination in due course.

During April and May 2020, revenue levels generally stabilised and since then, in several sectors, activity has started to recover somewhat. It is encouraging to hear the emphasis Governments are now giving to the importance of resuming work wherever possible whilst respecting safety guidelines. In the UK, the focus on re-starting construction activity and in particular housebuilding, is a very welcome move.

Going forward, we will continue to manage the cost base of the business to reflect trading levels and we have every confidence that we can manage any necessary adjustments satisfactorily.

Over the past ten years, we have been able to deliver compound average growth in profits before amortisation, taxation and exceptional items of 13%. It is to these levels of performance that we aspire to return as the current downturn abates.

I routinely at this time take the opportunity to thank all our employees for their contribution to the ongoing success of the business. Whilst these thanks remain undoubtedly appropriate, I need to add a special note of appreciation to all for coping with the unique emotional and operational challenges created by the pandemic.

Jeremy Pilkington
Chairman
9 June 2020

2020

Business Review

Overview

Vp plc is a rental business providing specialist products and services to a diverse range of end markets including infrastructure, construction, housebuilding, and oil and gas. The Group comprises a UK and an International Division.

Chief Executive: Neil Stothard

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue	£362.9 million	£382.8 million
Operating profit before amortisation and exceptional items[1]	£51.9 million	£51.6 million
Operating margin[1]	14.3%	13.5%
Investment in rental fleet	£49.1 million	£63.8 million
Return on average capital employed	14.5%	14.5%
Statutory operating profit	£37.2 million	£38.3 million

The year to 31 March 2020 was a satisfactory trading period for the Group against a backdrop of some volatility in the market environments within which we participate.

Group operating profits before amortisation, exceptional items and IFRS 16 impact were marginally ahead at £51.9 million compared with prior year of £51.6 million. Operating margins increased to 14.3% (2019: 13.5%) and return on average capital employed of 14.5% was in line with prior year, a measure which continues to underline the high quality of the Group's earnings. Group revenues at £362.9 million (2019: £382.8 million) were 5% down on prior year.

Whilst most of our end markets were stable during the year, the construction market weakened on Brexit concerns during 2019 and latterly the Covid-19 outbreak negated hopes of a pick up into 2020.

Cash generation from trading remained robust and EBITDA before exceptional items was £98.1 million (2019: £101.4 million). Net debt at 31 March 2020 was £159.8 million (2019: £167.7 million), a reduction of £7.9 million in the period. The Group has total committed facilities of £207.5 million.

With growth more subdued during the year, the investment in rental fleet was tailored accordingly with gross capital expenditure of £49.1 million, well down on prior year of £63.8 million. Fleet disposal proceeds increased to £21.4 million up from £20.0 million in the prior year, generating increased profit on disposals of £8.9 million (2019: £7.6 million). As previously reported, in May 2019, we acquired the entire issued share capital of Sandhurst Limited, a business that specialises in the rental of excavator attachments to the UK construction and civil engineering sectors.

With the rapid onset of the Covid-19 virus in March 2020, most Group companies' activities were severely impacted by lockdowns and the final two weeks of March saw demand drop severely, our response to which is covered later in this review.

Business Review

UK Division

Operating profits (before amortisation, exceptional items and IFRS 16 impact) in the UK division increased marginally in the year to £50.2 million compared with £49.9 million prior year. Revenues of £331.0 million (2019: £350.3 million) were 6% down on prior year.

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue	£331.0 million	£350.3 million
Operating profit before amortisation and exceptional items[1]	£50.2 million	£49.9 million
Investment in rental fleet	£41.0 million	£57.4 million

The UK division, comprises seven main business units: UK Forks, Groundforce, TPA, Brandon Hire Station, ESS Safeforce, MEP and Torrent Trackside. Whilst mainly operating in the UK, some of these businesses also have operations in mainland Europe, primarily Germany and the Netherlands. All support our three core sectors of Infrastructure, Construction and Housebuilding.

Trading in the UK Forks division was largely positive in the year with strong demand for the telehandler products in particular from a supportive housebuilding sector. By contrast, general construction and telecoms were quieter. Net investment in fleet at UK Forks was similar to prior year. The temporary closure of the housebuilding sector at the end of March had a material impact on the division but pleasingly demand has started to return into May as most builders have now returned to work, albeit on a reduced basis.

Groundforce / TPA delivered a small overall increase in revenues in the year. The division derives a large proportion of its activity from construction, water and transmission markets. Whilst these sectors were generally softer during the year, they remained an important contributor. The temporary roadways business, TPA made further good progress both in the UK and in mainland Europe, as did Groundforce's smaller European operations.

Brandon Hire Station has developed into the UK's market leader for tool hire with a comprehensive network providing a high quality service to a wide customer base ranging from SME's to larger regional and national contractors. During the year under review, the weakness in the construction sector impacted by Brexit considerations saw demand for tool hire products and revenues down on prior year. As with UK Forks, the Covid-19 shutdown in mid-March had a severe impact on the trading levels of the business. This reduction in trade gradually reversed in May.

The MEP low level access and press fitting division experienced flat revenues in the year as demand from the fit out and contracting sector dropped off in London, though this was mitigated by improved activity in the other major cities in the UK, where demand was robust.

ESS Safeforce, whilst generally trading satisfactorily, experienced a reduction in revenues as a large prior year shutdown contract in the Netherlands was not repeated. Overall the business, the UK market leader in its sector, is in excellent shape and whilst currently challenged by the Covid-19 related slowdown, remains well placed to make progress as restrictions are eased.

Torrent Trackside traded broadly in line with prior year with rail maintenance activity to the fore, whilst renewals demand slowed in the transition from the CP5 to CP6 (Control Period 6) renewal and maintenance programme. The Torrent Trackside and Brandon Hire Station businesses were successful in renewing the exclusive contract with Network Rail for the provision of rail plant and tool hire services for a minimum period of six years starting in April 2020. This was a competitive tender and we were very pleased to be re-appointed and gain recognition for the excellent service previously provided to this important Group customer over the previous nine years. The rail industry has largely maintained activities throughout the current pandemic and Torrent Trackside have continued to provide a full service to the sector.

Business Review

International Division

The International division reported static operating profits before amortisation, exceptional items and IFRS 16 impact of £1.7 million, on revenues marginally behind prior year of £31.9 million (2019: £32.5 million).

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue	£31.9 million	£32.5 million
Operating profit before amortisation and exceptional items[1]	£1.7 million	£1.7 million
Investment in rental fleet	£8.1 million	£6.4 million

The International division comprises Airpac Bukom and TR Group.

Whilst revenues at Airpac Bukom, a global supplier to the oil and gas sector, were slightly improved, markets remained both subdued and volatile with progress consequently remaining difficult. Activity in Asia and Europe held up reasonably well, but the Australian market was much quieter.

The TR business enjoyed a good financial year with improved profits from marginally reduced revenues. TR Group is Australia's leading technical equipment rental business with subsidiaries in New Zealand, Malaysia and Singapore. The introduction of new product and service offerings to the portfolio, and an encouraging year for the Malaysia business were the highlights.

Business Review

Covid-19 Response

Since the close of the last financial year, the Covid-19 pandemic has had a significant global impact.

Group revenues into April 2020 have dropped off at varying rates dependent upon the markets which our businesses served. During March it was difficult to predict how far the closures of our customers' activities would go. By the beginning of April we could identify a core of customers who were supporting essential service providers e.g. health service, utilities, rail etc. and we geared up our business to be able to service these vital sectors whilst at all times making the health and safety of our colleagues and our customers a top priority.

Subsequently, during May, the housebuilding sector and general construction as a whole has seen a gradual return to work at a reduced number of sites and with strict safe working practices in place.

Certain of our businesses experienced limited revenue attrition, though the majority saw weekly revenue falls of between 20% and 70% compared to the norm. As a result the capacity requirements in our business were significantly reduced.

Whilst we kept many of our operating locations open for business throughout, in support of those critical sectors requiring our services, we initially mothballed some sites and participated in the government's job retention scheme, furloughing approximately half of our UK employees at its peak in April. We have since re-opened branches and taken employees out of furlough as demand has recovered.

In addition we have stopped all bar essential recruitment and capital expenditure.

The annual salary review at 1 April 2020 has been deferred and all senior management (50 in total) including the plc Board have taken a voluntary 20% reduction in salary to the end of June with many employees also working a four day week until capacity requirements change.

The Covid-19 pandemic has been equally challenging for our colleagues in Australia, New Zealand, Malaysia, Singapore, Germany, The Netherlands and elsewhere. Some countries have fared better than others but all of our businesses have been impacted. As we enter June, the backdrop generally appears to be improving and businesses are slowly recovering revenues.

We entered this economic crisis with an excellent business and, as best as we can manage, we plan to exit with an equally excellent business. The recovery may be slower than we would want but we are confident that we will see material recovery during the remainder of 2020 and into 2021, as activity levels return towards historic levels.

Outlook

When planning for the new financial year in January we were anticipating a year of progress, with the UK expected to enjoy a recovery in activity, particularly in the construction sector as Brexit related concerns dissipated. The devastating Covid-19 pandemic has unfortunately put paid to those expectations and we have entered our new financial year with some unique and very different challenges.

Trading in April was very weak, May has improved and we anticipate there will be a slow, incremental recovery over the coming months.

Our ability to return fully over the next year to previous levels of activity will to a degree be dependent upon the pace with which our customer base returns to working, which of course will be dependent upon how quickly Covid-19 is brought under control.

Given these circumstances we have withdrawn guidance for the next financial year until more clarity is available as to the impact of Covid-19 on the Group's customers and activities.

I am supported by a strong senior management team with hundreds of years of collective business experience and we along with all our colleagues are fully engaged in returning the business, at an appropriate pace, to the levels previously achieved.

The Vp business is fundamentally sound, and is built on 66 years of successful development. A combination of supporting a diversity of markets across a range of geographies together with a strong financial discipline and an excellent team will help us to quickly re-position the Vp business and allow us to embrace the fresh but increasingly positive challenges that the next 12 months will hold.

Neil Stothard
Chief Executive
9 June 2020

Financial Review

Group revenues decreased to £362.9 million (2019: £382.8 million). Profit before tax, amortisation and exceptional items (PBTA) stayed consistent at £47.1 million (2019: £46.8 million) with PBTA margins at 13% (2019: 12%). Statutory profit before tax was £28.4 million (2019: £33.6 million). The return on average capital employed was 14.5% (2019: 14.5%).

Group Finance Director: Allison Bainbridge

EARNINGS PER SHARE, DIVIDEND AND SHARES

Basic earnings per share before the amortisation of intangibles, exceptional items and IFRS 16 impact decreased from 95.14 pence to 91.01 pence. Basic earnings per share after the amortisation of intangibles and exceptional items reduced by 28% to 46.92 pence (2019: 65.20 pence).

Exceptional items of £1.5 million (2019: £8.6 million) comprised regulatory review costs, and restructuring costs in relation to severance payments primarily within Hire Station Limited.

As noted in the Chairman's Statement due to the uncertainty arising from the Covid-19 pandemic the Board has delayed the decision on a dividend until later in the financial year.

BALANCE SHEET

Net assets increased by £1.0 million to £169.9 million. The Group's balance sheet is summarised above.

	As at 31 March 2020 £'million	As at 31 March 2019 £'million
Property, plant and equipment	**247.8**	248.7
Intangible assets / goodwill	**74.3**	89.7
Working capital	**19.1**	3.9
Pension asset	**3.0**	2.7
IFRS 16, net	**(3.3)**	-
Deferred tax liability	**(11.2)**	(8.4)
Net debt	**(159.8)**	(167.7)
Net assets	**169.9**	168.9

Property, plant and equipment decreased by £0.9 million to £247.8 million. The movement in the year mainly comprised; £56.3 million (2019: £71.4 million) total capital expenditure offset by £46.2 million total depreciation and £12.4 million net book value of disposals, the balance being acquisitions and foreign exchange movement.

Rental equipment at £218.1 million (2019: £220.0 million) accounts for 88% of property, plant and equipment net book value. Expenditure on equipment for hire was £49.1 million (2019: £63.8 million) and depreciation of rental equipment £40.5 million (2019: £43.1 million).

The Group carried forward £23.7 million (2019: £27.2 million) of intangible assets and £50.6 million (2019: £62.5 million) of goodwill at 31 March 2020. The movement in intangibles in the year reflects £3.5 million of amortisation and £1.4 million of impairment. The movement in goodwill comprises of £11.8 million (2019: £0.7 million) of impairment mainly relating to the historic acquisitions of Higher Access and TPA Portable Roadways. Taking into account current and budgeted financial performance the Board remains satisfied with the carrying value of the remaining assets.

Debtor days increased to 62 days compared to 58 days in the previous year. Gross trade debtors were £76.5 million at 31 March 2020 (2019: £75.6 million). Bad debt and credit note provisions totalled £4.3 million (2019: £5.5 million) equivalent to 6% (2019: 7%) of gross debtors. The bad debt write off for the year ended 31 March 2020 as a percentage of total revenue was 0.8% (2019: 0.5%).

Financial Review

The Group's defined benefit pension schemes have a surplus of £3.0 million which is recorded as an asset on the balance sheet on the basis the Company has an unconditional right to a refund of the surplus. The valuation of the pension schemes is subject to uncertainty associated with the assumptions used. This is covered in more detail in notes 1 and 25.

CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows and net debt reduced by £7.9 million from £167.7 million at 31 March 2019 to £159.8 million at 31 March 2020. EBITDA before exceptional items totalled £98.1 million (2019: £101.4 million).

The Group's cash flow is summarised below:

	2020 £million	2019 £million
EBITDA under IFRS 16	**123.8**	-
Depreciation of right to use asset	**(22.2)**	-
IFRS 16 impact on operating profit	**(3.5)**	-
EBITDA pre IFRS 16	**98.1**	101.4
Cash generated from operations	**74.3**	92.7
Net capital expenditure	**(33.3)**	(54.6)
Interest	**(4.5)**	(4.9)
Tax	**(10.7)**	(7.9)
Dividends	**(12.1)**	(10.9)
Acquisitions	**(3.3)**	-
Other	**(2.5)**	(2.9)
Change in net debt	**7.9**	11.5

Cash generated from operations fell by £18.4 million to £74.3 million (2019: £92.7 million) mainly due to a £14.0 million outflow of working capital of which £8.9 million was a decrease in trade and other payables.

Net outflows of capital expenditure were £33.3 million (2019: £54.6 million). After adjusting for an outflow for capital creditors of £1.6 million, cash flows in respect of capital expenditure were £54.7 million (2019: £74.6 million). Proceeds from disposal of assets amounted to £21.4 million (2019: £20.0 million), producing a profit on disposal of £8.9 million (2019: £7.6 million). The margin on profit on sale from disposals of fleet assets at 42% (2019: 38%) reflects effective asset management.

Net interest expense, excluding IFRS 16 adjustments, for the year totalled £4.8 million (2019: £4.7 million). Interest cover before amortisation was 10.58 times (2019: 11.21 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.65 (2019: 1.62); both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3 times and lower than 2.5 times respectively. Net interest expense including IFRS 16 was £8.8 million (2019: £4.7 million). Cash tax increased by £2.8m due to the timing of installments required by HMRC.

Dividend payments to shareholders totalled £12.1 million (2019: £10.9 million), and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £2.4 million (2019: £3.3 million).

CAPITAL STRUCTURE

The Group finances its operations through a combination of shareholders' funds, bank borrowings, finance leases and operating leases. The capital structure is monitored using the gearing ratio quoted above. The Group's funding requirements are largely driven by capital expenditure and acquisition activity.

As at 31 March 2020 the Group had £200 million (2019: £200 million) of committed revolving credit facilities and private placement agreement. In addition to the committed facilities the Group's net overdraft facility at the year end was £7.5 million (2019: £7.5 million). These facilities are with Lloyds Bank plc, HSBC Bank plc and PGIM, Inc. Borrowings under the Group's bank facilities are priced on the basis of LIBOR plus a margin. The interest rate margin is linked to the net debt to EBITDA leverage of the Group.

In January 2020, the Group refinanced £65 million of secured bank loans with a private placement agreement with PGIM, Inc at a value of £65 million maturing in January 2027 at a fixed interest rate.

Financial Review

COVID-19

The impact of the global pandemic has largely impacted the Group as a post balance sheet event. The Board has evaluated the facilities and covenants on the basis of post Covid-19 forecasts with appropriate sensitivity analysis. On the basis of this testing, directors have a reasonable expectation that the Group has sufficient liquidity and headroom for the forseeable future. The forecasts indicate that existing covenant levels could be exceeded under certain scenarios and therefore as a precaution, temporary covenant levels have been agreed with the lenders as follows:

Quarter ended	June 20	Sept 20	Dec 20	Mar 21	June 21
Net debt to EBITDA <	2.50	3.25	3.50	3.75	2.50
Interest cover >	3.00	2.25	0.50	(1.00)	3.00

Refer to further discussion regarding going concern within the Director's Report on page 50.

TREASURY

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating interest rates. At the year end the Group had eleven interest rate swaps to hedge the risk of exposure to changes in interest rates, these swaps have fixed interest rates net of bank margin at between 0.49% and 1.21% and are detailed in note 17 on page 87 of the accounts. In the year ended 31 March 2020, the fixed element of borrowings including the private placement agreement was £134.5 million which was 75% of average net debt.

The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. The Group regards its interests in overseas subsidiary companies as long term investments and manages its translational exposures through the currency matching of assets and liabilities where possible.

The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. The Group has exposure to a number of foreign currencies. The Group had three foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2020. It also has further foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2020 to 30 June 2022.

TAXATION

The overall tax charge on profit before tax was £9.8 million (2019: £7.8 million), an effective rate of 34.5% (2019: 23.1%). The current year tax charge was increased by £385,000 (2019: £187,000 reduction) in respect of adjustments relating to prior years. Further details of the prior year adjustments are provided in note 8. The underlying tax rate was 20.3% (2019: 19.9%) before prior year adjustments, disallowable expenses, impact of tax rate changes and impairment of intangibles. A more detailed reconciliation of factors affecting the tax charge is shown in note 8 to the Financial Statements.

SHARE PRICE

During the year the Company's share price decreased by 39% from 1050 pence to 642 pence, compared to a 27% decrease in the FTSE small cap index excluding investment trusts. The Company's shares ranged in price from 510 pence to 1060 pence and averaged 850 pence during the year.

Allison Bainbridge
Group Finance Director
9 June 2020

Viability Statement

The directors have assessed the viability of the Group up to 31 March 2022.

The directors have assessed the prospects of the Group in accordance with provision C.2.2 of the UK Corporate Governance Code 2014 with reference to the Group's current position, its strategy, risk appetite and the potential impact of the principal risks and how these are managed. During the financial year the Group has continued to use regular reporting of the lead indicators relating to the principal risks.

The assessment of the Group's prospects by the directors covers the two years to 31 March 2022 and is underpinned by management's 2020 – 2022 business plan which includes projections of the Group's profit performance, cash flow, investment plans and returns to shareholders. In addition, taking into consideration the Covid-19 pandemic, management have produced detailed forecasts (Covid-19 forecasts) based on trading levels since the lockdown and the anticipated trajectory to recovery.

The forecasts have been subjected to sensitivity analysis, involving the flexing of key assumptions reflecting severe but plausible scenarios. A range of scenarios have been modelled to reflect changing circumstances with respect to the principal risks facing the Group together with the likely effectiveness of mitigating actions that would be executed by the directors. These scenarios include consideration of the impact of a downturn in economic activity, slower recovery from Covid-19, the loss of market share and the crystallisation of a financial risk.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the two year assessment period.

Risk Management

The Board is responsible for determining the level and nature of risks it is appropriate to take in delivering the Group's objectives, and for creating the Group's risk management framework. The Board recognises that good risk management aids effective decision making and helps ensure that risks taken on by the Group are adequately assessed and challenged.

RISK ASSESSMENT

The Group has an established risk management strategy in place and regularly reviews divisional and departmental risk registers as well as the summary risk registers used at Board level. A risk register is prepared as part of the due diligence carried out on acquisitions and the methodology is subsequently embedded.

All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. The summary divisional and departmental risk registers and action plans were reviewed at risk meetings held in May 2020. In all cases it is considered that the risk registers are being used as working documents which provides the required assurance that existing risks are being managed appropriately. In addition, the risk registers provide a process for recognising, scoring and thus appropriately managing new risks.

The risk registers are reviewed at the start (to facilitate the planning process) and at the end of each internal audit project. A post audit risk rating is agreed with management. If new risks are identified following an audit project they are added to the relevant risk register. Heat maps illustrating post audit risk ratings and new risks are provided to the Board in each published internal audit report.

To promote risk awareness amongst Group and divisional employees, risk registers are disseminated further down levels of management.

Any new businesses acquired into the Group are brought into the Group's risk management process. In this respect, Brandon Hire is being aligned into Vp's risk management process.

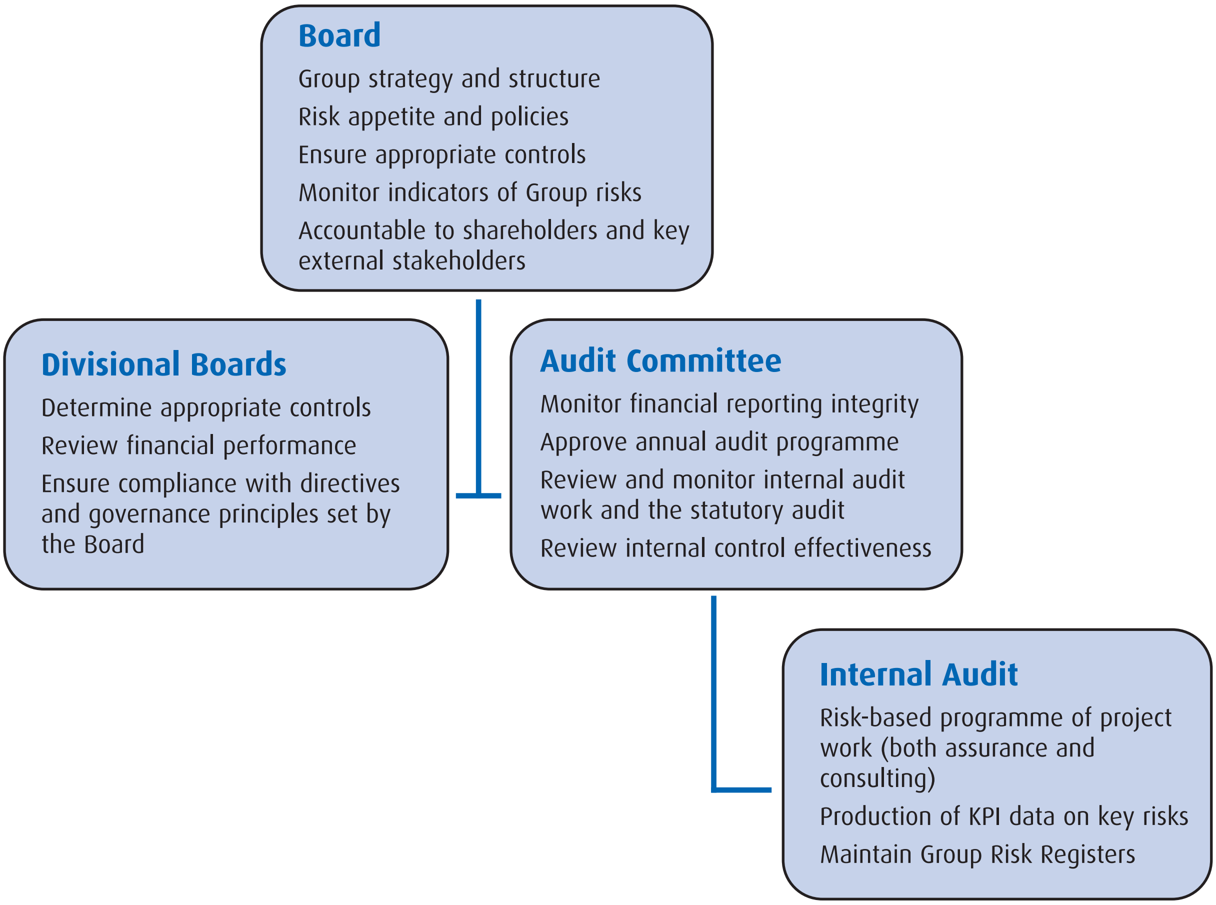
Last year we reported that a full review of risk management was underway. The output from this review was considered and discussed by the Board in July 2019. The refreshed action plan, which has now largely been implemented, was three pronged with actions residing with the executive, Divisional Management and Group Internal Audit. In broad terms the actions covered risk appetite, clear definition of control owner, key control audits by IA and further promotion of control self-assessment. These measures are designed to increase the effectiveness of risk management within the Group.

Since the balance sheet date, the Covid-19 pandemic risk has emerged. The situation is under close review. In response the Board considered and modelled the going concern position, this is fully noted in the above statement. Covid-19 has not been identified as a specific new risk, but considered in relation to each area of risk it impacts. As such, 3 of the 8 principal risks disclosed in this report (Market, Safety and Financial) have an increased risk status. The Executive Board created a working party (Group CEO, Group FD, Group HR Director and senior Divisional Managing Directors) to consider the risks facing the Group and individual Divisions. Since March the working party has met weekly to define the response and employees have been informed of relevant actions and outcomes where applicable. Refer to further discussion regarding going concern within the Director's Report on page 50.

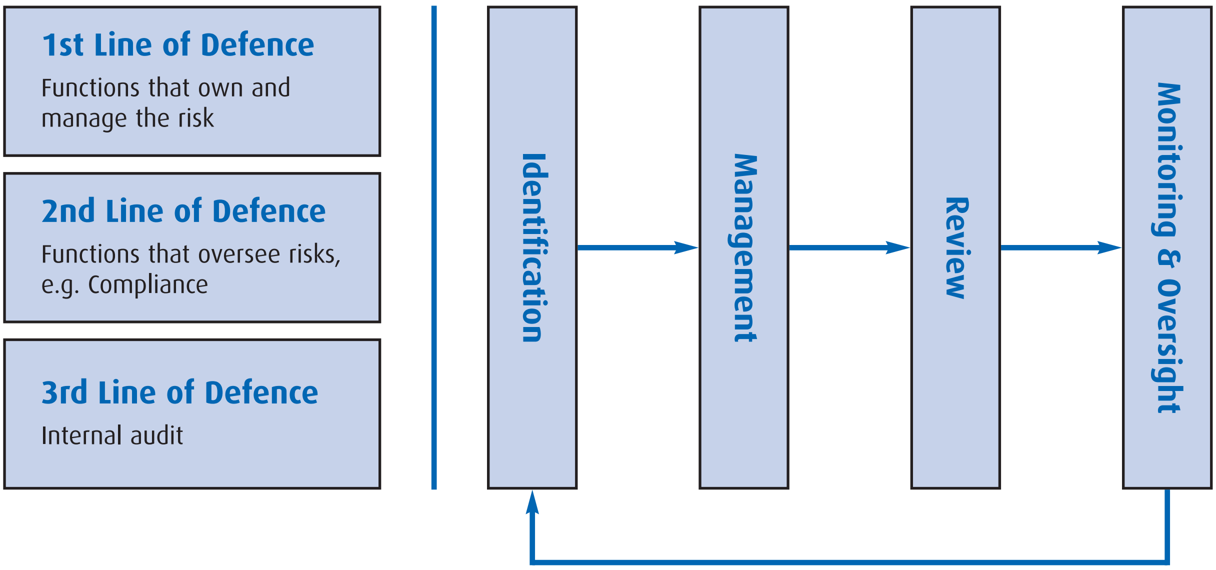
Further information is provided on pages 20 and 21 on our principal risks and uncertainties section alongside the mitigating activities to address them.

Risk Management

Our risk reporting framework is set out below:



The Group operates the following approach to risk management:



Principal Risks and Uncertainties

The directors carry out a robust assessment of the principal risks facing the Group and continue to review lead indicator reporting on these risks. The principal risks in the current risk register are:

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2019
Market risk An economic downturn (as a result of economic cycles, political or Brexit related uncertainty) could result in worse than expected performance of the business due to lower activity levels or prices.	Vp provides products and services to a diverse range of markets with increasing geographic spread. The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand. The Covid-19 pandemic has impacted the business, some Divisions being more affected than others depending on the end market they serve.	↑
Competition The equipment rental market is already competitive and could become more so, impacting market share, revenues and margins.	Vp aims to provide a first class service to its customers and maintains significant market presence in a range of specialist niche sectors. The Group monitors market share, market conditions and competitor performance and has the financial strength to maximise opportunities.	→
Investment/Product Management In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	Vp has well established processes to manage its fleet from investment decision to disposal. The Group's return on average capital employed was a healthy 14.5% (2019: 14.5%) in 2019/20. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies. Immediate actions taken in response to Covid-19 include the deferral of capital expenditure.	→
People Retaining and attracting the best people is key to our aim of exceeding customer expectations and enhancing shareholder value.	Vp offers well structured reward and benefit packages, and nurtures a positive working environment. We also try to ensure our people fulfil their potential to the benefit of both the individual and the Group, by providing appropriate career advancement and training. The Group has utilised the Government's Job Retention Scheme. The Group will look to bring furloughed employees back to work when trading levels improve.	→
Safety The Group operates in industries where safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.	The Group has robust health and safety policies and management systems. Our induction and training programmes reinforce these policies. We have compliance teams in each division. We provide support to our customers exercising their responsibility to their own workforces when using our equipment. The Covid-19 pandemic has had a significant impact on our employees, many of whom have successfully transitioned to working from home. Our IT processes and prior planning facilitated this. Office workplace assessments have been completed to allow a managed transition back to work in a safe and controlled manner. Our compliance teams have carefully considered safe methods of working in our depot network and with due consideration of how the business can safely interact with our customers.	↑

Principal Risks and Uncertainties

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2019
Financial risks To develop the business Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.	The Group has borrowing facilities of £200 million and strong relationships with all lenders. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, and EBITDA, which allows us to invest into opportunities. The Group has a detailed model (which has been updated post Covid-19) to assess our cash position relative to the key indicators that exist in the business e.g. current revenue, capital expenditure levels and revised cost models. This is under constant review. These scenarios have formed the basis of discussions with our lenders, who have collectively communicated their commitment to the business. Refer to further discussion regarding going concern within the Director's Report on page 50. Our strong balance sheet position and committed borrowing facilities provide adequate headroom against the downturn in activity caused by the Covid-19 pandemic. Our treasury policy requires a significant proportion of debt to be at fixed interest rates and we facilitate this through interest rate swaps and fixed interest borrowings. We have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and use credit insurance where it is cost effective. Average debtor days were 62 days (2019: 58 days) and bad debts as a percentage of revenue remained low at 0.8% (2019: 0.5%).	Increased risk
Contractual risk Ensuring that the Group commits to appropriate contractual terms is essential; commitment to inappropriate terms may expose the Group to financial and reputational damage.	The Group mainly engages in supply only contracts. The majority of the Group's hire contracts are governed by the hire industry standard terms and conditions. Vp has robust procedures for managing non standard contractual obligations.	No change
Legal and Regulatory Requirements Failure to comply with legal or regulatory obligations culminating in financial penalty and/or reputational damage.	The Group mitigates this risk utilising: • Specialist Project Committees (e.g. GDPR) with ongoing responsibility to review key compliance areas and investigate breaches and non-conformance. • Assurance routines from Group Internal Audit and External Auditors. • Comprehensive training and awareness programmes rolled out to wider business (including GDPR, Modern Slavery, Competition Law, Bribery and Corruption) by representatives from Group Finance, HR, Internal Audit and IT. • Established whistleblowing policy circulated to all employees. • Use of legal advisers where required.	No change

Decreased risk   Increased risk   No change

Corporate Social Responsibility

OVERVIEW

Corporate social responsibility forms an integral part of our business strategy and is focused on our people, business relationships and ethics, health and safety, the environment, and our communities.

OUR PEOPLE

Recruitment

Retaining and attracting the best people supports our aims of exceeding our customers' expectations and enhancing shareholder value.

Our continued business success is reliant upon the skills, talent and commitment of our global workforce. As well as developing and promoting talent from within the business, our recruitment practices are designed to attract the very best from the pool of available talent.

We recognise the need to train the engineers of the future and we have successfully operated apprentice schemes since our earliest years with our current scheme entering its thirteenth year of operation. The apprenticeship offered by Vp is based around a three year NVQ, which combines college learning with work experience delivering a balance of technical skills and practical experience.

We currently have 45 apprentices across the Group, 18 are completing their first year, 12 are completing their second year and 15 will complete their apprenticeships this year.

A Group Graduate programme successfully operates within the Group. This is an eighteen-month comprehensive programme that provides training within all functions. We have successfully placed three of our graduates into management roles within the Group. We have two graduates who will finish their programme in 2020 and we are already considering suitable roles for them.

We recognise that a diverse workforce helps to promote innovation and business success. The Group is an equal opportunity employer committed to providing the same level of opportunity to all. Women are represented at all levels of our organisation, 20% of the Board and 15% of senior managers are female.

Workforce by gender	Male	Female	Female %
Board of directors	4	1	20
Senior management	73	13	15
All employees	2,484	406	14

Retention

Retaining talented people is vital to our continued success. We aim to build and maintain excellent relationships with our employees. We take our duty of care to our employees seriously; we encourage them to achieve an appropriate work life balance and we provide access to confidential advice and support on personal issues such as health and financial problems.

Employee share ownership is encouraged and where practical the Group offers the opportunity to participate in share schemes. At 31 March 2020, approximately 39% (2019: 42%) of our UK employees were participating in the Save As You Earn Scheme.

A major factor in our success in delivering operational excellence and outstanding customer service is the continuity provided by long service which is recognised and celebrated throughout the business. As a Group, over 45% of our employees have in excess of five years' service and 18% have more than ten years' service. We aim to keep employee turnover as low as possible. Our employee turnover was 26% in the year (2019: 25%).

We operate comprehensive training modules at all levels of employment throughout the Group. These commence with detailed induction training and then advance to cover the technical skills required to carry out each role effectively and safely. Management development programmes are run for all individuals new to management roles and we actively encourage and sponsor individuals to develop themselves through further education programmes. The Group now also offers a leadership development programme, which aims to further enhance the capability of the business to handle change and the challenges of the future. We have also introduced a one-day Adult Mental Health Awareness programme for all our Branch, Depot and Line Managers which has been extremely well received.

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20

Corporate Social Responsibility

BUSINESS RELATIONSHIPS AND ETHICS

The Group has always conducted its business responsibly and ethically. The Group is committed to operating with honesty and integrity, and all employees are expected to maintain high standards. The standards expected are specified in codes of conduct to which employees are required to adhere, including compliance with all applicable laws and regulations. The Group has clearly stated any zero tolerance policies in relation to acts of bribery and corruption and anti competitive behavior.

The Group also supports the Universal Declaration of Human Rights. At Vp, we believe in the rights of individuals and take our responsibilities seriously with regard to all our employees, as well as those who may be affected by our activities. In particular Vp supports the objectives of the Modern Slavery Act and will not tolerate slavery or human trafficking within its own supply chain.

Our procurement activities are aligned to our company values and to the laws of the countries in which we operate. We take a risk based approach regarding our supply chain; where possible we build longstanding relationships with our suppliers and make clear our expectations of behaviour and we have systems in place to encourage the reporting of concerns. In the small number of instances where we assess the risk to be relatively high we carry out checks to ensure compliance with stated policies and procedures. During the year the Group, having continued its reviews of the supply chain, published its second modern slavery statement.

HEALTH & SAFETY

Excellent health and safety performance is fundamental to our business. It is essential that we provide a safe working environment for our employees and that the equipment we supply to our customers is safe and fit for purpose.

We strive to minimise accidents and dangerous occurrences. We aim to continually improve standards of health and safety within all our businesses and with our customers. The Group sets an overall policy for the management of health and safety. The Chief Executive retains oversight in this area and discusses performance on a regular basis with the individual businesses. He also reports to the Board on overall performance and any more serious incidents that arise.

Operational responsibility lies within the Group's individual businesses which are closest to and best positioned to manage their risks. All businesses, however, have clear policies and procedures and appropriate risk assessment techniques backed by training and clear communication.

Training is focused not only on specific hazards but also the wider obligations of management. These activities are overseen by appropriately qualified and experienced health and safety advisers and are subject to regular audit, both internally and externally.

As noted above Health and Safety performance is monitored at a business level. This incorporates analysis of accidents, near misses and dangerous occurrences. Where accidents, near misses or dangerous occurrences happen these are investigated in order for them to be fully understood and for appropriate action to be taken to minimise the risk of occurrence.

We ended the year with an Accident Frequency Rate of 0.27, an increase on our 2019 rate of 0.19, reflecting the ongoing process to integrate the Brandon Hire acquisition onto a common Health and Safety platform with the rest of the Group.

The AFR is calculated by multiplying the number of RIDDOR reportable accidents by 100,000 (the average number of hours worked in a lifetime), divided by the overall number of hours worked by all members of staff. Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences regulations 1995 were also higher at 17 in the year (2019: 15).

	2020	2019	2018
Accident frequency rate	0.27	0.19	0.10

Corporate Social Responsibility

ENVIRONMENT

We are aware of the impact our business has on the environment and it is our aim to ensure that we minimise any adverse impacts from our operations. The Group Finance Director takes a direct interest in our environmental impact and operational responsibility for this rests with the Group's operating businesses.

Whilst given the nature of its activities the Group's direct impact on the environment is comparatively modest, Group policies and standards are in place which aims to minimize this impact wherever possible. These include;

- Compliance with all relevant national and regional legislation as a minimum standard
- Employment of practical energy efficiency and waste minimisation measures
- Policies in relation to purchase and use of vehicles to minimise environmental impact
- Provision of inter office IT network together with communications and video conferencing to reduce business travel.

Greenhouse gas emissions data for the year is set out below:

Scope 1	
Direct emissions resulting from combustion of fuels	
Tonnes CO_2e	
2020	**15,738**
2019	**21,200**
2018	**16,622**

Scope 2	
Indirect emissions from electricity purchased	
Tonnes CO_2e	
2020	**2,358**
2019	**3,303**
2018	**3,023**

Scope 3	
Other indirect emissions, e.g. road freight	
Tonnes CO_2e	
2020	**4,892**
2019	**4,331**
2018	**5,604**

Normalised Tonnes of CO_2 per £m revenue (intensity measure)

2020	**63**
2019	**75**
2018	**83**

Absolute CO_2 emissions have decreased and once adjusted for higher activity levels normalised CO_2 emissions reduced by 15.9% from 75.3 tonnes per £1 million of revenue to 63.3 tonnes per £1 million revenue.

We have reported on all of the emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The method we have used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from Defra. Waste disposal, waste recycling and business travel have not been included as the data has not been collected.

We are fully compliant with the government guidelines on the Energy Savings Opportunity Scheme (ESOS). ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualifications criteria. The assessment was undertaken by energy and environmental consultants.

COMMUNITY

We aim to have a positive impact on communities in which we operate. We actively encourage our teams to support their communities by providing their time and enthusiasm to raise money for local and national charities. In most cases the monies raised by employees are matched by the Group.

During the year we donated £50,000 (2019: £29,000) to charities. This included donations in support of employees participating in fund raising activities.

STRATEGIC REPORT

The strategic report has been signed on behalf of the Board by:

Neil Stothard
Chief Executive
9 June 2020

The Board

Jeremy Pilkington BA (Hons)
Chairman

Appointment
Appointed to the Board in 1979 and became Chairman in 1981.

Experience
Jeremy was Chairman and Chief Executive between 1981 and 2004.

Committee membership
Chairman of the Nomination Committee.

Neil Stothard MA, FCA
Chief Executive

Appointment
Appointed to the Board as Finance Director in 1997 and became Group Managing Director in 2004 and subsequently Chief Executive.

Experience
Neil previously held Finance Director roles in the business travel management and logistics sectors. He is a non-executive director of Wykeland Group Limited.

Committee membership
None

Allison Bainbridge MA, FCA
Group Finance Director

Appointment
Appointed to the Board as Finance Director in March 2011.

Experience
Allison was previously Group Finance Director of Kelda Group Limited, the holding company of Yorkshire Water and also Finance Director of Yorkshire Water. She is a non-executive director of RPS Group Plc.

Committee membership
None

Steve Rogers BSc, FCA, JP
Non-executive Director

Appointment
Appointed to the Board in October 2008.

Experience
Steve retired as a senior partner of PricewaterhouseCoopers in 2007.

Committee membership
Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Phil White BCom, FCA, CBE
Non-executive Director

Appointment
Appointed to the Board in April 2013.

Experience
Phil is a chartered accountant and has extensive experience within both listed and private companies. He is Chairman of Lookers Plc and Unite Group Plc.

Committee membership
Chairman of the Remuneration Committee and member of the Audit and Nomination Committees.

INTRODUCTION FROM THE CHAIRMAN

The Board is accountable to our shareholders and stakeholders for the Group's activities and is responsible for the effectiveness of corporate governance.

The values and ethical standards of the Group rest upon principles of fairness, integrity and respect and the Board seek to promote and exemplify these values in discharging their responsibilities. These principles are both ethically based and commercially essential to delivering our strategic and growth objectives and to the long term success of the Company.

The Corporate Governance Report is set out on pages 25 to 58 and includes the Directors' Remuneration Report on pages 34 to 47. This section of the annual report covers how we manage the Group and how we comply with the provisions of the UK Corporate Governance Code. The Group continues to maintain and review its systems, processes and policies to support its governance practices.

The revised UK Corporate Governance Code which was published in July 2018 (the "Revised Code") applies to the Group with effect from 1 April 2019. The review of the Remuneration Policy carried out during the year has reflected the implications of the new code.

The Board is pleased to report that throughout the year the Company complied with the provisions of the UK Corporate Governance Code 2018 as applicable to a small market capitalisation company. This report and the following reports of the Committees describe the structures, processes and events through which compliance is achieved.

CORPORATE GOVERNANCE

Board structure

The Board comprised two executive directors, two non-executive directors and the Chairman. All directors are subject to annual re-election by shareholders. Accordingly, all the directors will retire at the AGM in July 2020 and their details are provided on page 25.

Length of service of director	31 March 2020
One to two years	-
Two to three years	-
Four to six years	1
More than six years	4

Balance of directors	31 March 2020
Gender	
Male	4
Female	1

Balance of directors	31 March 2020
Role	
Executive Chairman	1
Executives	2
Non executives	2

The roles of the Chairman and Chief Executive are separate and clearly defined. The Chairman, Jeremy Pilkington, is responsible for the effective working of the Board and leading the development of the strategic agenda for the Group.

The Chairman is also responsible for promoting a culture of openness and debate, in addition to ensuring constructive and productive relations between executive and non-executive directors.

The Chief Executive, Neil Stothard, has operational responsibility for the management of the Group's business and for implementation of the strategy as agreed by the Board.

The role of the non-executive directors is to provide independent and considered advice to the Board in matters of strategy, risk and performance, whilst providing governance oversight through operation of the Board's committees.

The Board is satisfied that all non-executive directors are independent and that there are no circumstances or relationships that may affect judgments.

Each director is required, in accordance with the Companies Act 2006, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they may arise. Where such conflict, or potential conflict arises the Board is empowered under the Company's articles of association to consider and authorise such conflicts as appropriate and subject to such terms as they think fit. No such conflict arose during the year under review.

Any term of a non-executive director beyond six years is reviewed. Given one non-executive director has served for longer than this, the Board will take steps to refresh the Board in the forthcoming financial year.

Our senior independent director, Steve Rogers, is available to shareholders if they request a meeting or have concerns which contact through normal channels has failed to resolve. No such requests were received during the year.

The Board is assisted by the Audit, Remuneration and Nomination Committees. Separate reports from the Audit and Remuneration Committees can be found on pages 31 and 34. There were no Nomination Committee meetings during the year. The Chair of each Committee provides regular updates at Board meetings.

Board meetings and operation

The Board's agenda seeks to achieve a balance between review of performance, the development of strategy, the adoption of appropriate corporate policies and the management of risk and regulatory obligations.

The Board has a clearly documented schedule of matters reserved for its approval including:

- Strategy,
- Group results and the Annual Report and Accounts,
- Significant market announcements,
- Dividends and dividend policy
- Annual budgets and business plan,
- Major capital expenditure, significant investments or disposals
- Review of internal control and risk management
- Treasury policy.

In certain areas, specific responsibility is delegated to committees of the Board within defined terms of reference.

Matters falling outside of the Board's reserved list are delegated to the Group executive under the direction of the Chief Executive; responsibilities are delegated further to the Group's business segments and in turn within each business.

A system of delegated authorities whereby the incurring of expenditure and assumption of contractual commitments can only be approved by specified individuals and within predefined limits is in place throughout the Group.

Detailed papers are made available in advance of meetings in support of relevant agenda items. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and is available to assist directors generally as well as advising on matters of corporate governance.

The Company Secretary, Allison Bainbridge is also the Group Finance Director. The Board continues to keep the Company Secretary role under review, but feels that the combination of the roles continues to work well for the business as a whole.

Governance

The Board had six scheduled meetings during the year, but will meet on other occasions should circumstances require.

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	3	2	0
Executive directors				
Jeremy Pilkington	6	-	-	-
Neil Stothard	6	-	-	-
Allison Bainbridge	6	-	-	-
Non-executive directors				
Steve Rogers	6	3	2	-
Phil White	6	3	2	-

Whilst Jeremy Pilkington, Neil Stothard and Allison Bainbridge are not members of the Audit Committee, they did attend all meetings; they also attended, in part, certain of the Remuneration Committee meetings. There were no Nomination Committee meetings.

During the year the non-executive directors met with the Chairman without the executive directors present and the non-executives met without the Chairman present.

The Board is satisfied that the Chairman and each of the non-executive directors committed sufficient time during the year to enable them to fulfill their duties as directors of the company.

Appointments to the Board

The Nominations Committee is chaired by the Company's Chairman, Jeremy Pilkington, with the two non-executive directors also on the Committee.

The Nomination Committee meets as required to ensure that appointments to Board roles within the Group are made after due consideration of the relevant and necessary skills, knowledge and experience of the potential candidates.

In addition it considers succession planning in order to ensure the continued ability of the Group to compete effectively in the market place. The Group's policy on diversity is set out on pages 22 and 23 in the Strategic Report.

Training and induction

All new directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisers and visits to the Group's operational locations.

During the year the Chairman and non-executive directors met with and received presentations from members of the Group's senior management and engaged with the Group's businesses more generally.

Advice is available from the Company's solicitors, auditors and brokers if required. There is an agreed procedure for directors to take independent professional advice at the Company's expense. Updates are provided on key technical issues as required including those relating to corporate governance.

Performance evaluation

The Board undertakes an annual appraisal of its performance. During 2020 an internal evaluation of Board performance was undertaken, whereby the Company's directors were asked to rate various areas of board and committee activity and to raise any areas of concern and suggestions. No areas of material concern were highlighted during this year's review. A more structured review, which may involve the use of an external facilitator, will be undertaken during the financial year ended 31 March 2021.

Annual Review

The Board retains overall responsibility for setting the Group's risk appetite as well as risk management and internal control systems.

A detailed report regarding the Group's systems of risk management and internal controls was prepared. Having reviewed and discussed this report the Board was satisfied that these systems are effective. The principal risks to which the Group is exposed and the measures to mitigate such risks are described on pages 18 to 21.

The respective responsibilities of the directors and the independent auditors in connection with the accounts are explained on pages 57 to 58 and the statement of the directors in respect of going concern appears on page 50. The long term viability statement is set out on page 18.

STAKEHOLDERS

Directors' duties - Section 172

Effective engagement with stakeholders at Board level and throughout our business is crucial to our objective to deliver sustainable, quality returns. The Board regularly reviews our principal stakeholders and how we engage with them. We keep in close contact with investors, employees, customers, suppliers and local communities so we are aware of their views. This ensures we can appropriately consider their interests in decision making.

The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

This section serves as our section 172 statement, Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the directors consider what is most likely to promote the success of the Company for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, thus seeking to comply with the requirement to include a statement setting out how our directors have discharged this duty. The directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

Customers

We constantly communicate with our customers, through a variety of channels, to ensure that we have met our aims of exceeding customer expectations, delivering product service reliability and operational excellence.

Employees

Following an assessment by the Board of the three formal options suggested for workforce engagement, it was concluded that the most effective method for engagement in the Company's particular circumstances would be the appointment of a director with designated responsibility for workforce engagement. Neil Stothard has taken on this role and we will report in more detail in next year's Annual Report on the scope of that role and the activities undertaken.

Suppliers

We aim to work responsibly with our suppliers. During the year, we continued our reviews and approved Vp's Modern Slavery and Human Trafficking Statement which sets out the steps taken to prevent modern slavery in our business and supply chains. For more information, refer to page 23.

High standards of business conduct

The employees of the Company are obliged to act in a legal, ethical and responsible manner. These obligations apply to all staff who work for the Company. The Company has a suite of policies in place from anti-bribery to a code of conduct and we have a moral and legal responsibility to safeguard all our employees and others affected by our operations and services. The Board receives regular health and safety updates at all meetings. The instances of accidents has slightly increased during the year but there is nothing systemic or any trends that have been identified, to cause a matter of concern.

Relations with shareholders

The Board welcomes the opportunity to engage with our shareholders and with the capital markets more generally. The Board achieves this through:

- dialogue with shareholders, prospective shareholders and analysts, led by the Chief Executive Officer and Group Finance Director;
- the Chairman being available to meet institutional shareholders;
- the Senior Independent Director and other non-executive directors attending meetings with major shareholders, if requested. Feedback from any such meetings would be shared with all Board members. No meetings were requested with the Senior Independent Director and the Board considers that there are appropriate mechanisms in place to listen to the views of shareholders and communicate them to the Board without it being necessary for the Senior Independent Director to attend meetings with major shareholders and
- receiving reports from sector analysts to ensure that the Board maintains an understanding of investors' priorities.

The Board believes that appropriate steps have been taken during the year so that all members of the Board and in particular the non-executive directors, have an understanding of the views of major shareholders.

Annual General Meetings

The AGM is an important part of effective communication with shareholders. All shareholders will have the opportunity to ask questions at the forthcoming AGM, which is being held in July 2020. The directors will be available to answer questions at that meeting. Our Board welcomes the opportunity for face to face communication with our shareholders. Shareholders are encouraged to participate and all directors are available to answer questions, formally through the Chairman during the meeting and informally afterwards. The Notice, together with an explanation of the resolutions to be considered, is sent out in a circular to shareholders. Proxy votes lodged on each AGM resolution are announced at the meeting, published on the Company's website and announced via the Regulatory Information Service.

Audit Committee Report

Steve Rogers

STATEMENT FROM STEVE ROGERS, CHAIRMAN OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year ended 31 March 2020. The report below describes the Committee's ongoing responsibilities as well as the major activities undertaken in the year.

MEMBERSHIP AND MEETINGS

Phil White and myself are members of the Committee. Although the Board considers that all members of the Committee have experience that is relevant to the role, as a Fellow of the Institute of Chartered Accountants in England and Wales, and a retired senior partner of PricewaterhouseCoopers, I am identified as the Committee member having recent and relevant financial experience.

There were three Committee meetings during the year, one to consider risk and two to coincide with the publication of the annual and interim results which were all attended by the Committee members, and by invitation the Chairman, Chief Executive, Group Finance Director and Head of Internal Audit. The Group Financial Controller and the external auditor were invited to and attended two of these meetings.

RESPONSIBILITIES AND ACTIVITIES

The Audit Committee provides an independent overview of the effectiveness of the financial reporting process and internal financial control systems. This incorporates the appointment of the external auditors including: agreeing their terms of engagement at the start of each audit, the audit scope and the audit fee.

At the conclusion of the full-year audit and interim review the Committee receives a detailed report from the auditors. The Committee reviews this report, and the integrity of the accounting statements, ensuring that statutory and associated legal and regulatory requirements are met as well as:

- Considering significant reporting judgements and estimates
- The adoption of appropriate accounting policies and practices and compliance with accounting standards

It incorporates consideration of significant accounting issues, as detailed below, and advising the Board in relation to the fairness, balance and understandability of the Annual Report.

The Committee monitors the external auditor's effectiveness, independence and objectivity – including the nature and appropriateness of any non-audit fees as well as monitoring and reviewing the effectiveness of the internal audit function.

The Committee additionally assists the Board in monitoring and reviewing the Group's internal control and risk management procedures as described in the Corporate Governance Report. This includes review of the Group's whistleblowing policy whereby employees may, on a confidential basis, raise concerns with regard to improprieties relating to financial reporting, internal control or other matters. In the last financial year there have been no whistle blowing reports which require changes in the Group's control environment. All the activities detailed above were undertaken in the year, some of which are described in more detail below.

SIGNIFICANT ACCOUNTING ISSUES

In respect of the year under review and as part of its role in reviewing estimates and judgements made by management, the following significant issues were reviewed and addressed.

Existence and valuation of rental equipment
The Group holds a significant quantum and carrying amount of rental equipment in the normal course of its business. Management carry out fleet checks at interim and year end periods to confirm the existence of the rental fleet. There is management judgement involved in estimating the useful economic lives, residual values and any impairment of rental assets. Management annually review the appropriateness of useful lives and residual values assigned to rental equipment.

Regulatory investigation
The CMA announced on 9 April 2019 that they had provisionally found that three major suppliers to the construction industry, one of which being Vp plc, breached competition law.

An exceptional cost of £4.5 million was recorded in the Annual Report and Accounts for the year ended 31 March 2019.

Audit Committee Report

Since the prior year end Vp has submitted its written response to the CMA in September 2019, with verbal representations made in October 2019. Throughout January and April 2020 the CMA has been gathering additional information. To date, the CMA has not yet indicated when they will make a decision as to whether an infringement has taken place or not.

As disclosed in note 4 on page 75 £0.8 million of costs, mainly comprising legal fees relating to the case and incurred during the year, has been recorded as an exceptional item.

COVID-19

The Covid-19 pandemic, and measures taken by governments in order to contain Covid-19 as well as to provide support to businesses, are likely to have a significant impact on the operations and financial performance of the Group. The Covid-19 outbreak creates uncertainty about the long term outlook of most entities as measures taken by governments might change, the disease might spread further, and the economic crisis may deepen, all of which could have an impact on the Group. As part of their ongoing operation of the business as well as going concern and viability requirements management have incorporated the expected impact of the pandemic into the Group's forecasts.

FAIR BALANCED AND UNDERSTANDABLE VIEWS

Having reviewed the Report and Accounts, the Committee concluded and advised the Board that in its view the Report and Accounts for 2020, taken as a whole, is fair, balanced and understandable. The Board then separately considered this matter and concurred with the Audit Committee's recommendation. In reaching this conclusion the Committee and the Board were satisfied that the Group's performance across its segments, as well as its business model, strategy and the key risks that it faces are clearly explained in the relevant sections of the Report and Accounts.

NEW ACCOUNTING STANDARDS

The 2019/20 financial year was the first in which accounts have been produced in accordance with IFRS 16 *Leases*. During the year the Committee received papers detailing the transition process and the impact of IFRS 16 on the Group accounts.

EXTERNAL AUDIT

The Committee keeps the scope, cost and effectiveness of the external audit under review. The Committee assessed the effectiveness of the external audit process during the year, based upon the Committee's interactions with the external auditors and through feedback from the Group Finance Team and Internal Audit. As a result the Committee has satisfied itself that PwC have provided an effective audit service to the Company and its subsidiaries.

PwC was appointed as the Group's Auditor in October 2014 following a comprehensive tender process. In line with best practice the Group's policy is that the Group Audit appointment should be retendered at least every ten years. Whilst the Committee has been satisfied with their work they have asked PwC and one or more other accounting firms to tender for the audit service during 2020. This accords with best practice and will enable the Committee to ensure that the Group continues to receive the most effective external audit service.

In addition and as part of its responsibility to ensure audit independence and objectivity, the Committee has adopted a policy in relation to the use of the auditors for the provision of non-audit services. Under the terms of this policy the provision of certain services are prohibited and include those listed below:

- Bookkeeping services
- Valuation services
- Investment advisory, broker and dealing services
- General management services
- Preparation of financial statements
- Design and implementation of financial systems
- Taxation services

Notwithstanding the general prohibition in respect of certain services, any other non-audit service to be provided by the auditors requires the approval of the Audit Committee. The split between audit and non-audit fees for 2019/20 appears in note 3 on page 74. Non-audit services for 2019/20 primarily relate to the review of the interim results.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has responsibility for reviewing risk management systems and the effectiveness of these systems. The responsibilities and processes in respect of risk management are described in detail on pages 18 and 19.

There is in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process is regularly reviewed by the Board. Risk management reports, prepared by the operating divisions supported by Internal Audit, were submitted to the Committee at its meeting in August 2019. The reports identified the significant risks to the Group, highlighted controls that mitigate the risks and the resultant post-mitigation risk. The Committee also considered the tolerance levels (risk appetite) that the Group is prepared to accept.

Audit Committee Report

During the year the Committee monitored and reviewed the effectiveness of the Group's internal control systems, accounting policies and practices, risk management procedures and compliance controls.

The Group's internal control systems are designed to manage rather than eliminate business risk. They provide reasonable but not absolute assurance against material mis-statement or loss. Such systems are necessary to safeguard shareholders' investment and the Group's assets and depend on regular evaluation of the extent of the risks to which the Group is exposed.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group.

The Committee is of the view that the Group continues to operate a well-designed system of internal control.

INTERNAL AUDIT

The Group's internal audit function comprises a team of four auditors. The purpose of the department is to support the business in its achievement of objectives and facilitate and aid effective risk management. Internal Audit provides assurance that the Group's process for managing internal control is effective and appropriate to the level of risk facing the Group.

During the year the Chairman of the Committee met privately with the Head of Internal Audit on two occasions to discuss the Internal Audit plan, completed projects, identified issues and resource levels. In addition the Head of Internal Audit attended each Committee meeting, where his reports were reviewed and discussed in detail. The Committee considered the results of the internal audits and the adequacy of management's response to matters raised in them, including the time taken to resolve any such matters. The Committee were satisfied with both the reports and the responses.

Steve Rogers
Chairman of the Audit Committee
9 June 2020

Remuneration Committee Report Annual Statement


Phil White

I am pleased to present the report of the Remuneration Committee for the year ended 31 March 2020 which includes our updated director's remuneration policy and our annual report on remuneration for the year ended 31 March 2020.

REMUNERATION POLICY REVIEW

The current director's remuneration policy expires at the AGM in July 2020 and during the year the Committee undertook a thorough and detailed review of the policy. The objectives of the remuneration policy continue to be to reward delivery of strategy and results, to be fair and competitive, and retain and motivate the executive directors. Although the Committee concluded that in the main the current policy remains fit for purpose, it was noted that certain aspects had become out of step with best practice.

UK CORPORATE GOVERNANCE CODE

The Committee has worked to incorporate updates to the UK Corporate Governance Code into the new Policy. This has involved the development of a new post-employment shareholding policy, and the introduction of a 5-year time-horizon (vesting plus holding period) for the LTIP. From April 2021, executive directors will have to retain their full 100% of salary shareholding requirement for one year after leaving the Group. This is to ensure executive directors are aligned with the shareholder experience beyond directorship.

The Committee is further aware of the external scrutiny of pension levels. To reflect this, we have reduced pension contributions for new executive directors to 10% of salary to align more closely with all employees. Our existing directors will remain on their current arrangements for 2020, but from April 2022, pensions for current executive directors will be in-line with the new policy maximum of 15%.

The Committee also noted that the annual bonus opportunity had fallen significantly behind peers and additionally the long-standing practice of awarding the Executive Chairman's long term incentive in the form of notional shares settled by cash had not been reflected in the policy.

The policy changes being introduced are set out in the following table:

POLICY ITEM	CURRENT POLICY	NEW POLICY
Maximum pension contribution for existing executive directors	Up to 25% of salary, bonus and benefits	Jeremy Pilkington's pension contribution to transition from 25% of base salary, bonus and benefits as follows; • 2020/21 25% of base salary • 2021/22 20% of base salary • 2022/23 15% of base salary Neil Stothard's pension contribution to move from 17.5% of base salary to 15% of base salary from April 2021.
Maximum pension contribution new executive director appointees	No current policy	10% of base salary
Long term incentive plan vesting and holding period	Vest after 3 years based on achievement of profit targets and minimum ROACE	• As existing policy with additional 2 year holding period post vesting for grants made after April 2021. • Sufficient shares can be sold after 3 years to cover tax liabilities. • Shares subject to awards may accrue dividend equivalents.
Post-employment shareholding requirement	No current policy	• Lower of 100% of base salary or shareholding on cessation • Shareholding requirement will apply for one year post-cessation
Annual bonus maximum opportunity	100% of base salary	150% of base salary from April 2021
Long term incentive plan award of notational shares settled by cash	Policy not documented	Jeremy Pilkington's LTIP award continues to be in notional shares settled by cash, reflecting his already substantial interest in shares.

The director's remuneration policy is included in full on pages 36 to 40.

2020

Remuneration Committee Report Annual Statement

PERFORMANCE AND OUTCOMES FOR 2019/20

The bonus opportunity for executive directors is up to 100% of basic salary. The performance metric is growth in profit before taxation, amortisation and exceptional items (PBTA). In 2019/20, the threshold and maximum targets for PBTA were £48 million (3% growth) and £52 million (11% growth) respectively. PBTA achieved was £47.1 million and as a result no bonus was earned.

Our 2016 LTIP award vested in July 2019 at 100% of the total award reflecting the excellent EPS growth of the Group between 2016 to 2019. As a result of strong compound annual growth performance in EPS of 11% per annum between 2017 and 2020, the 2017 LTIP award is due to vest at 71% in July 2020.

IMPLEMENTATION OF POLICY FOR 2020/21

Following a review of executive director's base salaries, the Committee approved an increase of 2% with effect from April 2020, in line with the wider workforce. However, given the impact of the Covid-19 pandemic the Board has deferred company wide 2020 salary increases subject to a review at the half year.

The annual bonus scheme for 2020/21 will operate in a similar manner to prior years, with financial targets linked to profitability. The maximum bonus opportunity is 100% of salary. The updated policy will allow for a maximum bonus opportunity of 150% from April 2021.

The performance conditions for the 2020/21 LTIP awards will be consistent with 2019/20 policy and will be based upon achievement of target growth in EPS over a three year period and the achievement of a minimum 12% ROACE. The LTIP scheme will operate in a similar manner to prior years.

The 2020/21 LTIP awards will be granted, as normal in July 2020. Grant sizes will remain at 100% of salary for this award. Due to the uncertainties created by the Covid-19 pandemic, performance conditions for the 2020/21 LTIP awards will be set in October 2020 and included in the Interim Results Announcement.

EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

In setting the remuneration policy for Directors, the pay and conditions of other employees of Vp plc were taken into account, including any base salary increases awarded.

The Remuneration Committee has not expressly sought the views of employees and no remuneration comparison measurements were used when drawing up the policy. Through the Board, however, the Remuneration Committee is updated as to employee views on remuneration generally.

The Committee held meetings in the year timed to ensure the proper discharge of the activities described below.

RESPONSIBILITIES AND ACTIVITIES

The Committee held meetings in the year timed to ensure the proper discharge of the activities described below. The Executive Chairman and the Chief Executive both attend these meetings, although they are not present when their own remuneration is discussed.

The Remuneration Committee is responsible for determining the overall policy for Executive remuneration which is then subject to Board and shareholder approval. Within the context of shareholder approved policy the Committee is then responsible for determining the specific remuneration packages for the executive directors. This incorporates review of salaries as well as determining opportunities under incentive plans and performance conditions relating to those plans. Activities also include the determination of terms for any executive leaving or joining the Board.

SUPPORT TO THE COMMITTEE

During the year, the Committee sought external professional advice in respect of the updated remuneration policy. The Committee is satisfied that the advice provided is independent and objective.

The total fees paid to the consultant in relation to the remuneration advice provided to the Committee from date of appointment, 1 September 2019, to 31 March 2020 were £3,200. The consultant provided no other services to the Group.

CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee takes the views of the shareholders very seriously and these have been influential in shaping remuneration policy and practice. Shareholders' views are considered when evaluating and setting on-going remuneration strategy and the Remuneration Committee commits to consulting with shareholders prior to any significant changes to the remuneration policy.

ALIGNMENT WITH SHAREHOLDERS

We continue to be mindful of our shareholders' interests. Our share ownership guidelines and claw back provisions for the annual bonus and long term incentive scheme support an on-going commitment to the business from our executives and continued alignment of shareholder and executive objectives.

We are proud of the support we have received in the past from our shareholders, with 98.5% approval for our Annual Statement and Remuneration Report last year.

This report has been approved by the Board and is signed on its behalf by:

Phil White
Chairman Remuneration Committee
9 June 2020

Annual Report on Remuneration

DIRECTORS / REMUNERATION POLICY

This part of the directors' remuneration sets out the remuneration policy for the Company and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The policy in this report will be put to a binding shareholder vote at the 2020 Annual General meeting in July 2020. Subject to shareholder approval it will take effect from that date. It is intended that the policy will formally apply for three years beginning on the date of approval.

POLICY OVERVIEW

The Group aims to balance the need to attract, retain and motivate executive directors of a high calibre with the need to be cost effective, whilst at the same time appropriately rewarding performance. The Committee has designed a remuneration policy that balances those factors, taking account of prevailing best practice, investor expectations and the level of remuneration and pay awards made generally to employees of the Group.

FUTURE POLICY TABLE FOR DIRECTORS

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salary	To attract, retain and motivate individuals with skills and experience required to deliver the strategy. To provide a competitive fixed reward.	Base salaries are reviewed annually, and any changes are normally effective from 1 April in the financial year.	The Committee considers average increases across the Group. Current salary levels are set out on page 44.	None.
Pension	To provide retirement benefits.	All executives are either members of a defined contribution scheme or receive a cash allowance in lieu of pension contribution.	The maximum pension contribution for existing executive directors will transition to 15% of base salary over 3 years. Currently the Executive Chairman receives a cash equivalent pension contribution of 25% of base salary, benefits and bonus. Other executive directors receive a pension contribution ranging between 15% and 17.5% of base salary or an equivalent cash allowance. The maximum pension contribution for an executive director appointed after the date of this policy is approved by shareholders will be limited to 10% of base salary.	None.
Taxable Benefits	To provide market consistent benefits.	Cost of providing benefits paid monthly or as required for one off events.	Car allowance, health insurance and other benefits paid from time to time.	None.

Directors' Remuneration Policy (unaudited)

FUTURE POLICY TABLE FOR DIRECTORS (continued)

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Annual Bonus	To incentivise achievement of demanding performance targets.	Annual bonuses are generally paid three months after the end of the financial year to which they relate. Clawback provisions apply in the event of a material misstatement of the results	Up to 150% of base salary from 1 April 2021.	Growth in profit before tax, amortisation and exceptional items.
Long Term Incentive Plan	To drive sustained long term performance that supports the creation of shareholder value.	Annual grant of nil cost options which normally vest after 3 years based on the achievement of profit targets, a minimum ROACE requirement and continual service. For awards made from 1 April 2021 an additional holding period applies so that the total vesting and holding period is at least 5 years. Shares, subject to awards may accrue dividend equivalents. Sufficient shares can be sold at the end of three years to cover tax liabilities. The LTIP award to Jeremy Pilkington to be in notional shares settled by cash. Clawback provisions apply in the event of a material misstatement of the results.	Up to 100% of base salary.	Subject to a vesting period of three years and the achievement of target growth in EPS over a three year period. Minimum ROACE requirement, currently set at 12%.
Share Matching Scheme	To encourage share ownership and alignment with shareholders.	Annual grant of nil cost options in proportion to the number of shares purchased by an executive director from their own funds. Clawback provisions apply in the event of a material misstatement of the results.	Maximum award of shares to the value of 10% of salary. Jeremy Pilkington does not participate in this scheme.	Achievement of target growth in EPS over a three year period and a minimum ROACE, currently set at 12%.
Save As You Earn	To encourage share participation in the entire workforce.	HMRC approved plan under which regular monthly savings are made over a 3 year period and can be used to fund the exercise of an option whereby the exercise price is discounted by up to 20%.	Maximum permitted savings of £300 per month across all ongoing share save contracts in line with current legislation.	None.
Share Ownership Guidelines	To increase alignment between executives and shareholders.	Shareholding to be built up over 5 years.	100% of salary for executive directors. From 1 April 2021 executive directors will also be required to retain shares to the lower of 100% of salary or their actual shareholding at the time employment ceases. The shares must be held for one year post-employment.	None.
Non-executive director Fees	Reflects time commitments and responsibilities and fees paid by similar sized companies.	Cash fees paid, reviewed on an annual basis.	No prescribed maximum annual increase.	None.

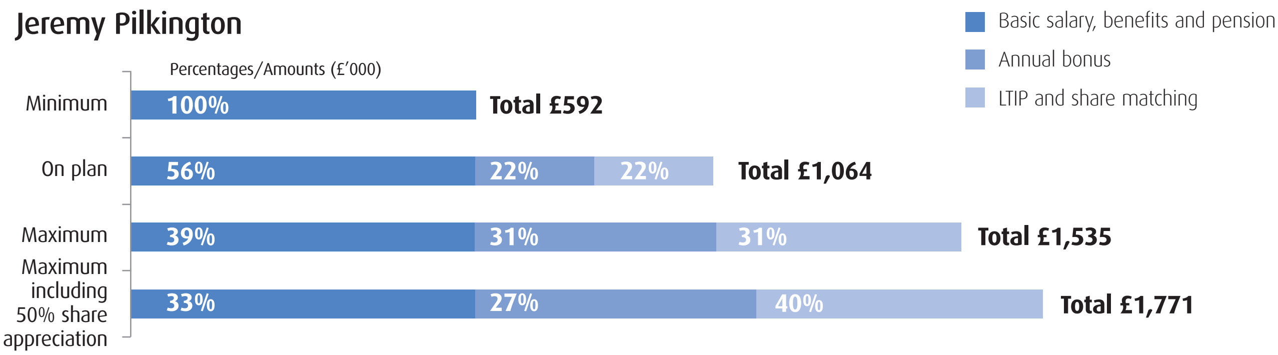
Notes to the policy table

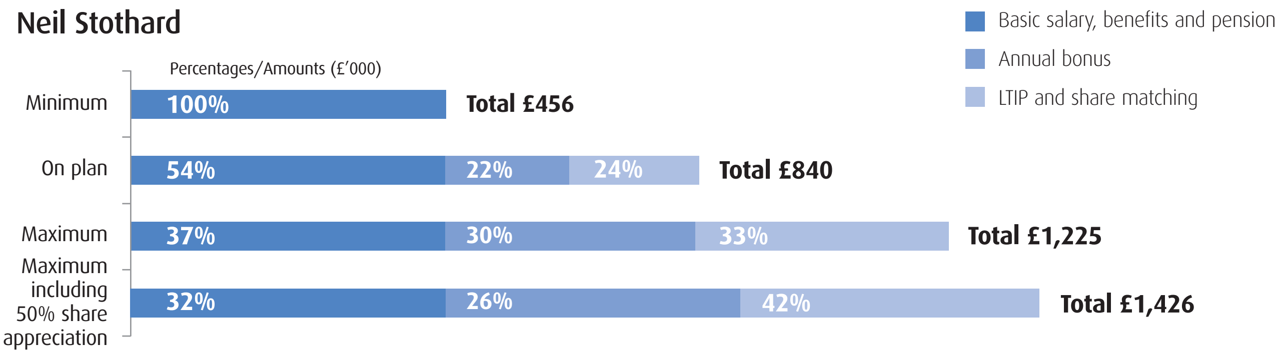
The performance targets are determined annually by the Committee and are set at a challenging level. The Committee is of the opinion that the performance targets for the annual bonus are commercially sensitive and that it would be detrimental to the interests of the Group to disclose them before the start of the financial year. The targets will be disclosed after the end of the relevant financial year in that year's remuneration report. Due to the uncertainty caused by the Covid-19 pandemic the performance conditions for the 2020/21 LTIP awards will be set in October 2020 and included in the Interim Results Announcement.

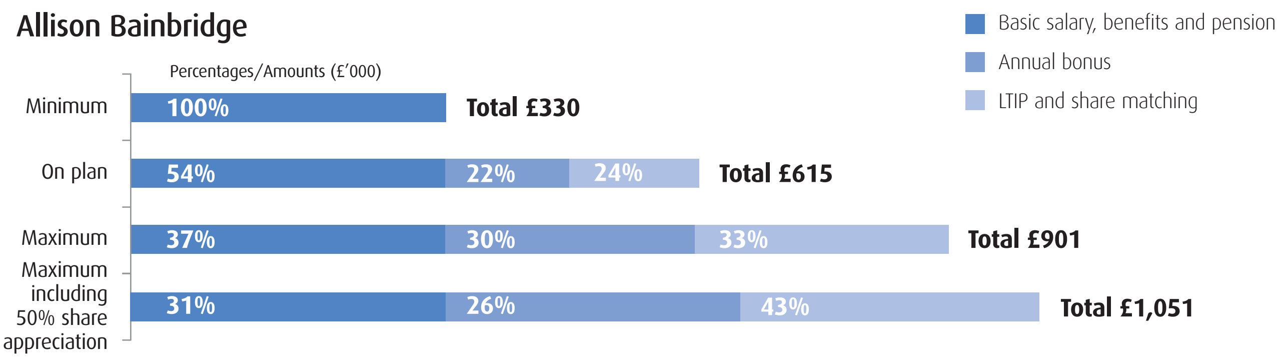
Directors' Remuneration Policy (unaudited)

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The chart below illustrates the total remuneration for each executive director that could result from the proposed remuneration policy in 2020/21 under three different performance scenarios.







The value of base salary for 2020/21 is set out in the Base Salary table on page 44.

The value of taxable benefits in 2020/21 is taken to be the value of taxable benefits received in 2019/20 as shown in the single total figure of remuneration table set out on page 41. On plan performance assumes bonus payout of 50% of salary and LTIP and share matching scheme vesting at 50% of maximum award. Maximum performance assumes 100% payout of all incentives. Share price appreciation has been included in the fourth scenario at an assumed 50%.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

Our approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies.

Most employees are eligible to participate in an annual bonus scheme. The maximum opportunities available are based upon the seniority and responsibility of the role with business area specific metrics incorporated where appropriate.

Certain senior managers can qualify to participate in the LTIP and share matching schemes. Performance conditions are consistent for all participants, while award sizes vary by organisational level.

Employees can qualify to participate in approved and unapproved share option schemes whereby they are granted rights to acquire shares at a predetermined price, which cannot be less than the midmarket price on the dealing day immediately before the date of the award. Awards under these schemes are not granted to executive directors.

All UK employees are eligible to participate in the Company's SAYE scheme on the same terms.

APPROACH TO RECRUITMENT

The Group operates in a highly competitive market. The Committee's approach to remuneration on recruitment is to pay sufficient to attract appropriate candidates to the role.

The package of a new executive director is likely to include the same elements, and be subject to similar constraints as those of existing executive directors.

The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer on a like-for-like basis. In doing so, the Committee will consider relevant factors including time to vesting, any performance conditions attached to these awards and the likelihood of those conditions being met. Any such 'buy-out' awards will typically be made under existing annual bonus and LTIP schemes, although in exceptional circumstances the Committee may exercise discretion under Listing Rule 9.4.2R to make awards using a different structure. Any 'buy-out' awards would have a fair value no higher than the awards forfeited.

Directors' Remuneration Policy (unaudited)

DATE OF DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENT

Director	Date of service contract/letter of appointment
Jeremy Pilkington	10 June 2002
Neil Stothard	10 June 2002
Allison Bainbridge	15 February 2011
Steve Rogers	10 September 2008
Phil White	15 April 2013

The service agreements of the executive directors are terminable by either the Company or the director on twelve months' notice. The contracts contain no specific provision for compensation for loss of office, other than an obligation to pay salary and benefits for any notice period waived by the company. Non-executive directors are appointed under letters of appointment that may be terminated on six months' notice. There were no other significant contracts with directors.

The terms and conditions of appointment of non-executive directors are available for inspection by any person at the Company's registered office during normal business hours and at the AGM.

APPROACH TO LEAVERS

The Company's policy is to limit severance payments on termination to pre-established contractual arrangements. Such contracts contain no specific provision for compensation for loss of office, other than an obligation to pay for any notice period waived by the Company, where pay is defined as salary plus benefits only.

In the event an executive leaves (other than a good leaver), non-vested LTIP and share matching awards will normally lapse. For good leavers unvested awards will vest on the normal vesting date subject to the achievement of any relevant performance condition and with pro-rata reduction to reflect the proportion of the vesting period served. This change, which brings the Company up to date with best practice, will be reflected in revised LTIP rules which will be subject to a shareholder vote at the AGM.

The Committee retains discretion to alter these provisions on a case-by-case basis following a review of circumstances and to ensure fairness for both shareholders and participants.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee considers shareholder feedback received at the AGM each year. This feedback, plus any feedback received during other meetings, is then considered as part of the Group's annual review of remuneration policy.

In addition, the Committee will seek to engage directly with major shareholders and their respective bodies should any material changes be made to the remuneration policy.

Details of votes cast for and against the resolution to approve last year's remuneration report are set out on page 47 of the annual report on remuneration.

Annual Report on Remuneration

SINGLE TOTAL FIGURE OF REMUNERATION (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2020 together with the comparative figures for 2019.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	LTIP value at grant	Share matching value at grant	Share price appreciation (depreciation)	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Executive directors									
Jeremy Pilkington	2020	471	3	119	-	334	-	(8)	919
	2019	471	16	232	442	471	-	138	1,770
Neil Stothard	2020	366	26	64	-	250	-	(7)	699
	2019	359	26	62	336	343	34	110	1,270
Allison Bainbridge	2020	272	17	41	-	185	-	(4)	511
	2019	267	16	39	250	255	26	81	934
Non-executive directors									
Steve Rogers	2020	45	-	-	-	-	-	-	45
	2019	40	-	-	-	-	-	-	40
Phil White	2020	45	-	-	-	-	-	-	45
	2019	40	-	-	-	-	-	-	40

TAXABLE BENEFITS

Taxable benefits consist primarily of company car or car allowance and private health care insurance.

PENSION BENEFITS

Neil Stothard received 17.5% of base salary and Allison Bainbridge received 15% of base salary in lieu of pension contributions. Jeremy Pilkington received 25% of salary, bonus and benefits in lieu of pension contributions.

ANNUAL BONUS PAYMENTS

The annual bonus outturn presented in the table was based on performance against growth in Group profit before tax and amortisation targets as measured over the 2020 financial year.

	Maximum (% of salary)	Growth in PBTA required for threshold bonus	Growth in PBTA required for maximum bonus	Actual growth in PBTA	Actual % of salary	Actual bonus £000
	%	%	%	%	%	£000
Jeremy Pilkington	100	3	11	1	0	0
Neil Stothard	100	3	11	1	0	0
Allison Bainbridge	100	3	11	1	0	0

No changes have been made to the maximum opportunity available under the 2020/21 bonus scheme.

VESTING OF LTIP AND SHARE MATCHING AWARDS (audited)

The LTIP and share matching amount included in the 2019/20 single total figure of remuneration is in respect of the conditional share award granted in July 2017. Vesting is dependent on earnings per share performance over the three years ended 31 March 2020, achievement of a minimum return on average capital employed of 12% and continued service until July 2020.

The performance targets for this award, and actual performance against those targets, was as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	Normalised EPS compound annual growth rate of 5% pa (0% vesting) 13% pa (100% vesting) actual 11% pa	79.69 pence EPS	99.62 pence EPS	93.84 pence EPS	71 -
ROACE	Minimum of 12.0%	12.0%	N/A	14.5%	See above

*EPS is measured on a net basis, in accordance with International Financial Reporting Standards, but assuming a fixed corporation tax charge on profits currently at the rate of 20% and excluding any amortisation and exceptional items shown on the face of the Income Statement or in the notes to the Company's accounts and utilising the whole of the issued ordinary share capital of the Company, assuming a constant level of issued Ordinary Share Capital over the three years, in this case 40.154 million shares.

Return on average capital employed is calculated by dividing the profit before tax, interest, amortisation and exceptional items by the aggregate of average net assets and average net debt consistent with those shown in the management accounts of the Company for the relevant financial year.

The LTIP award details for the executive directors are as follows:

	Number of shares at grant July 2017	Number of shares to vest July 2020	Value at grant	Share price appreciation (depreciation)	Estimated value of shares vesting
			£000	£000	£000
Jeremy Pilkington	54,100	38,403	334	(8)	326
Neil Stothard	40,400	28,678	250	(7)	243
Allison Bainbridge	30,000	21,296	185	(4)	181

*The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. The share price at the time of the award was £8.70. As the awards have not yet vested the weighted average share price for the three months to 7 May 2020 of £8.49 has been used to estimate the value at vesting.

There were no share matching awards in 2020.

SHARE SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (audited)

The following awards were granted to executive directors:

Executive	Scheme	Basis of award granted	Date of grant	Share price at date of grant £	Number of shares	Face value £000	Performance Period end date
Jeremy Pilkington							
	LTIP	100% of salary	4 July 2019	8.60	54,800	471	31 March 2022
Neil Stothard							
	LTIP	100% of salary	4 July 2019	8.60	42,600	366	31 March 2022
	SAYE	N/A	11 July 2019	8.88	506	4	N/A
Allison Bainbridge							
	LTIP	100% of salary	4 July 2019	8.60	31,600	272	31 March 2022

The share price at the date of grant has been used to calculate the face value of the awards granted.

PAYMENTS TO PAST DIRECTORS AND FOR LOSS OF OFFICE

No payments were made to past directors or for loss of office in the year ended 31 March 2020.

OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of unvested share awards held by executive directors. Details of vested awards are shown in the statement of directors' shareholdings and share interests on page 44.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 31 Mar 2019	Granted during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2020	Exercise period	End of performance period
Jeremy Pilkington										
	Total LTIP	Various	Nil	169,400	54,800	71,700	-	152,500	July 2020 to July 2029	31 Mar 2020 to 31 Mar 2022
Neil Stothard										
	Total LTIP	Various	Nil	125,800	42,600	52,200	-	116,200	July 2020 to July 2029	31 Mar 2020 to 31 Mar 2022
	Total Share Matching	Various	Nil	5,200	-	5,200	-	-	July 2020 to July 2029	31 Mar 2020 to 31 Mar 2022
	SAYE	2016	6.00	600	-	600	-	-		N/A
	SAYE	2017	6.96	517	-	-	-	517	October 2020 to March 2021	N/A
	SAYE	2018	8.08	445	-	-	-	445	October 2021 to March 2022	N/A
	SAYE	2019	7.11	-	506	-	-	506	October 2022 to March 2023	N/A
	Total SAYE			**1,562**	**506**	**600**	**-**	**1,468**		
Allison Bainbridge										
	Total LTIP	Various	Nil	93,500	31,600	38,800	-	86,300	July 2020 to July 2029	31 Mar 2020 to 31 Mar 2022
	Total Share Matching	Various	Nil	3,900	-	3,900	-	-	July 2020 to July 2029	31 Mar 2020 to 31 Mar 2022
	SAYE	2016	6.00	600	-	600	-	-		N/A
	SAYE	2017	6.96	517	-	-	-	517	October 2020 to March 2021	N/A
	Total SAYE			**1,117**	**-**	**600**	**-**	**517**		

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

Executive	Shareholding as % of salary at 31 Mar 2020	Shares beneficially owned at 31 Mar 2020	Shares beneficially owned at 31 Mar 2019	Options vested but not yet exercised 31 Mar 2020	Options vested but not yet exercised 31 Mar 2019	Unvested LTIP awards[1]	Unvested share matching awards[1]	Outstanding SAYE awards
Jeremy Pilkington	*	29,220	29,220	201,000	129,300	152,500	-	-
Neil Stothard	1387%	790,764	790,164	159,700	101,700	116,200	-	1,468
Allison Bainbridge	161%	68,150	67,550	116,300	73,600	86,300	-	517
Steve Rogers	-	-	-	-	-	-	-	-
Phil White	-	-	-	-	-	-	-	-

[1] *Unvested LTIP and share matching awards are subject to performance conditions*

The share price used to calculate the value of shares beneficially owned for the purposes of establishing shareholding as a percentage of salary is the share price as at 31 March 2020: £6.42.

*During the year Jeremy Pilkington was interested in shares owned by Ackers P Investment Company Limited. This company is ultimately controlled by a number of trusts of which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person. As at 31 March 2020 Ackers P Investment Company Limited owned 20,181,411 shares (2019: 20,181,411 shares).

The LTIP awards outstanding in respect of Jeremy Pilkington are notional shares which would be settled by a cash payment.

The executive directors are each in compliance with the Company's requirements to hold shares equivalent to at least 100% of salary.

There were no changes in the interests of the directors between 31 March 2020 and 9 June 2020.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2021 (unaudited)

A summary of how the directors' remuneration policy will be applied during the year ended 31 March 2021 is set out below.

BASE SALARY

The Committee approved a 2% increase in base salary for Neil Stothard and Allison Bainbridge from 1 April 2019.

	2021 £000	2020 £000	% increase
Jeremy Pilkington	471	471	**0.0%**
Neil Stothard	366	366	**0.0%**
Allison Bainbridge	272	272	**0.0%**
Steve Rogers	45	45	**0.0%**
Phil White	45	45	**0.0%**

A salary increase averaging 2% across the Group was proposed at the annual 2020 pay review, which would have been effective from 1 April 2020. However, due to Covid-19 this increase has been deferred and will be reviewed at the half year.

During the year Neil Stothard served as a non-executive director of Wykeland Group and received £25,000 for his services.

During the year Allison Bainbridge served as non-executive director of RPS Group Plc and received £55,000 for her services.

Annual Report on Remuneration

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2021 (unaudited) – continued

PENSION ARRANGEMENTS

From 1 April 2022, pensions for current executive directors will be in-line with the new policy maximum of 15% of base salary. Pension contributions for new executive directors will be 10% of base salary in order to be more aligned with our workforce.

ANNUAL BONUS

The maximum bonus potential for the year ending 31 March 2021 will remain at 100% of salary for all executive directors. However, from 1 April 2021 the maximum bonus potential will increase to 150% of base salary. Awards will be based upon the achievement of a challenging growth target in profit before tax, amortisation and exceptional items.

The Committee is of the opinion that the performance targets for the annual bonus and long term incentive are commercially sensitive and that it would be detrimental to the interests of the Group to disclose them before the start of the financial year. The targets will be disclosed after the end of the relevant financial year in that year's remuneration report.

LONG TERM INCENTIVES

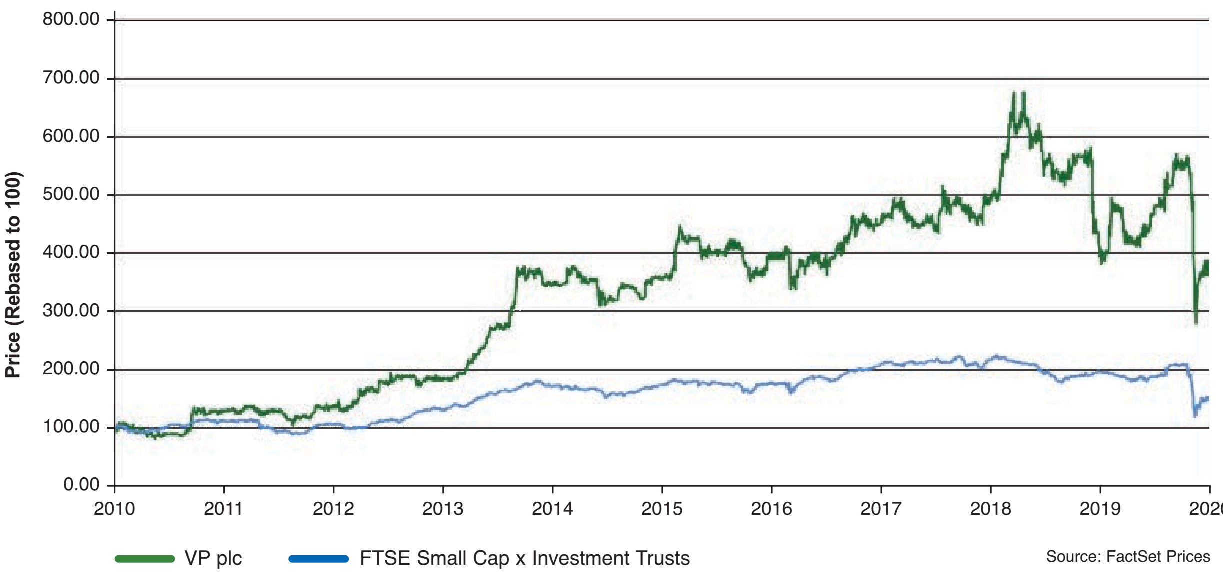
The maximum LTIP award in 2020 will remain at 100% of salary for all executive directors. Consistent with past awards the extent to which any LTIP awards granted in 2020 will vest will be dependent upon the achievement of a challenging target growth in the Group's earnings per share.

The LTIP rules will be updated to allow for dividend equivalents to be awarded on future grants of LTIP. The revised rules will be subject to shareholder approval at the AGM.

Clawback provisions in the event of significant misstatement of the results will apply to both the annual bonus and the long term incentive.

PERFORMANCE GRAPH AND TABLE (unaudited)

The following graph charts the Total Shareholder Return of the Group and the FTSE Small Cap Index over the ten year period from 1 April 2010 to 31 March 2020.



The FTSE Small Cap index excluding investment trusts is regarded as an appropriate bench mark for the Group's shareholders. Total shareholder return is defined as the total return a shareholder would receive over the period inclusive of both share price growth and dividends.

PERFORMANCE GRAPH AND TABLE (unaudited) – continued

The total remuneration and award rates of the Executive Chairman across the same period were as follows:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single figure (£000)	874	1,919	1,795	2,042	2,259	1,613	1,580	1,498	1,770	919
Annual bonus % of maximum	100%	100%	84%	52%	100%	27%	72%	57%	94%	0%
LTIP vesting % of maximum	0%	82%	95.1%	100%	100%	100%	100%	100%	100%	71%

EXECUTIVE CHAIRMAN PAY RATIO

2019/20 is the first year for which the Group is required to publish a CEO pay ratio. As required by the reporting regulations, the Committee will build up this disclosure in future years to disclose the trend in the pay ratio over time. The table below provides the ratio between the Executive Chairman single figure total remuneration and total remuneration for all UK employees and the details of the salary and total remuneration for UK employees in 2019/20. We have chosen option B as our method for calculating the pay ratio for this report, consistent with the methodology for reporting of the gender pay gap.

			Pay Ratio			Remuneration		
	Year	**Method**	**25th percentile**	**Median**	**75th percentile**	**25th percentile**	**Median**	**75th percentile**
Total remuneration	2020	B	42	33	27	£21,709	£27,593	£33,477

The Committee has considered the findings of the pay ratio analysis which appear to be reasonable in the context of the Group's sector and taking into account the composition of the Group's UK workforce against which Executive Chairman's remuneration is compared.

PERCENTAGE CHANGE IN EXECUTIVE CHAIRMAN'S REMUNERATION (unaudited)

The table below shows the percentage change in the Executive Chairman's salary, benefits and annual bonus between the financial year ended 31 March 2019 and 31 March 2020 compared to the percentage change for UK employees of the Group for each of these elements of pay.

	Jeremy Pilkington 2019	Jeremy Pilkington 2020	Jeremy Pilkington % change	UK employees % change
	£000	**£000**		
Salary	471	471	0%	4%
Taxable Benefits	16	3	(81%)	27%
Annual Bonus	271*	442	63%	11%

The percentage change for UK employees is based upon a consistent set of employees and is calculated using P60 and P11D data.

*To be comparable to the data for the UK employees the annual bonus for Jeremy Pilkington disclosed above is the bonus paid in the relevant tax year, which is the bonus in respect of the financial year ended 31 March 2019.

RELATIVE IMPORTANCE OF SPEND ON PAY (unaudited)

The following table shows the Group's actual spend on pay (for all employees) relative to dividends.

		2019	2020	% change
Staff costs	£m	120.3	121.3	0.8%
Dividends	£m	12.0	3.3	(260%)

Dividend figures relate to amounts payable in respect of the relevant financial year and reflects the delay of the decision on a dividend for 2019/20.

2020

Annual Report on Remuneration

REMUNERATION COMMITTEE (unaudited)

The Group's approach to executive directors' remuneration is determined by the Board on the advice of the Remuneration Committee.

The primary role of the Committee is to:

- Review, recommend and monitor the level and structure of remuneration for executive directors;
- Approve the remuneration packages for executive directors;
- Determine the balance between base pay and performance related elements of the package so as to align directors' interests to those of shareholders.

The Committee's terms of reference are set out on the Company's website.

The members of the Remuneration Committee, all independent non-executive directors, during the year under review were as follows:

- Phil White
- Steve Rogers

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 25 and 28. The Remuneration Committee has access to independent advice where it considers appropriate. No advice has been sought during 2019/20.

STATEMENT OF VOTING AT GENERAL MEETING

At the last AGM held on 25 July 2019 the voting results in respect of the Remuneration Report Annual Statement and the Annual Report on Remuneration were as follows:

	Remuneration Report	
Votes cast in favour	31,474,177	98.5%
Votes cast against	477,473	1.5%
Total votes cast	31,951,650	100%
Abstentions	379,274	

Directors' Report

The directors of Vp plc present their annual report and the audited financial statements of the Group and Parent Company for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Group is equipment rental and associated services.

STRATEGIC REPORT

Pursuant to Sections S414C(11) Companies Act 2006, the business review has been replaced with a strategic report, which can be found on pages 1 to 24.

RESULTS AND DIVIDEND

Group profit after tax for the year was £18.6 million (2019: £25.8 million). The directors have delayed the decision on a dividend due to Covid-19 pandemic until later in the financial year when we would hope to have better visibilty of the overall situation.

DIRECTORS

Details of the directors of the Company who were in office during the year and up to the date of signing the financial statements are given on page 25. Details of directors' interests in shares are provided in the Directors' Remuneration Report on page 44. The directors' exposures to conduct and liability issues are mitigated by Directors and Officers insurance cover where applicable during the financial year.

SHARE CAPITAL

Details of the Company's share capital structure are shown in note 20 to the accounts. All shares have the same voting rights. There are no restrictions on the transfer of shares in the Company or restrictions on voting rights.

SUBSTANTIAL SHAREHOLDERS

As at 4 June 2020 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares
		%
Ackers P Investment Company Limited	20,181,411	50.26
Schroders plc	1,926,154	4.80
Discretionary Unit Fund Managers Limited	1,800,000	4.48
Invesco Asset Management Ltd.	1,640,704	4.09
Canaccord Genuity Group Inc.	1,632,742	4.07
Tellworth Investments	1,429,229	3.56
J P Morgan Chase & Co.	1,400,153	3.49

Jeremy Pilkington is a director of Ackers P Investment Company Limited which is the holding company of Vp plc.

FINANCIAL RISK MANAGEMENT

Consideration of the financial risk management of the Group has been included in the Strategic Report on pages 18 to 21.

OVERSEAS BRANCH

The Group has one operating branch of a UK registered company operating in another country within the EU, namely a branch of Hire Station Limited operating in the Netherlands.

Directors' Report

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4.

The directors confirm that the company has entered into a relationship agreement with Ackers P Investment Company Limited (a controlling shareholder) and has complied with the independence provisions of the agreement. As far as the directors are aware, the controlling shareholder and its associates have also complied with the independence provision.

Pursuant to listing rule 9.8.4C the Company is required to disclose that an arrangement is in place whereby the trustee of the Company employee benefit trust has agreed to waive present and future dividend rights in respect of certain shares that it holds.

EMPLOYEES

The directors are committed to maintaining effective communication with employees on matters which affect their occupations and future prospects while at the same time increasing their awareness of the Group's overall activities and performance. This communication takes the form of comprehensive team briefings to all employees together with regular Group and divisional newsletters.

It is the policy of the Group to employ and train disabled people whenever their skills and qualifications allow and suitable vacancies are available. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

Further details regarding employees are provided in the Corporate Social Responsibility Report on pages 22 to 24.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £50,000 (2019: £29,000). The donations made in the year principally relate to sponsorship of employee driven fund raising activities on behalf of local and national charities.

SUPPLIER PAYMENT POLICY

It is the Company's policy to make payment to suppliers on agreed terms. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The number of days purchases outstanding at 31 March 2020 was 21 days (2019: 31 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

TAXATION PRINCIPLES

We operate in accordance with our Tax Principles, which can be found at: **www.vpplc.com**

In 2019/20 the Group paid £10.7 million in corporate taxes. We are a responsible corporate tax payer and conduct our affairs to ensure compliance with all laws and relevant regulations in the countries in which we operate.

CONTRACTS

There are no disclosures required under S417 of the Companies Act in relation to contractual or other arrangements with customers or suppliers.

PURCHASE OF OWN SHARES

A resolution is to be proposed to the Company's shareholders at the AGM to authorise the Company to purchase its own shares up to a maximum of 10% of the Company's issued share capital either to be cancelled or retained as treasury shares. This resolution will be proposed as a special resolution. The maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers is set out in Resolution 11(b) and 11(c) of the Notice of Meeting. The directors undertake to shareholders that they will only exercise this power after careful consideration, taking into account the financial resources of the Company, future funding opportunities and the price of the Company's shares. The directors will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally.

During the year ended 31 March 2020 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

Directors' Report

GOING CONCERN

The Business Review on pages 11 to 14 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond. This is supported by the Financial Review on pages 15 to 17 which sets out the Group's current financial position, including its cash flows, net debt and borrowing facilities and also outlines the Group's treasury management objectives, policies and processes.

Notes 16 and 17 ('Interest Bearing Loans and Borrowings' and 'Financial Instruments') to the financial statements give further information on the Group's borrowings, financial instruments and liquidity risk.

The Group ended the financial year in a healthy financial position. At the year end the Group has borrowing facilities of £207.5 million which are subject to covenant testing. At the financial year end, the Group had headroom against these facilities of £47.7 million further increased to £57.3 million as at 31 May 2020.

The Board has evaluated the facilities and covenants on the basis of the budget for 2020/21 (including 2021/22 long term forecast) and Covid-19 forecasts which incorporate the impact of the Covid-19 lockdown on trading. All of which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. The Board is in regular dialogue with our lenders who continue to express their commitment to the business. The forecasts indicate that covenant levels could be exceeded under certain scenarios and therefore as a precaution, temporary covenant levels have been agreed with the lenders as follows:

Quarter ended	June 20	Sept 20	Dec 20	Mar 21	June 21
Net debt to EBITDA <	2.50	3.25	3.50	3.75	2.50
Interest cover >	3.00	2.25	0.50	(1.00)	3.00

Although the impact of Covid-19 on the Group's financial results is uncertain at this time, various stress scenarios have been considered by the Board. Under these scenarios material revenue reductions have been applied for the financial year ended 31 March 2021 against the Group's original conservative budget followed by varying degrees of recovery. All scenarios assume being below budgeted revenue expectations and all scenarios fall within the revised covenants. Our most severe downside modelling, which reflects a 40% reduction in revenue levels from our pre Covid-19 budget, demonstrates headroom over the temporary covenant levels throughout the forecast period to the end of June 2021. In the unlikely scenario that a covenant breach actually occurred this would require management to agree further covenant relaxations or waivers with the Group's lenders in order to ensure the continued availability of the facilities. Based on the recent covenant changes agreed with the lenders, management are confident that they could successfully achieve this if this situation arose.

Reductions in revenues have been mitigated by immediate actions taken including: deferral of annual pay reviews in April, payroll cost reductions as employees entered the Government's furlough scheme, freezing of all non-essential capital expenditure and recruitment, management voluntary salary reductions from April 2020, rent payment holidays and utilisation of available rates and tax relief amongst other initiatives.

On the basis of this testing, including the consideration as to the uncertainty of the future impact of the Covid-19 pandemic, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis has been adopted in preparation of the consolidated financial statements.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 26 to 30 forms part of the Directors' Report.

INDEPENDENT AUDITORS

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Allison Bainbridge
Company Secretary
9 June 2020

Statement of Directors' Responsibilities

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and the Parent Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group and the Parent Company, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, business model and strategy.

Each of the directors whose names and functions appear on page 25 confirm that to the best of their knowledge:

- The Group and Parent Company financial statements which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company; and
- The Business Review and Financial Review include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face.

In the case of each director in office at the date of the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the Group and Parent Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company"s auditors are aware of that information.

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Vp plc

Report on the audit of the financial statements

Opinion

In our opinion, Vp plc's Group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2020 and of the Group's profit and the Group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and parent company balance sheets as at 31 March 2020; the consolidated income statement and the consolidated and parent company statements of comprehensive income, the consolidated and parent company statements of cash flows, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the Group or the parent company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview

Materiality	• Overall Group materiality: £2.4 million (2019: £2.3 million), based on 5% of profit before tax, amortisation and exceptional items. • Overall parent company materiality: £950,000 (2019: £794,000), based on 5% of profit before tax, amortisation and exceptional items.
Audit scope	• The Group audit team performed an audit of the complete financial information of the three financially significant reporting units within the Group. • The reporting units over which we performed audit procedures accounted for over 89% of the Group's external revenues and 88% of the Group's profit before tax, amortisation and exceptional items.
Key audit matters	• Existence of rental equipment (Group and Parent). • Valuation of rental equipment (Group and Parent). • Provision in respect of Competition and Markets Authority (CMA) investigation (Group and Parent). • Impact of Covid-19 (Group and Parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with competition law and the Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to deliberate manipulation of results via improper revenue recognition, misappropriation of assets, management bias in key accounting estimates and posting of inappropriate journal entries to improve the Group's result for the period. Audit procedures performed by the Group engagement team auditors included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to valuation of assets;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by unexpected users. Specifically we tested journal entries which increased the Group result for the period with unusual offset entries, and we tested a risk based sample of journal entries impacting revenue with unusual offset entries to detect any potentially fraudulent revenue being recognised; and
- Review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators and review of correspondence with legal advisors

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Existence of rental equipment – Group and parent Refer to page 31 (Significant accounting issues) and note 9 in the financial statements. We focused on this area because the Group holds a significant quantum and carrying amount of rental equipment in the normal course of its business. The net book value of rental equipment was £218.1 million as at 31 March 2020 (2019: £220.0 million). Given the volume of assets and the frequency of movement (through purchases, hires and sales) there is the potential for assets to go missing. This results in complexity in maintaining an accurate fixed asset register.	Our audit work in respect of the existence of rental equipment included understanding and evaluating management's key controls in this area, checking the correct recording of rental asset movements on the fixed asset register on a sample basis and substantively testing the existence of a sample of assets. For a sample of rental equipment purchases in the year we agreed to invoice and capitalisation onto the fixed asset register, checking the value and the useful economic life applied. We agreed a sample of rental equipment out on hire to invoice and delivery notes. We attended a sample of year end rental equipment counts and: - considered the design and effectiveness of count controls by understanding and observing the count procedures; and - counted a sample of assets and reconciled these to both management's count and the fixed asset register. For a sample of revenue resulting from the hire of rental equipment to customers we have agreed to sales invoice and either a despatch note or cash receipt which provides us with evidence of existence over the underlying asset. We did not identify any material exceptions from this work.

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of rental equipment – Group and parent Refer to page 31 (Significant accounting issues), page 73 (Significant accounting policies) and note 9 in the financial statements. We focused on this area because there is significant management judgement involved in estimating the useful economic lives, residual values and any impairment of the rental assets. The utilisation of rental equipment is key to supporting its valuation, so if there were a downturn in the trading performance in a particular market or reporting unit, this would present an inherent impairment risk.	Our audit work in respect of the valuation of rental equipment comprised an assessment of the accuracy of estimates made by management in previous years, testing of utilisation statistics, integrity checks over the underlying fixed asset data and budgeted trading performance to determine the appropriateness of management's estimates. We tested the appropriateness of the useful economic lives and estimated residual values applied on a sample basis through consideration of any profits/losses on disposal of rental equipment and the level of fully written down assets still generating revenue, noting no evidence of systematic over- or under-depreciation of the assets. We tested the integrity of the data held within the fixed asset registers, given the reliance upon this information for our impairment analysis. This comprised scanning the entire population of assets for inappropriate entries (such as assets with a useful economic life inconsistent with the type of asset) or evidence that the useful economic life assigned is not being applied correctly in the fixed asset register. We did not identify any material exceptions from this work.
Provision in respect of Competition and Markets Authority (CMA) investigation – Group and parent Refer to page 31 (Significant accounting issues), page 73 (Significant accounting policies) and notes 4 and 18 in the financial statements. On 9 April 2019 the CMA issued a Statement of Objections (SO) that provisionally found that the Group and two competitors formed a cartel to reduce competition and keep prices up. The CMA allege this involved sharing confidential information on pricing and commercial strategy and coordinating their commercial activities for periods totalling nearly two years. Since the prior year management has submitted their written responses to the CMA in September 2019 and made verbal representations in October 2019. Throughout January and April 2020, the CMA have been gathering additional information. The CMA's findings, as they were in prior year, remain at this stage provisional and do not necessarily lead to a decision that the companies have breached competition law. To date the CMA has not yet indicated when the case will be concluded nor the case conclusion timetable. The CMA are expected to consider any representations made before issuing its final findings as to whether the law has been broken. Should the CMA's final findings be that the law has been broken the Group is likely to be subject to a financial penalty. The directors have considered the accounting implications together with their external legal advisors in relation to the investigation and in the prior year provided £4.5 million as an exceptional estimated cost. This represented the mid-point of a range of possible outcomes estimated and disclosed of between nil and £9.0 million.	Our audit work in this area focused on gaining an understanding of the latest status of the investigation so as to update the work performed in the prior year. For the year ended 31 March 2019 we reviewed CMA announcements and the SO. We engaged an external independent competition law advisor to act as our expert. We reviewed the SO (which was disclosed to us and our legal advisor by the CMA on a redacted and restricted basis), together with obtaining independent legal advice in relation to the SO. We held meetings with management and their external legal advisors to understand the status of the investigation, the further possible stages involved and the potential penalties should the CMA's findings be made final. Together with our independent competition law advisor we challenged management's assessment of the evidence supporting the amount provided and the range disclosed. This included assessing the likelihood based on previous CMA investigations of a fine being imposed after a SO had been issued. Based on the prior year work performed, including evaluating the advice of our independent competition law advisor we determined that the £4.5 million provided and disclosure made within the prior financial statements were consistent with the evidence that we obtained. For the year ended 31 March 2020 we obtained updates on the investigation from both management and their external legal advisors. We have reviewed the written responses made during the year and determined that this does not present any significant change from the information obtained at the prior year end. We verified to the publicly available case timetable that further consideration of written and oral representations on the SO and additional information gathering in the period of January to July 2020 is being performed by the CMA.

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
Provision in respect of Competition and Markets Authority (CMA) investigation – Group and parent Management have brought the £4.5 million provision forward to these accounts inclusive of legal and professional fees. £0.8 million has been recognised during the year as an exceptional item. Arriving at likely ranges and a provision requires significant levels of judgement and competition law expertise in applying appropriate assumptions. No changes in the assumptions in relation to the alleged infringements including time periods, relevant turnover, percentage of turnover and adjustments for aggravating or mitigating factors have been made since the prior year given the limited progression of the case but these can have a material impact on the amounts concerned.	We have tested the legal and professional fees incurred and agreed with their presentation as exceptional. Based on the work performed we determined that the amount which continues to be provided and disclosures made within the financial statements are consistent with the evidence we obtained.
Impact of Covid-19 – Group and parent The ongoing and evolving Covid-19 pandemic is having a significant impact on the global economy in which the Group operates. There is significant uncertainty as to the duration of the pandemic and what its lasting impact will be on the global economy. The directors have considered the potential impact to the Group and parent of the ongoing Covid-19 pandemic both in respect of going concern and on the carrying value of assets including inventories, trade and other receivables, property, plant and equipment and intangible assets. In relation to the Group and parent's going concern assessment, the directors have prepared a 'base case' cash flow forecast for the period to 30 June 2021 reflecting what they expect the impact of the Covid-19 pandemic to be. They have stress tested the cash flow forecasts reflecting what they consider to be a severe yet plausible downside scenario resulting from the consequences of Covid-19 as described in the going concern statement on page 50. In relation to the carrying value of assets, management have considered the impact of Covid-19 in their impairment assessments of each category of assets, and made any adjustments that they considered to be required.	We have re-evaluated our risk assessment, including the going concern risk of the Group. Based on the directors' assessment and our audit procedures thereon as described below, we consider the Covid-19 pandemic to represent a significant audit risk for the Group. In assessing management's consideration of the potential impact on the Group going concern assessment of Covid-19, we have undertaken the following audit procedures: • We obtained from management their latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements. • We reviewed the management accounts for the financial year to date and checked that these were consistent with the starting point of management's forecasts. We also checked the arithmetical accuracy of management's forecasts for the period to 30 June 2021. • We evaluated management's base case forecast and severe yet plausible downside scenario, and challenged the adequacy and appropriateness of the underlying assumptions, including the level and period of reduction in revenue and costs. We confirmed management's mitigating actions are within their control and can be taken on a timely basis, if needed. • We evaluated the level of forecast liquidity and forecast compliance with bank facility covenants, which included agreeing to source documentation. Our conclusion in respect of going concern is included in the "Going concern" section below. We have reviewed management's assessment of the impact of Covid-19 on the carrying value of each category of assets and any adjustments made. We evaluated how management reflected the impact on future cash flows, of Covid-19, in their impairment analyses and the consistency of their assumptions with the forecasts used in their going concern assessment. Based on the work performed we have no issues to report. We have reviewed management's disclosures in the financial statements in relation to Covid-19 and are satisfied that they are consistent with the risks affecting the Group, their impact assessment and the procedures that we have performed.

Independent Auditors' Report

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

The Group's accounting process is structured around a Group finance function at its head office in Harrogate which is responsible for the Group's reporting units. For each reporting unit we determined whether we required an audit of its reported financial information ('full scope'), or whether certain account balances of reporting units were required to be in the scope of our Group audit to address specific risk characteristics or to provide sufficient overall Group coverage of particular financial statement line items.

A full scope audit was required for four reporting units determined as financially significant as together they contribute 89% of the Group's external revenues and 88% of the Group's profit before tax, amortisation and exceptional items. All of the audit procedures have been performed by the Group engagement team.

In addition, the Group audit team performed analytical review procedures over a number of smaller reporting units. This included an analysis of year on year movements, at a level of disaggregation to enable a focus on higher risk balances and unusual movements. This gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£2.4 million (2019: £2.3 million).	£950,000 (2019: £794,000).
How we determined it	5% of profit before tax, amortisation and exceptional items.	5% of profit before tax, amortisation and exceptional items.
Rationale for benchmark applied	We applied this benchmark because, in our view, this is the most relevant metric against which the performance of the Group is most commonly measured.	We applied this benchmark because, in our view, this is the most relevant metric against which the performance of the entities within the company are most commonly measured.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £428,000 and £2,106,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £117,600 (Group audit) (2019: £117,000) and £47,500 (parent company audit) (2019: £39,700) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Independent Auditors' Report

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 20 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 18 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 51, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 31 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Independent Auditors' Report

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 15 October 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 March 2015 to 31 March 2020.

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 June 2020

Consolidated Income Statement

for the Year Ended 31 March 2020

	Note	2020* £000	2019 £000
Revenue	2	**362,927**	382,830
Cost of sales		**(292,746)**	(295,539)
Gross profit		**70,181**	87,291
Administrative expenses		**(32,975)**	(48,968)
Operating profit before amortisation and exceptional items	2	**55,480**	51,571
Amortisation and impairment	10	**(16,756)**	(4,632)
Exceptional items	4	**(1,518)**	(8,616)
Operating profit	3	**37,206**	38,323
Financial income	7	**52**	88
Financial expenses	7	**(8,892)**	(4,830)
Profit before taxation, amortisation and exceptional items		**46,640**	46,829
Amortisation and impairment	10	**(16,756)**	(4,632)
Exceptional items	4	**(1,518)**	(8,616)
Profit before taxation		**28,366**	33,581
Income tax expense	8	**(9,779)**	(7,759)
Profit attributable to owners of the parent		**18,587**	25,822
Basic earnings per 5p ordinary share	22	**46.92p**	65.20p
Diluted earnings per 5p ordinary share	22	**46.17p**	63.66p
Dividend per 5p ordinary share interim paid	21	**8.45p**	30.20p

*IFRS 16 was adopted on 1 April 2019 for statutory reporting without restating prior year figures. As a result, the primary statements are shown on IFRS 16 basis for the year ended 31 March 2020 and on an IAS 17 basis for the year ended 31 March 2019. Note 11 provides the impact on the consolidated income statement for the year ended 31 March 2020, including the £3.6 million positive impact on operating profit before amortisation and exceptional items (£51.9 million pre-IFRS 16), £4.0 million adverse impact on net financial expense (£4.8 million pre-IFRS 16) and £0.5 million adverse impact on profit before taxation, amortisation and exceptional items (£47.1 million pre-IFRS 16).

Statements of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Profit for the year		**18,587**	25,822
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	25	**368**	536
Tax on items taken to other comprehensive income	8	**86**	(1)
Impact of tax rate change	8	**47**	-
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation difference		**(1,045)**	(493)
Effective portion of changes in fair value of cash flow hedges		**(482)**	(614)
Total other comprehensive expense		**(1,026)**	(572)
Total comprehensive income for the year attributable to owners of the parent		**17,561**	25,250

Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Profit for the year		**2,560**	9,231
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	25	**234**	546
Tax on items taken to other comprehensive income		**(39)**	(99)
Impact of tax rate change		**43**	-
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation difference		**8**	(53)
Effective portion of changes in fair value of cash flow hedges		**(482)**	(614)
Total other comprehensive expense		**(236)**	(220)
Total comprehensive income for the year		**2,324**	9,011

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2020

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Foreign Currency Translation £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
Equity at 1 April 2018		**2,008**	**301**	**16,192**	**291**	**(287)**	**135,914**	**27**	**154,446**
Total comprehensive income for the year (see page 60)		-	-	-	(614)	(493)	26,357	-	25,250
Tax movements to equity	8	-	-	-	-	-	944	-	944
Share option charge in the year		-	-	-	-	-	2,395	-	2,395
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(3,297)	-	(3,297)
Dividend to shareholders	21	-	-	-	-	-	(10,853)	-	(10,853)
Total change in equity during the year		-	-	-	(614)	(493)	15,546	-	14,439
Equity at 31 March 2019 and 1 April 2019		**2,008**	**301**	**16,192**	**(323)**	**(780)**	**151,460**	**27**	**168,885**
Total comprehensive income for the year (see page 60)		-	-	-	(482)	(1,045)	19,088	-	17,561
Tax movements to equity	8	-	-	-	-	-	(648)	-	(648)
Impact of tax rate change	8	-	-	-	-	-	(33)	-	(33)
Share option charge in the year		-	-	-	-	-	758	-	758
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(2,396)	-	(2,396)
Dividend to shareholders	21	-	-	-	-	-	(12,055)	-	(12,055)
Effect of changes in accounting standards	1	-	-	-	-	-	(2,151)	-	(2,151)
Total change in equity during the year		-	-	-	(482)	(1,045)	2,563	-	1,036
Equity as at 31 March 2020		**2,008**	**301**	**16,192**	**(805)**	**(1,825)**	**154,023**	**27**	**169,921**

Parent Company Statement of Changes in Equity

for the Year Ended 31 March 2020

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Hive Up Reserve £000	Retained Earnings £000	Total Equity £000
Equity at 1 April 2018		**2,008**	**301**	**16,192**	**291**	**8,156**	**41,674**	**68,622**
Total comprehensive income for the year (see page 60)		-	-	-	(614)	-	9,625	9,011
Tax movements to equity		-	-	-	-	-	944	944
Impact of tax rate change		-	-	-	-	-	-	-
Share option charge in the year		-	-	-	-	-	2,395	2,395
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(3,297)	(3,297)
Dividend to shareholders	21	-	-	-	-	-	(10,853)	(10,853)
Total change in equity during the year		-	-	-	(614)	-	(1,186)	(1,800)
Equity at 31 March 2019 and 1 April 2019		**2,008**	**301**	**16,192**	**(323)**	**8,156**	**40,488**	**66,822**
Total comprehensive income for the year (see page 60)		-	-	-	(482)	-	2,806	2,324
Tax movements to equity		-	-	-	-	-	(648)	(648)
Impact of tax rate change		-	-	-	-	-	(33)	(33)
Share option charge in the year		-	-	-	-	-	758	758
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(2,396)	(2,396)
Dividend to shareholders	21	-	-	-	-	-	(12,055)	(12,055)
Effect of changes in accounting standards		-	-	-	-	-	(613)	(613)
Total change in equity during the year		-	-	-	(482)	-	(12,181)	(12,663)
Equity at 31 March 2020		**2,008**	**301**	**16,192**	**(805)**	**8,156**	**28,307**	**54,159**

Consolidated Balance Sheet

at 31 March 2020

NET ASSETS	Note	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	9	**247,761**	248,651
Intangible assets	10	**74,267**	89,670
Right of use asset	11	**68,566**	-
Employee benefits	25	**3,018**	2,732
Total non-current assets		**393,612**	341,053
Current assets			
Inventories	13	**9,073**	7,809
Trade and other receivables	14	**84,263**	79,985
Income tax receivable		**1,003**	-
Cash and cash equivalents	15	**20,094**	29,044
Total current assets		**114,433**	116,838
Total assets		**508,045**	457,891
Current liabilities			
Interest-bearing loans and borrowings	16	**(6,161)**	(17,420)
Income tax payable		**-**	(2,184)
Lease liabilities	11	**(17,692)**	-
Trade and other payables	18	**(75,186)**	(81,720)
Total current liabilities		**(99,039)**	(101,324)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(173,739)**	(179,276)
Lease liabilities	11	**(54,158)**	-
Deferred tax liabilities	19	**(11,188)**	(8,406)
Total non-current liabilities		**(239,085)**	(187,682)
Total liabilities		**(338,124)**	(289,006)
Net assets		**169,921**	168,885
EQUITY			
Issued share capital	20	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Foreign currency translation reserve		**(1,825)**	(780)
Hedging reserve		**(805)**	(323)
Retained earnings		**154,023**	151,460
Total equity attributable to equity holders of the parent		**169,894**	168,858
Non-controlling interest		**27**	27
Total equity		**169,921**	168,885

The financial statements on pages 59 to 104 were approved and authorised for issue by the Board of Directors on 9 June 2020 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

Parent Company Balance Sheet

at 31 March 2020

NET ASSETS	Note	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	9	**118,638**	115,979
Intangible assets	10	**10,376**	20,328
Investments in subsidiaries	12	**71,884**	70,047
Right of use asset	11	**14,000**	-
Employee benefits	25	**3,353**	3,166
Trade and other receivables	14	**80,626**	94,840
Total non-current assets		**298,877**	304,360
Current assets			
Inventories	13	**2,548**	1,841
Trade and other receivables	14	**24,376**	25,485
Income tax receivable		**1,508**	-
Cash and cash equivalents	15	**6,011**	3,416
Total current assets		**34,443**	30,742
Total assets		**333,320**	335,102
Current liabilities			
Interest-bearing loans and borrowings	16	**(6,023)**	(17,138)
Income tax payable		**-**	(960)
Lease liabilities	11	**(5,216)**	-
Trade and other payables	18	**(58,998)**	(58,022)
Total current liabilities		**(70,237)**	(76,120)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(173,644)**	(179,043)
Deferred tax liabilities	19	**(9,751)**	(6,680)
Lease liabilities	11	**(9,584)**	-
Trade and other payables	18	**(15,945)**	(6,437)
Total non-current liabilities		**(208,924)**	(192,160)
Total liabilities		**(279,161)**	(268,280)
Net assets		**54,159**	66,822
EQUITY			
Capital and reserves			
Issued share capital	20	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(805)**	(323)
Hive up reserve		**8,156**	8,156
Retained earnings			
At the beginning of the year		**40,488**	41,674
Profit for the financial year		**2,560**	9,231
Other changes in retained earnings		**(14,741)**	(10,417)
At the end of the year		**28,307**	40,488
Total equity		**54,159**	66,822

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Jeremy Pilkington
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Consolidated Statement of Cash Flows

for the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit before taxation		**28,366**	33,581
Adjustments for:			
Share based payment charges		**758**	2,395
Depreciation	9	**46,160**	49,768
Depreciation of right to use asset	11	**22,177**	-
Amortisation and impairment	10	**16,756**	4,632
Financial expense		**8,892**	4,830
Financial income		**(52)**	(88)
Profit on sale of property, plant and equipment		**(8,939)**	(7,583)
Operating cash flow before changes in working capital and provisions		**114,118**	87,535
(Increase)/decrease in inventories		**(1,215)**	853
Increase in trade and other receivables		**(3,890)**	(9,518)
(Decrease)/increase in trade and other payables		**(8,898)**	13,818
Cash generated from operations		**100,115**	92,688
Interest paid		**(4,454)**	(4,696)
Interest element of finance lease rental payments		**(92)**	(221)
Interest received		**10**	88
Income taxes paid		**(10,694)**	(7,948)
Net cash generated from operating activities		**84,885**	79,911
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**21,381**	19,969
Purchase of property, plant and equipment		**(54,686)**	(74,588)
Acquisition of businesses and subsidiaries (net of cash acquired)	26	**(3,325)**	-
Net cash used in investing activities		**(36,630)**	(54,619)
Cash flows from financing activities			
Purchase of own shares by Employee Trust		**(2,396)**	(3,297)
Repayment of borrowings		**(94,000)**	(44,000)
New loans		**89,000**	37,000
New finance leases		**-**	108
Payment of lease liabilities		**(26,530)**	(1,551)
Dividends paid	21	**(12,055)**	(10,853)
Net cash used in financing activities		**(45,981)**	(22,593)
Net increase in cash and cash equivalents		**2,274**	2,699
Effect of exchange rate fluctuations on cash held		**(259)**	(70)
Cash and cash equivalents net of overdrafts as at the beginning of the year		**12,132**	9,503
Cash and cash equivalents net of overdrafts as at the end of the year	15	**14,147**	12,132

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit before taxation		**6,415**	12,974
Adjustments for:			
Share based payment charges		**758**	2,395
Depreciation	9	**13,792**	14,456
Depreciation of right of use asset	11	**6,921**	-
Amortisation and impairment	10	**11,722**	224
Financial expense		**3,298**	2,807
Financial income		**(10)**	(1)
Profit on sale of property, plant and equipment		**(2,447)**	(3,188)
Operating cash flow before changes in working capital and provisions		**40,449**	29,667
(Increase)/decrease in inventories		**(658)**	627
Decrease/(increase) in trade and other receivables		**19,418**	(3,357)
Increase in trade and other payables		**6,120**	9,559
Cash generated from operations		**65,329**	36,496
Interest paid		**(4,496)**	(4,690)
Interest element of finance lease rental payments		**(76)**	(179)
Interest received		**10**	1
Income taxes paid		**(4,080)**	(2,546)
Net cash generated from operating activities		**56,687**	29,082
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**15,825**	14,415
Purchase of property, plant and equipment		**(27,932)**	(29,709)
Investment in new subsidiary	26	**(3,325)**	-
Net cash used in investing activities		**(15,432)**	(15,294)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		**(2,396)**	(3,297)
Repayment of borrowings		**(94,000)**	(44,000)
New loans		**89,000**	37,000
Payment of lease liabilities		**(8,244)**	(1,051)
Dividends paid	21	**(12,055)**	(10,853)
Net cash used in financing activities		**(27,695)**	(22,201)
Net increase/(decrease) in cash and cash equivalents		**13,560**	(8,413)
Cash and cash equivalents net of overdrafts as at the beginning of the year		**(13,496)**	(5,083)
Cash and cash equivalents net of overdraft as at the end of the year	15	**64**	(13,496)

Notes

(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a public limited company (limited by shares) which is listed on the London Stock Exchange and incorporated and domiciled in Great Britain. These consolidated Financial Statements of Vp plc for the year ended 31 March 2020, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

Basis of preparation

Both the Parent Company Financial Statements and the Group Financial Statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRSIC) interpretations as adopted by the EU and the Companies Act 2006 applicable to company reporting under IFRS. In publishing the Parent Company Financial Statements here together with the Group Financial Statements, the Company has taken advantage of the exemptions in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved Financial Statements.

The Financial Statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis (further details are provided in the Directors' Report) and historic cost basis except that derivative financial instruments and cash settled share options are stated at fair value.

Accounting policies and restatements

The Group's and Company's accounting policies are set out below and with the exception of the new standard below, the accounting policies have been applied consistently to all periods presented in these consolidated Financial Statements. With the exception of the new standard below, there were no changes to IFRSs or IFRSIC interpretations that have had a material impact on the Group for the year ended 31 March 2020.

Changes in accounting policies

The Group has applied IFRS 16 *Leases* which replaces IAS 17 *Leases* for the first time in these annual accounts commencing 1 April 2019. The Group had to change its accounting policies as a result of adopting IFRS 16. The Group has applied IFRS 16 using the modified retrospective approach from 1 April 2019 where the cumulative effect of initially applying the standard has been recognised as an adjustment to the opening balance of retained earnings and comparatives have not been restated. Under IFRS 16, the Group experiences a different pattern of expense within the Income Statement, with the IAS 17 operating lease expense replaced by depreciation and interest expense. There is no impact on the Group's underlying cash flows except to present cash outflows as financing instead of operating.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which have previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rates as of 1 April 2019. The weighted average incremental borrowing rate applied to lease liabilities at 1 April 2019 for Group was 5.3% (Company: 5.7%).

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

(a) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for certain operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adjustments recognised on adoption of IFRS 16 at 1 April 2019

	Group £000	Company £000
Operating lease commitments disclosed as at 31 March 2019	80,776	15,029
Discounted using the incremental borrowing rate at 1 April 2019	(11,680)	(1,478)
(Less): short-term leases recognised on a straight-line basis as expense	(104)	(14)
(Less): low-value leases recognised on a straight-line basis as expense	(191)	(56)
Add: adjustments as a result of a different treatment of extension and termination options[1]	14,522	3,513
Lease liability recognised at 1 April 2019	83,323	16,994

Note:

[1] Previously, lease commitments only included non-cancellable periods in the lease agreements. Under IFRS 16, the lease term includes periods covered by options to extend the lease where the Group is reasonably certain that such options will be extended.

(c) Measurement of right-of-use assets

The associated right-of-use assets were measured on a retrospective basis as if the new standard has always been applied. Onerous lease contracts have been adjusted through the right-of-use assets.

(d) Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet:

	Group £000	Company £000
Right of use assets - increase	80,488	16,255
Lease liabilities - increase	(83,323)	(16,994)
Trade and other payables - decrease	202	-
Deferred tax liabilities - decrease	482	126
Net impact on retained earnings at 1 April 2019	(2,151)	(613)

Future standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation, as permitted by the exemption in IFRS 1.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Operating lease payments are accounted for as described in the accounting policy on operating leases.

Where the information is available, assets acquired via acquisitions are recorded in the accounting records at fair value on a gross cost and accumulated depreciation basis. The fair value of the acquired property, plant and equipment is therefore the net of the cost and accumulated depreciation shown in the fixed asset note. The Group considers it appropriate to show this on a gross basis as the cost gives a better indication of the earning capacity of the hire fleet.

Depreciation is provided by the Group to write off the cost or deemed cost less estimated residual value of tangible fixed assets using the following annual rates:

Land and Buildings - Freehold buildings	–	2% straight line
Land and Buildings - Leasehold improvements	–	Term of lease
Rental equipment	–	7% - 33% straight line depending on asset type
Motor vehicles	–	25% straight line
Other - Computers	–	33% straight line
Other - Fixtures, fittings and other equipment	–	10% - 20% straight line

Estimates of residual values are reviewed at least annually and adjustments made as appropriate. Any profit generated on disposal is credited to cost of sales. No depreciation is provided on freehold land.

Business combinations and goodwill

For acquisitions on or after 1 April 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- The fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition are expensed to the income statement as incurred.

In respect of acquisitions between 1 April 2004 and 1 April 2010, goodwill represents the difference between the cost of the acquisitions and the fair value of identifiable net assets and contingent liabilities acquired. Costs related to the acquisition were capitalised as part of the cost of the acquisition.

Goodwill is stated at cost less any accumulated impairment losses and is included on the balance sheet as an intangible asset. It is allocated to cash generating units and is not amortised, but tested annually for impairment against expected future cash flows from the cash generating unit to which it is allocated.

The Group has chosen not to restate business combinations prior to 1 April 2004 on an IFRS basis as permitted by IFRS 1. Goodwill is included on the basis of deemed cost for the transactions which represent its carrying value at the date of transition to adopted IFRSs.

Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is included within cost of sales within the Income Statement. The rate of amortisation attempts to write-off the cost of the intangible asset over its estimated useful life using the following rates:

Customer relationships	–	up to 10 years
Supply agreement	–	the initial term of the agreement
Trade names	–	over the estimated initial period of usage, normally 10 years

No amortisation is provided where trade names are expected to have an indefinite life.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The carrying amounts of non financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised through the Income Statement. For goodwill and assets that have an indefinite useful life the recoverable amount is tested at each balance sheet date.

Investments

In the Company's Financial Statements, investments in subsidiary undertakings are stated at cost less impairment.

Dividends received and receivable are credited to the Company's Income Statement to the extent that the Company has the right to receive payment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. For slow-moving or obsolete items, where net realisable value is lower than cost, necessary provision is made.

Raw materials and consumables stock is held primarily for the repair and maintenance of fleet assets. Goods for resale relate to stock held for sale. The basis of expensing stock is on a first-in first-out basis.

Trade and other receivables

Trade and other receivables are stated at their due amounts less impairment losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The loss allowance for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows.

Interest bearing loans and borrowings

Financial assets and liabilities are recognised on the balance sheet when the Group becomes party to the contractual provision of the instrument. Interest bearing borrowings are recognised initially at fair value. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the periods of the borrowings on an effective interest basis.

Taxation

The charge for taxation is based on the results for the year and takes into account full provision for deferred taxation due to temporary differences.

Deferred tax is provided using the balance sheet liability method to provide for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted and are offset where amounts will be settled on a net basis as a result of a legally enforceable right.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years. A tax provision is recognised where there is a probable requirement to settle, in the future, an obligation based on a past event.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits – pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

The Group's net obligation in respect of its defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method.

The Group's net obligation is recorded as a balance sheet asset or liability and the actuarial gains and losses associated with this balance sheet item are recognised in the Statement of Comprehensive Income as they arise. Actuarial gains and losses occur when actuarial assumptions differ from those previously envisaged by the actuary or when asset returns differ from the liability discount rate.

An asset for the surplus has been recognised on the basis that it is recoverable prior to wind up of the scheme, however the balance sheet position is sensitive to small fluctuations in the assumptions made.

When the benefits of the plan are improved, the proportion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognises related restructuring costs or termination benefits.

Dividend

Dividends are recognised as a liability in the period in which they are approved, however interim dividends are recognised on a paid basis.

Share Capital

Ordinary shares are classified as equity.

Employee trust shares

The Group has an employee trust (the Vp Employee Trust) for the warehousing of shares in support of awards granted by the Company under its various share option schemes. The Group accounts include the assets and related liabilities of the Vp Employee Trust. In both the Group and Parent Company accounts the shares in the Group held by the employee trust are treated as treasury shares, are held at cost, and presented in the balance sheet as a deduction from retained earnings. The shares are ignored for the purpose of calculating the Group's earnings per share.

Treasury shares

When share capital recognised as equity is repurchased and classified as treasury shares the amount of the consideration paid is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Derivative financial instruments

Interest rate and exchange rate swaps are only used for economic hedging purposes and not as speculative investments. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The Group determines the hedge effectiveness of its interest and exchange rate swaps at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

Interest rate and exchange rate swaps are accounted for in the balance sheet at fair value and any movement in fair value is taken to the Income Statement, unless the swap is designated as an effective hedge of the variability in cash flows, an "effective cash flow hedge".

Where a derivative financial instrument is designated as an effective cash flow hedge, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding policy statement, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current and future interest rates and the current creditworthiness of the swap counterparties. The fair value of the exchange rate swaps is the estimated amount the Group would receive or pay to terminate the swap at the balance sheet date taking account of current and future exchange rates. The carrying value of hedge instruments is presented within other payables or other assets as appropriate.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Revenue

Revenue represents the amounts (excluding Value Added Tax) derived from the hire of equipment and the provision of goods and services to third party customers during the year. Revenue from equipment hire, which is the vast majority of Group revenues, is accounted for under IFRS 16. Revenue is recognised from the start of hire through to the end of the agreed hire period predominantly on a time apportioned basis. Revenue for services and sales of goods are accounted for under IFRS 15 - Revenue from Contracts with Customers. Revenue from providing services is recognised in the accounting period in which the services are rendered. The majority of services provided are short term and only an immaterial proportion bridge a financial period end. Any increases or decreases in estimated revenues or costs arising from changed circumstances are reflected in profit in the period in which they become known by management. Customers are invoiced on an agreed upon basis and consideration is payable when invoiced. Revenue from sale of goods primarily relates to consumables and new machine sales. Revenue is recognised when a Group entity sells a consumable to the customer or when control of the new machine has transferred ownership to the buyer upon delivery. Depending on the type of sale, a receivable is recognised when the goods are delivered or due immediately. As the Group does not in the course of its ordinary activities routinely dispose of equipment held for hire, any sales proceeds are shown as a reduction in cost of sales. Below summarises the disaggregation of revenue from contracts with customers from the total revenue disclosed in the consolidated income statement:

	2020			2019		
	UK	**International**	**Total**	UK	International	Total
	£000	**£000**	**£000**	£000	£000	£000
Equipment hire	**249,248**	**24,276**	**273,524**	262,383	24,530	286,913
Services	**52,299**	**6,270**	**58,569**	54,957	6,066	61,023
Sales of goods	**29,458**	**1,376**	**30,834**	32,968	1,926	34,894
Total revenue	**331,005**	**31,922**	**362,927**	350,308	32,522	382,830

Share based payments

The fair value of share options is charged to the Income Statement based upon their fair value at the date of grant with a corresponding increase in equity. The charge is recognised evenly over the vesting period of the options. The liabilities for cash settled share based payment arrangements are measured at fair value.

The fair values are calculated using an appropriate option pricing model. The Group's Approved, Unapproved and Save As You Earn (SAYE) schemes have been valued using the Black-Scholes model and the Income Statement charge is adjusted to reflect the expected number of options that will vest, based on expected levels of performance against non-market based conditions and the expected number of employees leaving the Group. The fair values of the Group's Long Term Incentive Plan (LTIP) and Share Matching scheme are calculated using a discounted grant price model, again adjusted for expected performance against non-market based conditions and employees leaving the Group. Amendments to IFRS 2, "Share Based Payments", clarified the treatment of cancelled options, whereby if a grant of equity instruments is cancelled the Group shall account for the cancellation as an acceleration of vesting and shall recognise immediately the amount that would have been recognised over the remainder of the vesting period.

Any cash settled options are valued at their fair value as calculated at each period end, taking account of performance criteria and expected numbers of employees leaving the Group and the liability is reflected in the balance sheet within accruals.

The parent company recharges the subsidiary entities with the fair value of the share options relating to the employees associated with that entity.

The Group's results are subject to fluctuations caused by the cash settled share options and national insurance costs on LTIPs and unapproved share options as these are required to be re-measured at each reporting date based on the Company share price. Changes in the Company's share price during the reporting period therefore impact the charge to the Income Statement for cash settled options and national insurance, including vested but not exercised options, as well as unvested options. A movement of 10 pence in share price would impact the charge to the Income Statement by £36,000 (2019: £49,000).

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Income Statement. Non-monetary assets and liabilities that are stated at fair value are translated to sterling at the foreign exchange rates ruling at the date the values were determined.

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at rates approximating to the foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on retranslation are recognised directly in equity.

Operating leases - lessor

The Group's rental fleet is hired to customers under simple operating leases with no contingent rent, purchase clauses or escalation clauses. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Operating leases - lessee

The Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note 11 and the impact of the change is described above in note 1.

Until 31 March 2019, payments made under operating leases were recognised in the Income Statement on a straight line basis over the term of the lease.

Exceptional items

The business classifies certain events as exceptional due to their size and nature where it feels that separate disclosure would help understand the underlying performance of the business. Further discussion is disclosed in note 4.

Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's and Company's Annual Report and Accounts for the year ended 31 March 2020 have been reviewed and approved by the Audit Committee. The areas of principal accounting uncertainty that could have a significant impact in the next 12 months are estimated useful lives of rental assets, including residual values, regulatory review cost provisions, the impact of Covid-19 and assumptions relating to pension costs. In addition the testing for impairment of goodwill and other intangibles requires significant estimates and judgements relating to cash flows, and the valuation of the fair value of acquired net assets also requires significant estimates and judgements.

The Group continually reviews depreciation rates and using its judgement adopts a cautious policy in assessing estimated useful economic lives of fleet assets (see page 69). The rate of technological and legislative change is factored into the estimates, together with the diminution in value through use and time. The Group also takes account of the profit or loss it makes on the disposal of fixed assets in determining whether depreciation policies are appropriate.

There are a number of assumptions which impact the regulatory review costs provision. Further details are provided in note 4.

Further details of the Board's consideration of the impact of Covid-19 are provided in the Director's Report on page 50.

The key assumptions and sensitivities applied to pensions are disclosed in note 25. The pension scheme position is derived using actuarial assumptions for inflation, discount rates and assumed life expectancy which are inherently uncertain. Due to the relative size of the scheme, small changes to these assumptions can give rise to a significant impact on the pension scheme position reported in the Balance Sheet. A pension asset for the Vp plc pension scheme has been recognised as there is an unconditional right to a refund of the surplus prior to winding up the scheme.

Goodwill and other intangibles are tested for impairment by reference to the expected estimated cash generated by the business unit. This is deemed to be the best approximation of value, but is subject to the same uncertainties as the cash flow forecast being used. Further details are provided in note 10.

The accounting for acquisitions requires the Group to use its judgement and use estimates to determine the fair value of net assets acquired, particularly intangible assets. Further details are provided in note 26.

2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's reportable segments are the two units, UK and International. This has been determined on the way in which financial information is organised and reported to the Group Board who are responsible for the key operating decisions of the Group, allocating resources and assessing performance and hence are the chief operating decision makers. Total external revenue in 2020 was £362.9 million (2019: £382.8 million). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £30.8 million (2019: £34.9 million) of revenue relating to the sale of goods, the rest of the revenue is service related including hire revenue. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

Revenue is generated mainly within the United Kingdom with no single overseas geographical area accounting for more than 10% of the Group revenue. Total overseas revenue was £58.2 million (2019: £62.5 million), including overseas revenue generated by the UK based divisions. The Group has one operating branch of a UK registered company operating in another country within the EU, namely a branch of Hire Station Limited operating in the Netherlands.

Notes

2. SEGMENT REPORTING (continued)

Business segments

	Revenue						Operating profit before amortisation and exceptional items	
	2020			2019			**2020**	2019
	External Revenue £000	**Internal Revenue £000**	**Total Revenue £000**	External Revenue £000	Internal Revenue £000	Total Revenue £000	**£000**	£000
UK	**331,005**	**6,109**	**337,114**	350,308	4,930	355,238	**53,672**	49,838
International	**31,922**	**-**	**31,922**	32,522	-	32,522	**1,808**	1,733
	362,927	**6,109**	**369,036**	382,830	4,930	387,760	**55,480**	51,571

A reconciliation of operating profit before amortisation and exceptional items to profit before tax is provided in the Income Statement.

	Assets		Liabilities		Net Assets	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
UK	**468,465**	421,392	**328,791**	283,384	**139,674**	138,008
International	**39,580**	36,499	**9,333**	5,622	**30,247**	30,877
	508,045	457,891	**338,124**	289,006	**169,921**	168,885

	Acquired Assets		Capital Expenditure		Depreciation, Amortisation and Impairment	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
UK	**3,344**	-	**47,628**	64,734	**58,346**	48,282
International	**-**	-	**8,711**	6,655	**4,570**	6,118
	3,344	-	**56,339**	71,389	**62,916**	54,400

Acquired assets relate primarily to tangible and intangible assets acquired as a result of acquisitions. Capital expenditure relates to tangible fixed assets acquired in the normal course of business.

Included within segmental assets above is goodwill and indefinite life intangibles in relation to the following segments: UK £48.7 million (2019: £61.8 million), International £1.9 million (2019: £2.1 million).

Included within segmental assets above is non-current assets in relation to the following segments: UK £362.9 million (2019: £314.2 million), International £30.7 million (2019: £26.9 million).

3. OPERATING PROFIT

	2020 £000	2019 £000
Operating profit is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	**16,756**	4,632
Depreciation of property, plant and equipment – owned	**46,160**	49,194
– leased	**-**	574
Operating leases - Rent of land and buildings under IAS 17	**-**	12,993
Operating leases - Hire of other assets under IAS 17	**-**	26,979
Profit on disposal of property, plant and equipment	**(8,939)**	(7,583)
Amounts paid to auditors:		
Audit fees – parent company annual accounts	**145**	123
– other group companies	**115**	129
– total group	**260**	252
Audit related assurance services	**13**	15

Amounts paid to the Company's auditors in respect of services to the Company, other than audit of the Company's Financial Statements, have not been disclosed as the information is only required to be disclosed on a consolidated basis.

The level of profit on disposal is higher than long term historical experience due to a combination of asset management and one off items.

Notes

4. EXCEPTIONAL ITEMS

During the year, the Group incurred £1,518,000 of exceptional costs in relation to regulatory review costs and continued restructuring costs regarding severance payments primarily within Hire Station Limited.

In the prior year, £8,616,000 was incurred in relation to regulatory review costs; integration of the Brandon Hire Group Holdings Limited acquisition; together with restructuring costs in relation to severance payments and depot closure costs within Hire Station Limited and Airpac Bukom.

The Competition and Markets Authority (CMA) announced on 9 April 2019 that it is investigating three major suppliers of groundworks products to the construction industry. The CMA has provisionally found that the 3 businesses, including a part of the Group's excavation support system business (Groundforce), were involved in suspected anti-competitive behaviour. The CMA's findings are, at this stage in its investigation, provisional and do not necessarily lead to a decision that the companies have breached competition law. At this point in the process we cannot make an accurate estimate of the likely cost that may subsequently arise in the event that the CMA were to decide in the future that a breach of competition law has taken place. However, accounting standard IAS 37 required us to provide an amount in the prior year accounts and accordingly we included a figure of £4.5 million as an exceptional cost which we have brought forward to these accounts inclusive of legal and professional fees incurred during the financial year. This figure is in the midpoint of a range of possible outcomes (£0 to £9.0 million) that we have calculated based upon previous cases and CMA published guidance and without any admission of culpability. As commented on in the Chairman's Statement, the CMA process is still ongoing.

These are analysed as follows:

	2020	2019
	£000	£000
Regulatory review costs	**834**	4,500
Integration costs	**-**	3,004
Restructuring costs	**684**	1,112
	1,518	8,616

Exceptional costs are excluded from the profit measures reported in the Strategic Report on the basis that they are non recurring in nature.

5. EMPLOYMENT COSTS

Group

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Operations	**2,370**	2,535
Sales	**370**	359
Administration	**516**	422
	3,256	3,316

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**107,603**	107,012
Social security costs	**10,290**	10,386
Other pension costs	**3,451**	2,868
Share option costs including associated social security costs - equity settled	**109**	3,256
- cash settled	**(1,062)**	1,106
	120,391	124,628

Company

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Operations	**453**	447
Sales	**122**	120
Administration	**161**	151
	736	718

5. EMPLOYMENT COSTS (continued)

Company

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**29,108**	29,460
Social security costs	**3,674**	3,334
Other pension costs	**781**	552
Share option costs including associated social security costs - equity settled	**139**	1,534
- cash settled	**(1,062)**	1,106
	32,640	35,986

6. REMUNERATION OF DIRECTORS

The Group's key management are the executive and non-executive directors. The aggregate remuneration paid to or accrued for the directors for services in all capacities during the year is as follows:

	2020	2019
	£000	£000
Basic remuneration including bonus and benefits	**1,245**	2,263
Cash allowances/pension contributions	**224**	333
Share options	**750**	1,458
	2,219	4,054

Further details of directors' remuneration, pensions and share options, including the highest paid director, are given in the Remuneration Report on page 41.

7. FINANCIAL INCOME AND EXPENSES

	2020	2019
	£000	£000
Financial income:		
Bank and other interest receivable	**52**	88
Financial expenses:		
Bank loans, overdrafts and other interest	**(4,751)**	(4,609)
Finance charges payable in respect of finance leases and hire purchase contracts	**(92)**	(221)
Finance charges in respect of operating leases under IFRS 16	**(4,049)**	-
	(8,892)	(4,830)

8. INCOME TAX EXPENSE

	2020	2019
Current tax expense	**£000**	£000
UK Corporation tax charge at 19% (2019: 19%)	**6,566**	8,096
Overseas tax - current year	**1,042**	655
Adjustments in respect of prior years - UK	**333**	(328)
Adjustments in respect of prior years - Overseas	**28**	(63)
Total current tax	**7,969**	8,360
Deferred tax expense		
Current year deferred tax	**615**	(805)
Impact of tax rate change	**1,171**	-
Adjustments to deferred tax in respect of prior years	**24**	204
Total deferred tax	**1,810**	(601)
Total tax expense in income statement	**9,779**	7,759

8. INCOME TAX EXPENSE (continued)

Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2020 %	**2020 £000**	2019 %	2019 £000
Profit before tax		**28,366**		33,581
Profit multiplied by standard rate of corporation tax	**19.0**	**5,389**	19.0	6,380
Effects of:				
Impact of tax rate changes	**4.1**	**1,171**	0.3	92
Expenses not deductible for tax purposes	**1.0**	**280**	3.1	1,039
Non-qualifying depreciation and amortisation	**1.4**	**404**	1.2	407
Gains covered by exemption/losses	**(1.4)**	**(407)**	(1.2)	(391)
Overseas tax rate	**1.3**	**358**	0.9	299
Adjustments in respect of prior years	**1.3**	**385**	(0.6)	(187)
Impairment of intangibles	**7.8**	**2,199**	0.4	120
Total tax charge for the year	**34.5**	**9,779**	23.1	7,759

Tax recognised in reserves	**2020 £000**	2019 £000
Other comprehensive income:		
Tax relating to actuarial gains on defined benefit pension scheme	**63**	98
Tax relating to historic asset revaluations	**(1)**	(1)
Items recognised in reserves	**(148)**	(96)
Impact of tax rate change	**(47)**	-
	(133)	1
Direct to equity:		
Deferred tax relating to share based payments	**932**	(444)
Current tax relating to share based payments	**(284)**	(500)
Impact of tax rate change	**33**	-
Included within effect of changes in accounting standards	**(482)**	-
	199	(944)
Total	**66**	(943)

The corporation tax rate for the year ended 31 March 2020 was 19% (2019: 19%). The rate of tax was expected to reduce to 17% in the year ending 31 March 2021. This rate change to 17% had been enacted at the prior year balance sheet date and so is reflected in the brought forward deferred tax balances. However, as announced in the March 2020 budget, the rate will remain at 19%. Accordingly, the closing deferred tax balances are calculated at 19%.

The main reconciling items are:

- Expenses not deductible for tax purposes; primarily related to capital transactions, disallowable provisions and customer entertaining
- Non-qualifying depreciation; mainly relates to depreciation on land and buildings
- Gains covered by exemptions/losses; primarily relates to chattels exemptions on the disposal proceeds of fleet items
- Overseas tax rates; due to higher overseas tax rates compared to the UK, particularly in Australia and Germany
- Adjustments in respect of prior years; reflects the differences between the tax calculation for accounts purposes and the final tax returns. The main areas were overseas taxes, disallowed expenses and chargeable gains
- Impairment of intangibles; this relates to the write down of goodwill where there is no tax relief
- Effect of the change in tax rate applied to deferred tax balances (as noted above).

The reconciling item relating to the impairment of intangibles is non-recurring in the normal course of business. All the other items will be expected to re-occur on a regular basis, although amounts will vary from year to year. On this basis the effective tax rate before any prior year adjustments would be expected to be about 1.4% over the standard rate of tax.

The closing unremitted earnings of subsidiaries is approximately £153 million. There has been no deferred tax liability recognised on investments in subsidiaries, branches, associates and interests in joint arrangements as the parent company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2018	32,165	401,848	3,223	35,413	472,649
Additions	2,181	63,784	784	4,640	71,389
Disposals	(510)	(42,005)	(441)	(694)	(43,650)
Exchange rate differences	(2)	(490)	4	(14)	(502)
Transfer between categories	1,994	(337)	-	(1,657)	-
At 31 March 2019	35,828	422,800	3,570	37,688	499,886
Additions	2,914	49,136	693	3,596	56,339
Acquisitions	-	2,921	95	316	3,332
Disposals	(577)	(42,217)	(659)	(2,499)	(45,952)
Exchange rate differences	(22)	(490)	(15)	(166)	(693)
Transfer between categories	4,444	(1,160)	100	(3,384)	-
At 31 March 2020	42,587	430,990	3,784	35,551	512,912
Accumulated depreciation and impairment losses					
At 1 April 2018	12,658	189,944	2,244	28,064	232,910
Charge for year	2,175	43,070	509	4,014	49,768
On disposals	(341)	(29,819)	(437)	(667)	(31,264)
Exchange rate differences	(5)	(170)	6	(10)	(179)
Transfer between categories	1,979	(223)	-	(1,756)	-
At 31 March 2019	16,466	202,802	2,322	29,645	251,235
Charge for year	2,135	40,487	429	3,109	46,160
Acquisitions	-	1,193	75	290	1,558
On disposals	(163)	(30,259)	(616)	(2,472)	(33,510)
Exchange rate differences	(21)	(163)	(17)	(91)	(292)
Transfer between categories	4,410	(1,208)	100	(3,302)	-
At 31 March 2020	22,827	212,852	2,293	27,179	265,151
Net book value					
At 31 March 2020	**19,760**	**218,138**	**1,491**	**8,372**	**247,761**
At 31 March 2019	19,362	219,998	1,248	8,043	248,651
At 31 March 2018	19,507	211,904	979	7,349	239,739

Notes

9. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2018	17,521	174,827	1,972	9,919	204,239
Additions	209	22,093	379	2,187	24,868
Group transfers in	-	5,257	-	-	5,257
Group transfers out	-	(8,349)	-	-	(8,349)
Disposals	(88)	(13,435)	(212)	(158)	(13,893)
Transfer between categories	-	(9)	-	9	-
At 31 March 2019	17,642	180,384	2,139	11,957	212,122
Additions	578	20,684	252	1,350	22,864
Group transfers in	-	8,241	95	316	8,652
Group transfers out	-	(8,172)	-	-	(8,172)
Disposals	(435)	(12,926)	(341)	(64)	(13,766)
At 31 March 2020	17,785	188,211	2,145	13,559	221,700
Accumulated depreciation and impairment losses					
At 1 April 2018	5,384	77,285	1,481	7,019	91,169
Charge for year	479	12,714	235	1,028	14,456
Group transfers in	-	1,533	-	-	1,533
Group transfers out	-	(2,372)	-	-	(2,372)
On disposals	(14)	(8,261)	(212)	(156)	(8,643)
Transfer between categories	-	(6)	-	6	-
At 31 March 2019	5,849	80,893	1,504	7,897	96,143
Charge for year	500	11,739	241	1,312	13,792
Group transfers in	-	4,025	75	290	4,390
Group transfers out	-	(3,583)	-	-	(3,583)
On disposals	(37)	(7,262)	(323)	(58)	(7,680)
At 31 March 2020	6,312	85,812	1,497	9,441	103,062
Net book value					
At 31 March 2020	**11,473**	**102,399**	**648**	**4,118**	**118,638**
At 31 March 2019	11,793	99,491	635	4,060	115,979
At 31 March 2018	12,137	97,542	491	2,900	113,070

The cost or deemed cost of land and buildings for the Group and the Company includes £3,204,000 (2019: £3,204,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £488,000 (2019: £2,911,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £255,000 (2019: £1,851,000). Depreciation for the year on these Group assets was £450,000 (2019: £574,000) and £342,000 (2019: £393,000) for the Company included within cost of sales in the Consolidated Income Statement. In addition the banks have a fixed and floating charge over the assets of the Group as set out in note 16.

Notes

10. INTANGIBLE ASSETS

GROUP	Trade Names £000	Customer Relationships £000	Supply Agreements £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2018	13,897	25,241	4,989	71,850	115,977
Exchange rate differences	(11)	(14)	-	(1)	(26)
At 31 March 2019	13,886	25,227	4,989	71,849	115,951
Acquired through business combinations	439	1,158	-	173	1,770
Exchange rate differences	(156)	(163)	-	(216)	(535)
At 31 March 2020	14,169	26,222	4,989	71,806	117,186
Accumulated amortisation and impairment					
At 1 April 2018	1,588	7,422	3,995	8,655	21,660
Exchange rate differences	(5)	(6)	-	-	(11)
Amortisation	1,182	2,006	745	-	3,933
Impairment	-	-	-	699	699
At 31 March 2019	2,765	9,422	4,740	9,354	26,281
Exchange rate differences	(59)	(59)	-	-	(118)
Amortisation	1,211	2,080	249	-	3,540
Impairment	1,400	-	-	11,816	13,216
At 31 March 2020	5,317	11,443	4,989	21,170	42,919
Carrying amount					
At 31 March 2020	**8,852**	**14,779**	**-**	**50,636**	**74,267**
At 31 March 2019	11,121	15,805	249	62,495	89,670
At 31 March 2018	12,309	17,819	994	63,195	94,317

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units (CGUs) or groups of cash generating units as follows:

	Goodwill		Indefinite life intangible assets	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Groundforce/TPA	**8,109**	15,852	**-**	1,400
UK Forks	**-**	2,043	**-**	-
Hire Station	**12,953**	14,805	**-**	-
TR	**1,862**	2,083	**-**	-
Brandon Hire	**27,712**	27,712	**-**	-
	50,636	62,495	**-**	1,400

An intangible asset of £Nil (2019: £1,400,000) with an indefinite life is included within trade names and related to the TPA name on the basis that it was expected to be maintained indefinitely and continue to deliver future value to the Group. The impairment test of this has been performed using the same assumptions as for the other intangibles.

10. INTANGIBLE ASSETS (continued)

Goodwill arising on business combinations has been allocated to the CGUs that are expected to benefit from those business combinations.

The carrying value of intangibles and goodwill has been assessed for impairment by reference to its value in use as this is higher than the potential fair value on disposal. Values have been estimated using cash flow projections over a period of 5 years derived from the approved budget for the coming year. The key assumptions within the cash flow projections are those regarding revenue, margin and level of capital spend required to support the business. These assumptions have been validated based on past experience, market conditions, terminal year growth and the size of the fleet. The Group tests goodwill annually for impairment or more frequently if there are any indications that goodwill might be impaired. Since the balance sheet date the Covid-19 pandemic has emerged as a threat and means that the directors' assessment of economic risk has changed. As detailed within going concern the Directors' Report on page 50, forecasts prepared since the balance sheet date show large drop in profits in the short-term. These forecasts have been included within the annual impairment reviews.

In the current year, eight Hire Station goodwill balances were written off as we no longer trade from the acquired locations. In addition, the goodwill associated with the acquisitions of Higher Access and TPA Portable Roadways was written off as a result of reduced activity level and cash flows. In the prior year three Hire Station goodwill balances were written off as we no longer trade from the acquired locations. These impairments along with amortisation have been charged to cost of sales. The charges relate to the CGUs shown on page 80 and are goodwill £11,816,000 (2019: £699,000) and intangibles £1,400,000 (2019: £Nil).

The pre tax discount rate applied to all CGUs was 8% (2019: 8%), an estimate based on the Group's weighted cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying value before such an assumption was applied. Based on this testing the directors do not consider any of the goodwill or intangible assets carried forward at the year end to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate.

COMPANY	**Trade Names**	**Customer Relationships**	**Supply Agreements**	**Goodwill**	**Total**
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2018	2,043	4,390	394	24,990	31,817
Acquired through business combinations	-	-	-	-	-
At 31 March 2019	2,043	4,390	394	24,990	31,817
Acquired through business combinations	439	1,158	-	173	1,770
At 31 March 2020	2,482	5,548	394	25,163	33,587
Accumulated amortisation					
At 1 April 2018	496	3,132	394	7,243	11,265
Amortisation charge	27	197	-	-	224
Impairment	-	-	-	-	-
At 31 March 2019	523	3,329	394	7,243	11,489
Amortisation charge	63	294	-	-	357
Impairment	1,400	-	-	9,965	11,365
At 31 March 2020	1,986	3,623	394	17,208	23,211
Carrying amount					
At 31 March 2020	**496**	**1,925**	**-**	**7,955**	**10,376**
At 31 March 2019	1,520	1,061	-	17,747	20,328
At 31 March 2018	1,547	1,258	-	17,747	20,552

The directors have reviewed the carrying amount of the Company's goodwill and indefinite life intangible assets on the same basis as the Group's goodwill and concluded that there are no additional impairment charges required.

Notes

11. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the balance sheet

The recognised right of use assets relate to the following types of assets:

	Group		Company	
	31 March 2020	1 April 2019	**31 March 2020**	1 April 2019
	£000	£000	**£000**	£000
Property	**49,688**	55,972	**4,956**	4,984
Equipment	**8,998**	11,627	**6,091**	7,516
Vehicles	**9,880**	12,889	**2,953**	3,755
Total right of use assets	**68,566**	80,488	**14,000**	16,255

The recognised lease liabilities relate to the following types of assets:

	Group		Company	
	31 March 2020	1 April 2019	**31 March 2020**	1 April 2019
	£000	£000	**£000**	£000
Property	**52,701**	58,538	**5,443**	5,442
Equipment	**9,332**	11,919	**6,389**	7,775
Vehicles	**9,817**	12,866	**2,968**	3,777
Total lease liabilities	**71,850**	83,323	**14,800**	16,994
Of which are:				
Current lease liabilities	**17,692**	19,948	**5,216**	6,669
Non-current lease liabilities	**54,158**	63,375	**9,584**	10,325
	71,850	83,323	**14,800**	16,994

Additions to the right of use assets during the current financial year for the Group was £10.9 million (Company: £4.3 million).

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases for the year ended 31 March 2020:

	Group	**Company**
	£000	**£000**
Depreciation charge of right-of-use assets		
Property	**9,258**	**1,098**
Equipment	**5,555**	**3,853**
Vehicles	**7,364**	**1,970**
	22,177	**6,921**
Interest expense (included in finance expenses)	**4,049**	**903**
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	**262**	**85**
Expenses relating to low-value assets that are not shown above as short-term leases (included in administrative expenses)	**686**	**140**

The total cash outflow for leases in 2020 for the Group was £26.5 million (Company: £8.2 million)

(c) Impact on Consolidated Income Statement, EBITDA, segment disclosures and earnings per share

Basic earnings per share before the amortisation of intangibles and exceptional items decreased by 0.8 pence for the period to 31 March 2020 as a result of the adoption of IFRS 16. The financial impact of the transition on the Group's Consolidated Income Statement and EBITDA for the year ended 31 March 2020 is set out below:

	Excluding IFRS 16	IFRS 16 Impact	**Reported**
	£000	£000	**£000**
Operating profit before amortisation and exceptional items	51,890	3,590	**55,480**
Operating profit	33,616	3,590	**37,206**
EBITDA	98,050	25,767	**123,817**
Net financial expense	(4,791)	(4,049)	**(8,840)**
Profit before taxation, amortisation and exceptional items	47,099	(459)	**46,640**
Profit before taxation	28,825	(459)	**28,366**

11. LEASES (continued)

(c) Impact on Consolidated Income Statement, EBITDA, segment disclosures and earnings per share (continued)

Operating profit before amortisation and exceptional items, segment assets and segment liabilities all increased as a result of the change in accounting policy. The IFRS 16 adjustments that have been posted to each segment for the year ending 31 March 2020 are as follows:

	Operating Profit Before Amortisation and Exceptional Items			Assets			Liabilities		
	Pre IFRS 16	IFRS 16 Adjustment	**Per Note 2**	Pre IFRS 16	IFRS 16 Adjustment	**Per Note 2**	Pre IFRS 16	IFRS 16 Adjustment	**Per Note 2**
	£000	£000	**£000**	£000	£000	**£000**	£000	£000	**£000**
UK	50,177	3,495	**53,672**	402,070	66,395	**468,465**	259,798	68,993	**328,791**
International	1,713	95	**1,808**	37,230	2,350	**39,580**	7,077	2,256	**9,333**
	51,890	3,590	**55,480**	439,300	68,745	**508,045**	266,875	71,249	**338,124**

(d) Accounting for leasing activities under IFRS 16

The Group holds leases for various properties, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until 1 April 2019, leases of property, plant and equipment were classified as either operating leases or finance leases. Payments made under operating leases were charged to the Consolidated Income Statement on a straight-line basis over the lease term. From 1 April 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any incentives receivable, variable lease payments that are based on a specified index or a rate, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. A separate provision for onerous leases is therefore no longer required.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This incremental borrowing rate is the interest rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value over a similar term and with similar security to the right of use asset in a similar economic environment. To determine the incremental borrowing rate, the Group, where possible uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received; adjusts for credit risk as required; and makes adjustments specific to the lease for example to country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group re-values its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short term leases are certain leases with a lease term of 12 months or less. Low value assets comprise certain IT equipment and small items of office equipment.

Extension and termination options are included in a number of leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and that is within the control of the Group. This reassessment could result in a recalculation of the lease liability and a material adjustment to the associated balances.

Notes

12. INVESTMENTS IN SUBSIDIARIES

COMPANY

Cost	**£000**
At 1 April 2018 and 31 March 2019	71,734
Acquisitions	3,325
Transfer to intangible assets and deferred tax	(1,498)
Tax adjustment	10
At 31 March 2020	73,571
Impairment	
At 1 April 2018, 31 March 2019 and 31 March 2020	1,687
Carrying amount	
At 31 March 2020	**71,884**
At 31 March 2019	70,047
At 31 March 2018	70,047

See note 30 for details of subsidiary undertakings.

13. INVENTORIES

	Group		**Company**	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Raw materials and consumables	**5,009**	3,291	**1,993**	1,510
Goods for resale	**4,064**	4,518	**555**	331
	9,073	7,809	**2,548**	1,841

During the year, as a result of the year end assessment of inventory, there was a £726,000 decrease in the Group provision for impairment of inventories (2019: £68,000 increase) and a £100,000 increase for Company (2019: £101,000 increase). The provision reflects the Group's best estimate of potential inventory obsolescence. The cost of goods for resale expensed during the year was £25.1 million (2019: £22.8 million). Due to the nature of the spares expenditure and the approach to accounting for spares, it is not possible to provide the value of spares inventory expensed.

14. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
Current assets	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000
Gross trade receivables	**76,536**	75,579	**21,834**	20,255
Trade receivables provisions	**(4,264)**	(5,465)	**(799)**	(1,445)
Amounts owed by subsidiary undertakings	**-**	-	**-**	3,999
Other receivables	**1,469**	621	**791**	-
Prepayments and accrued income	**10,522**	9,250	**2,550**	2,676
	84,263	79,985	**24,376**	25,485

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as shown above. The Group does not hold any collateral as security. Receivables acquired as part of the acquisitions in the year were £0.5 million (2019: £Nil) being the fair value of receivables.

During the year there was a decrease in the provisions for impairment of trade receivables of £1,201,000 (2019: £870,000 decrease). The valuation of the provision reflects the Group's best estimates of likely impairment as a result of the aging of the debt, expected credit losses and its knowledge of the debtors. The Group has a reasonable spread of credit risk with the top 25 customers accounting for significantly less than 50% of gross trade debtors. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	2020	2019
	£000	£000
Not overdue	**54,460**	44,477
0 - 30 days overdue	**7,140**	17,224
31 - 90 days overdue	**4,077**	5,421
More than 90 days overdue	**6,595**	2,992
	72,272	70,114

On this basis there are £17.8 million (2019: £25.6 million) of trade receivables that are overdue at the balance sheet date that have not been provided against. There is no indication as at 31 March 2020 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are unprovided. On this basis there is no material difference between the fair value and the carrying value.

14. TRADE AND OTHER RECEIVABLES (continued)

Non current assets	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Amounts owed by subsidiary undertakings	**-**	-	**80,626**	94,840

Amounts owed by subsidiary undertakings are unsecured, repayable either on demand or ten years from agreement date and range in interest from 0% to 3.5%.

Contract assets
Included within trade and other receivables are assets in relation to contracts with customers.

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Gross trade receivables	**18,320**	17,722	**5,005**	4,148
Trade receivables provision	**(1,012)**	(1,267)	**(183)**	(220)
Prepayments and accrued income	**746**	1,409	**158**	156
	18,054	17,864	**4,980**	4,084

15. CASH AND CASH EQUIVALENTS

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank balances	**20,094**	29,044	**6,011**	3,416
Overdraft	**(5,947)**	(16,912)	**(5,947)**	(16,912)
Cash and cash equivalents as per cash flow statement	**14,147**	12,132	**64**	(13,496)

16. INTEREST-BEARING LOANS AND BORROWINGS

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Current liabilities				
Bank overdraft	**5,947**	16,912	**5,947**	16,912
Arrangement fees	**(138)**	(239)	**(138)**	(239)
Obligations under finance leases and hire purchase contracts	**352**	747	**214**	465
	6,161	17,420	**6,023**	17,138
Non-current liabilities				
Secured bank loans	**174,000**	179,000	**174,000**	179,000
Arrangement fees	**(397)**	(209)	**(397)**	(209)
Obligations under finance leases and hire purchase contracts	**136**	485	**41**	252
	173,739	179,276	**173,644**	179,043

Net debt defined as total borrowings less cash and cash equivalents was:

	2020 £000	2019 £000
Total net borrowing	**179,900**	196,696
Cash or cash equivalents	**(20,094)**	(29,044)
Net debt	**159,806**	167,652

16. INTEREST-BEARING LOANS AND BORROWINGS (continued)

The repayment schedule of the carrying amount of the non-current borrowings as at 31 March 2020 is:

	Group		Company	
Due in more than one year but not more than two years:	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000
Secured bank loans	**109,000**	61,000	**109,000**	61,000
Obligations under finance leases and hire purchase contracts	**106**	350	**41**	212
	109,106	61,350	**109,041**	61,212
Due in more than two years but not more than five years:				
Secured private placement loan	**65,000**	118,000	**65,000**	118,000
Obligations under finance leases and hire purchase contracts	**30**	135	**-**	40
Total	**65,030**	118,135	**65,000**	118,040

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to LIBOR. The unutilised bank facilities available to the Group as at 31 March 2020 were £26.0 million. In January 2020, the Group refinanced £65.0 million of secured bank loans held with Lloyds Bank plc and HSBC Bank plc with a private placement with PGIM, Inc. at a value of £65.0 million maturing in January 2027 at a fixed interest rate payable semi-annually.

There is no material difference between the carrying value and fair value of the Group's borrowings. Further details relating to the Group's funding strategy (including the maturity details of the bank loans) and its credit, interest rate and currency risk policies are provided in the Financial Review on pages 15 to 17, the Risk Management Report on pages 18 and 19 and the Directors' Report within going concern on page 50. The loans are subject to covenants and these have been fulfilled at all times during the year.

Liquidity Risk

The following are cash flows relating to the Group's financial liabilities, including estimated interest payments, but excluding the impact of netting agreements, based on the assumption that the loans are repaid at the end of the committed period and interest rates reflect future dated swap agreements.

GROUP	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**
31 March 2020	**£000**	**£000**	**£000**	**£000**	**£000**
Secured loans	174,000	192,089	4,712	113,716	73,661
Bank overdraft	5,947	5,947	5,947	-	-
Finance lease liabilities	488	537	391	115	31
Trade and other payables	65,510	65,510	65,510	-	-
	245,945	264,083	76,560	113,831	73,692
31 March 2019					
Secured bank loans	179,000	190,389	4,646	65,658	120,085
Bank overdraft	16,912	16,912	16,912	-	-
Finance lease liabilities	1,232	1,359	839	379	141
Trade and other payables	72,097	72,097	72,097	-	-
	269,241	280,757	94,494	66,037	120,226

COMPANY	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
31 March 2020	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Secured loans	174,000	192,089	4,712	113,716	73,661	-
Bank overdraft	5,947	5,947	5,947	-	-	-
Finance lease liabilities	255	291	244	47	-	-
Trade and other payables	71,724	71,724	55,779	-	-	15,945
	251,926	270,051	66,682	113,763	73,661	15,945
31 March 2019						
Secured bank loans	179,000	190,389	4,646	65,658	120,085	-
Bank overdraft	16,912	16,912	16,912	-	-	-
Finance lease liabilities	717	816	529	241	46	-
Trade and other payables	61,980	61,980	55,543	-	-	6,437
	258,609	270,097	77,630	65,899	120,131	6,437

16. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Hire purchase and finance lease liabilities

GROUP	Payment 2020 £000	Interest 2020 £000	Principal 2020 £000	Payment 2019 £000	Interest 2019 £000	Principal 2019 £000
Less than one year	**391**	**39**	**352**	839	92	747
One to two years	**115**	**9**	**106**	379	29	350
Two to five years	**31**	**1**	**30**	141	6	135
	537	**49**	**488**	1,359	127	1,232

COMPANY	Payment 2020 £000	Interest 2020 £000	Principal 2020 £000	Payment 2019 £000	Interest 2019 £000	Principal 2019 £000
Less than one year	**244**	**30**	**214**	529	64	465
One to two years	**47**	**6**	**41**	241	29	212
Two to five years	**-**	**-**	**-**	46	6	40
	291	**36**	**255**	816	99	717

17. FINANCIAL INSTRUMENTS

During the year the Group had eleven interest rate swaps to fix interest rates on a proportion of the revolving credit facility. Details are as follows:

Start date	Finish date	Notional Debt value	Fixed margin
April 2017	April 2020	4,500,000	0.486%
April 2017	April 2020	4,500,000	0.488%
March 2018	March 2021	8,000,000	1.170%
March 2018	March 2021	8,000,000	1.160%
April 2018	April 2021	12,000,000	1.154%
May 2018	May 2021	5,000,000	0.930%
September 2018	September 2021	5,000,000	0.980%
December 2018	December 2021	7,500,000	1.209%
August 2019	August 2022	5,000,000	0.890%
August 2019	August 2022	5,000,000	0.884%
October 2019	October 2022	5,000,000	0.485%

All of the swaps are effective cash flow hedges and the movements in fair values have been taken to equity. Fair values of these derivatives have been determined by the respective counterparties based on quoted prices in active markets for identical assets and liabilities.

The Group had three foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US dollars and Sterling in the year ended 31 March 2020. It also has further foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2020 to 30 June 2022. All the exchange rate hedges are effective cash flow hedges and movements in fair value have been taken to equity.

Notes

17. FINANCIAL INSTRUMENTS (continued)

An analysis of fair values by hierarchy level is provided below:

Liabilities measured at fair value:

	31 March 2020				31 March 2019
	Total	**Level 1**	**Level 2**	**Level 3**	Total
	£000	**£000**	**£000**	**£000**	£000
Financial liabilities at fair value:					
Interest rate swaps	**678**	**-**	**678**	**-**	295
Forward exchange rate agreements	**127**	**-**	**127**	**-**	29
	805	**-**	**805**	**-**	324

The values are based on the amount the Group would pay/receive from the bank in order to settle the instruments at the year end.

The movements in liabilities are reconciled below:

	31 March 2020		
	Interest rate swaps £000	**Forward exchange rate agreements £000**	**Total £000**
Opening liability	**295**	**29**	**324**
Other comprehensive income	**383**	**97**	**480**
Recycled to income statement	**-**	**1**	**1**
Closing liability	**678**	**127**	**805**

There have been no transfers between levels of the fair value hierarchy.

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Capital Structure and Treasury section of the Financial Review on pages 16 and 17 and the Principal Risks and Uncertainties on pages 20 and 21, as are the risks relating to credit and currency management and the capital management of the Group.

Financial Instrument Sensitivity Analysis

Ten percent movements in Sterling exchange rates and interest rates in the current and prior year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity and Profit/(Loss)	
	2020	2019
10% strengthening of Sterling against:	**£000**	£000
US Dollar	**148**	126
Australian Dollar	**(144)**	(81)
Singapore Dollar	**22**	62
Euro	**79**	(237)
10% weakening of Sterling against:		
US Dollar	**(181)**	(153)
Australian Dollar	**177**	99
Singapore Dollar	**(27)**	(76)
Euro	**(97)**	290
10% movement in Sterling interest rates:		
Increase in interest rates	**(214)**	(255)
Decrease in interest rates	**214**	255

The exposure of the Group to other foreign exchange rate movements is not significant and therefore is not presented in the analysis above.

18. TRADE AND OTHER PAYABLES

Current liabilities	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade payables	**28,873**	28,934	**7,968**	7,360
Amounts owed to subsidiary undertakings	**-**	-	**31,529**	29,265
Other taxes and social security	**9,676**	9,623	**3,219**	2,479
Other payables	**12,161**	11,527	**869**	370
Accruals and deferred income	**24,476**	31,636	**15,413**	18,548
	75,186	81,720	**58,998**	58,022

Within Group and Company other payables is £0.8 million (2019: £0.3 million) in relation to interest rate swaps and foreign exchange rate agreements which are valued at fair value. In addition within accruals is £1.7 million (2019: £2.8 million) in relation to the liability for cash settled share options which are also valued at fair value. All other liabilities are valued at amortised cost. There are no material liabilities in relation to contracts with customers. Amounts owed to subsidiary undertakings are repayable on demand, unsecured and interest free. Within accruals is £4.5 million (2019: £4.5 million) in relation to regulatory review costs provision, of which £0.8 million was both utilised and charged during the year, as referred to in note 4. Payables acquired as part of the acquisitions in the year were £0.5 million (2019: £Nil) being the fair value of payables.

Non current liabilities				
Amounts owed to subsidiary undertakings	**-**	-	**15,945**	6,437

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

GROUP	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2018		5,859	5,901	(1,471)	(949)	9,340
Recognised in income statement		97	(486)	(366)	154	(601)
Recognised in reserves		(1)	-	98	-	97
Recognised in equity	8	-	-	(444)	-	(444)
Foreign exchange		12	1	-	1	14
At 31 March 2019		5,967	5,416	(2,183)	(794)	8,406
Recognised on acquisition		306	272	-	(93)	485
Changes in accounting standards - recognised in equity		-	-	-	(482)	(482)
Recognised in income statement		1,488	(112)	386	48	1,810
Recognised in reserves		5	-	10	-	15
Recognised in equity	8	-	-	965	-	965
Foreign exchange		(10)	(1)	-	-	(11)
At 31 March 2020		**7,756**	**5,575**	**(822)**	**(1,321)**	**11,188**

Of the deferred tax liability above, the amount expected to unwind within 12 months is £2.6 million.

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2018		7,436	676	(977)	(274)	6,861
Recognised in income statement		485	(20)	(360)	59	164
Recognised in reserves		(1)	-	100	-	99
Recognised in equity		-	-	(444)	-	(444)
At 31 March 2019		7,920	656	(1,681)	(215)	6,680
Recognised on acquisition		306	272	-	(93)	485
Changes in accounting standards - recognised in equity		-	-	-	(126)	(126)
Recognised in income statement		1,482	(203)	394	79	1,752
Recognised in reserves		4	-	(9)	-	(5)
Recognised in equity		-	-	965	-	965
At 31 March 2020		**9,712**	**725**	**(331)**	**(355)**	**9,751**

Of the deferred tax liability above, the amount expected to unwind within 12 months is £2.1 million.

Deferred tax assets have been recognised on employee benefits and other items on the basis that there will be future taxable profits against which these assets can be utilised. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the net balance.

Notes

20. CAPITAL AND RESERVES

Ordinary share capital	**2020 £000**	2019 £000
Allotted, called up and fully paid		
40,154,253 Ordinary shares of 5 pence each (2019: 40,154,253)	**2,008**	2,008

All shares have the same voting rights.

Reserves
Full details of reserves are provided in the consolidated and parent company statements of changes in equity on pages 61 and 62.

Own shares held
Deducted from retained earnings (Group and Company) is £3,731,000 (2019: £5,432,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 399,000 shares (2019: 524,000) with a market value at 31 March 2020 of £2,560,000 (2019: £5,500,000).

21. DIVIDENDS

	2020 £000	2019 £000
Amounts recognised as distributions to equity holders of the Parent in the year:		
Ordinary shares:		
Final paid 22.0p (2019: 19.2p) per share	**8,705**	7,606
Interim paid 8.45p (2019: 8.2p) per share	**3,350**	3,247
	12,055	10,853

The dividend paid in the year is after dividends were waived to the value of £144,500 (2019: £109,000) in relation to shares held by the Vp Employee Trust. These dividends will continue to be waived in the future.

Due to the uncertainty arising from the Covid-19 pandemic, the Board has delayed the decision on a dividend until later in the financial year.

22. EARNINGS PER SHARE

Basic earnings per share
The calculation of basic earnings per share of 46.92 pence (2019: 65.20 pence) was based on the profit attributable to equity holders of the Parent of £18,587,000 (2019: £25,822,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2020 of 39,618,000 (2019: 39,603,000), calculated as follows:

	2020 Shares 000s	2019 Shares 000s
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(536)**	(551)
Weighted average number of ordinary shares	**39,618**	39,603

Basic earnings per share before the amortisation of intangibles and exceptional items was 90.21 pence (2019: 95.14 pence) and is based on an after tax add back of £17,153,000 (2019: £11,855,000) in respect of the amortisation of intangibles and exceptional items.

22. EARNINGS PER SHARE (continued)

Diluted earnings per share

The calculation of diluted earnings per share of 46.17 pence (2019: 63.66 pence) was based on profit attributable to equity holders of the Parent of £18,587,000 (2019: £25,822,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2020 of 40,260,000 (2019: 40,564,000), calculated as follows:

	2020 Shares 000s	2019 Shares 000s
Weighted average number of ordinary shares	**39,618**	39,603
Effect of share options	**642**	961
Weighted average number of ordinary shares (diluted)	**40,260**	40,564

Diluted earnings per share before the amortisation of intangibles and exceptional items was 88.77 pence (2019: 92.88 pence).

23. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 352,056 shares were granted under the SAYE scheme at a price of 711 pence. The outstanding options at the year end were:

Date of Grant	**Price per share**	**Number of shares**
July 2016	600p	4,380
July 2017	696p	212,417
July 2018	808p	266,570
July 2019	711p	309,006
		792,373

All the options are exercisable between 3 and 3.5 years. At 31 March 2020 there were 1,076 employees saving an average £151 per month in respect of options under the SAYE scheme. The only SAYE scheme condition is continuous employment over the term of the option.

Approved Share Option Scheme

Options over a further 128,000 shares were granted during the year at a price of 860 pence. The options outstanding at the year end were:

Date of Grant	**Price per share**	**Number of shares**
July 2011	249.5p	4,000
July 2012	266.5p	7,000
July 2013	389.0p	6,800
July 2014	680.0p	9,350
July 2015	770.0p	31,650
July 2016	657.0p	33,950
July 2017	870.0p	92,900
July 2018	1030.0p	118,350
July 2019	860.0p	113,900
		417,900

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2017 to 2019 are subject to achievement of performance targets over a three year period. The awards for 2016 and prior are vested, but not yet exercised.

23. SHARE OPTION SCHEMES (continued)

Unapproved Share Option Scheme

Options over 517,000 shares were granted during the year at a price of 860 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2011	249.5p	4,000
July 2012	266.5p	34,500
July 2013	389.0p	37,600
July 2014	680.0p	54,150
July 2015	770.0p	81,750
July 2016	657.0p	232,800
July 2017	870.0p	299,900
July 2018	1030.0p	301,650
July 2019	860.0p	461,100
		1,507,450

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2017 to 2019 are subject to achievement of performance targets over a three year period. The awards for 2016 and prior are vested, but not yet exercised.

Long-Term Incentive Plan

Awards were made during the year in relation to a further 296,600 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2014	187,600
July 2015	172,300
July 2016	264,700
July 2017	249,900
July 2018	212,100
July 2019	287,700
	1,374,300

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2017 to 2019 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 37. The awards for 2016 and prior are vested, but not yet exercised.

Share Matching

No awards were made during the year in relation to shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2012	4,000
August 2013	1,750
July 2014	15,000
August 2015	12,800
August 2016	19,500
	53,050

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2016 and prior are vested, but not yet exercised.

Awards under the above schemes will be generally made utilising shares owned by the Vp Employee Trust.

The market value of the ordinary shares at 31 March 2020 was 642 pence (2019: 1050 pence), the highest market value in the year to 31 March 2020 was 1060 pence and the lowest 510 pence. The average share price during the year was 850 pence.

23. SHARE OPTION SCHEMES (continued)

The number and weighted average exercise price of share options is as follows:

	2020		2019	
	Weighted average exercise price	**Number of options 000s**	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	**528p**	**4,280**	479p	4,139
Lapsed during the year	**787p**	**(493)**	749p	(214)
Exercised during the year	**520p**	**(936)**	536p	(790)
Granted during the year	**622p**	**1,294**	754p	1,145
Outstanding at the end of the year	**529p**	**4,145**	528p	4,280
Exercisable at the year end	**278p**	**1,220**	311p	1,009

The options outstanding at 31 March 2020 have an exercise price in the range of 0.0p to 1030.0p and have a weighted average life of 2.3 years.

For options granted, the fair value of services received in return for share options granted are measured by reference to the fair value of those share options. The fair value for the approved, unapproved and SAYE options are measured using the Black-Scholes model and the LTIP and share matching schemes are valued using a discounted grant price method. Cash settled options are valued at their fair value at each year end. The assumptions used to value the probable options granted during the year were in the following ranges:

	2020	2019
Weighted average fair value per share	**180.0p**	279.2p
Share price at date of grant	**860.0p to 888.0p**	1010.0p to 1080.0p
Exercise price (details provided above)	**0.0p to 860.0p**	0.0p to 1030.0p
Expected volatility	**23.8%**	18.6% to 20.0%
Option life	**3 to 10 years**	3 to 10 years
Expected divided yield	**3.4% to 3.5%**	2.4% to 2.6%
Risk free rate	**0.50%**	0.50%

The expected volatility is based on historic volatility which is based on the latest three years' share price data.

The cost of share options charged to the Income Statement is shown in note 5.

The total carrying amount of cash settled transaction liabilities including associated national insurance at the year end was £1,714,000 (2019: £2,817,000). £1,468,000 of this liability had vested at the year end (2019: £1,545,000).

24. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment at the end of the financial year for which no provision has been made are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Contracted	**8,291**	10,758	**3,929**	6,956

25. EMPLOYEE BENEFITS

Defined benefit schemes

The details in this section of the note relate solely to the defined benefit arrangements and exclude any allowance for contributions in respect of death in service insurance premiums and expenses which are also borne by the Company.

The Group has two defined benefit pension schemes, the main scheme is the Vp pension scheme with a net present value surplus of £3.4 million (2019: £3.1 million). In addition, Torrent Trackside participate in a small section of the Railways Pension Scheme with a net present value obligation of £0.3 million (2019: £0.4 million). The two schemes are considered below.

Vp pension scheme

Vp plc operates a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of pension scheme member:

- Deferred members: former employees of the Company not yet in receipt of a pension
- Pension members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases in deferment linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined benefit obligation as at 31 March 2020 was 11 years.

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 March 2018. The valuation revealed a funding surplus of approximately £2,000,000. The Company therefore does not expect to pay any contributions into the Scheme during the accounting year beginning 1 April 2020. The difference between the actuarial valuation and the IAS 19 valuation reflects the different valuation dates, the last actuarial valuation was as at 31 March 2018, and the assumptions adopted. The actuarial valuation uses assumptions determined by the Scheme Trustees to evaluate the Scheme funding requirements on a triannual basis and the IAS 19 valuation uses assumptions that are chosen by the Company, but heavily prescribed by the accounting standard.

Through the Scheme, the Company is exposed to a number of risks:

- Asset volatility: the Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Scheme invests some of the assets in diversified growth funds. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- Changes in bond yields: a decrease in corporate bond yields would increase the Scheme's defined benefit obligation.
- Inflation risk: a significant proportion of the Scheme's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place).
- Life expectancy: if Scheme members live longer than expected, the Scheme's benefits will need to be paid for longer, increasing the Scheme's defined benefit obligation.

The Trustee and Company manage risks in the Scheme through the following strategies:

25. EMPLOYEE BENEFITS (continued)

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: the Trustee is required to review its investment strategy on a regular basis.
- LDI: the Scheme invests in Liability Driven Investment (LDI) funds in order to control interest rate and inflation risks.

Torrent Railways pension scheme

Torrent participates in a section of the Railways Pension Scheme (the "Section"), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Section in accordance with the Section's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme.

There are three categories of pension scheme members in the Section:

- Active members: currently employed by the Company and accruing pension benefits
- Deferred members: former members of the Section not yet in receipt of pension
- Pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to the CPI inflation. The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Section's defined obligation as at 31 March 2020 was 20 years.

The Trustee is required to carry out an actuarial valuation every 3 years.

The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2016. This valuation revealed a surplus in the Section of £7,000 on the Scheme Funding basis. The Company agreed to pay annual contributions of 20.9% pa of members' section pay prior to 30 June 2018, and 21.7% pa of members' pensionable salaries from 1 July 2018; all subject to the Omnibus rate as defined in the Rules. The Company expects to pay around £15,000 to the Section during the accounting year beginning 1 April 2020. The difference between the actuarial valuation and the IAS 19 valuation is due to the same principles as described in the Vp plc details above, albeit the last actuarial valuation was performed at 31 December 2016.

Through the Section, the Company is exposed to a number of risks:

- Asset volatility: the Section's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Section invests significantly in equities. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- Changes in bond yields: a decrease in corporate bond yields would increase the Section's defined benefit obligation, however, this would be partially offset by an increase in the value of the Section's assets.
- Inflation risk: a significant proportion of the Section's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the Section's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- Life expectancy: if Section members live longer than expected, the Section's benefits will need to be paid for longer, increasing the Section's defined benefit obligation.

The Trustee manages risks in the Section through the following strategies:

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: the Trustee is required to review the investment strategy on a regular basis.

All actuarial gains and losses are recognised in the year in which they occur in the Statement of Comprehensive Income. From 1 April 2013 the Group and the Company have adopted IAS 19 revised as set out in the accounting policies in note 1.

Present value of net surplus	**Group**		**Company**	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Present value of defined benefit obligation	**(9,812)**	(10,187)	**(8,312)**	(8,591)
Fair value of scheme assets	**12,830**	12,919	**11,665**	11,757
Present value of net surplus	**3,018**	2,732	**3,353**	3,166

25. EMPLOYEE BENEFITS (continued)

The movement in the defined benefit surplus is as follows:

Group

	2020 Present value of obligation £000	2020 Fair value of assets £000	2020 Total £000	2019 Present value of obligation £000	2019 Fair value of assets £000	2019 Total £000
At beginning of year	**(10,187)**	**12,919**	**2,732**	(10,388)	12,618	2,230
Service costs	**(32)**	**(128)**	**(160)**	(98)	(48)	(146)
Interest (cost)/income	**(240)**	**303**	**63**	(265)	321	56
Re-measurements						
Actuarial (losses)/gains: change in demographic assumptions	**(23)**	**-**	**(23)**	192	-	192
Actuarial gains/(losses): change in financial assumptions	**221**	**-**	**221**	(287)	-	(287)
Actuarial (losses)/gains: experience differing from that assumed	**(8)**	**-**	**(8)**	205	-	205
Actuarial gains: actual return on assets	**-**	**178**	**178**	-	468	468
Contributions: employer	**-**	**15**	**15**	-	14	14
Contributions: employees	**(7)**	**7**	**-**	(7)	7	-
Benefits paid	**464**	**(464)**	**-**	461	(461)	-
	(9,812)	**12,830**	**3,018**	(10,187)	12,919	2,732

Company

	2020 Present value of obligation £000	2020 Fair value of assets £000	2020 Total £000	2019 Present value of obligation £000	2019 Fair value of assets £000	2019 Total £000
At beginning of year	**(8,591)**	**11,757**	**3,166**	(8,902)	11,523	2,621
Service costs	**-**	**(121)**	**(121)**	(68)	(42)	(110)
Interest (cost)/income	**(201)**	**275**	**74**	(226)	293	67
Re-measurements						
Actuarial (losses)/gains: change in demographic assumptions	**(21)**	**-**	**(21)**	160	-	160
Actuarial gains/(losses): change in financial assumptions	**54**	**-**	**54**	(190)	-	(190)
Actuarial gains: experience differing from that assumed	**-**	**-**	**-**	192	-	192
Actuarial gains: actual return on assets	**-**	**201**	**201**	-	426	426
Contributions: employer	**-**	**-**	**-**	-	-	-
Contributions: employees	**-**	**-**	**-**	-	-	-
Benefits paid	**447**	**(447)**	**-**	443	(443)	-
	(8,312)	**11,665**	**3,353**	(8,591)	11,757	3,166

Expense/(income) recognised in the Income Statement	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Service costs	**160**	104	**121**	68
Net interest	**(63)**	(56)	**(74)**	(67)
	97	48	**47**	1

Included within service costs are past service costs of £Nil (2019: £68,000) related to the GMP equalisation.

These expenses/(income) are recognised in the following line items in the Income Statement:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cost of sales	**160**	104	**121**	68
Administrative expenses	**(63)**	(56)	**(74)**	(67)
	97	48	**47**	1

25. EMPLOYEE BENEFITS (continued)

Amount recognised in other comprehensive income

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Acturial gains on defined benefit obligation	**190**	68	**33**	120
Actual return on assets less interest	**178**	468	**201**	426
Amount recognised in other comprehensive income	**368**	536	**234**	546

Cumulative actuarial net losses reported in the statement of comprehensive income since 1 April 2004, the transition to adopted IFRSs, for the Group are £530,000 (2019: £898,000), Company £324,000 (2019: £558,000).

Scheme assets and returns

The fair value of the scheme assets and the return on those assets were as follows:

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Fair value of assets				
Diversified growth funds	**3,335**	3,545	**3,335**	3,545
Equities and other growth assets	**972**	1,023	**-**	-
Bonds and cash	**5,850**	5,548	**5,657**	5,409
Liability driven investments (LDI)	**2,673**	2,803	**2,673**	2,803
	12,830	12,919	**11,665**	11,757
Returns				
Actual return on scheme assets	**481**	789	**476**	719

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by or other assets used by the Company. All assets listed above have a quoted market price in an active market. The Scheme invests in the "Matching Core" range of LDI funds provided by Legal & General Investment Management (LGIM) (the Scheme's investment manager). These are unit-linked, pooled investment vehicles, with a quoted unit price. The market value for the purposes of the accounts was provided by LGIM and was the bid-value of the funds at the accounting date.

The funds invest in leveraged gilts and swaps to provide leveraged interest rate exposure. The leverage of the funds currently range from around 2.5x to 4.5x.

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are:

	Group and Company	
	2020	2019
Inflation	**2.7%**	3.4%
Discount rate at 31 March	**2.3%**	2.4%
Expected future salary increases	**2.7%**	3.4%
Expected future pension increases	**2.7%**	3.3%
Revaluation of deferred pensions	**1.8%**	2.4%

Mortality rate assumptions adopted at 31 March 2020, based on S2PA CMI Model 2019, imply the following life expectations on retirement at age 65 for:

	2020	2019
Male currently aged 45	**23 years**	23 years
Female currently aged 45	**25 years**	25 years
Male currently aged 65	**22 years**	22 years
Female currently aged 65	**24 years**	23 years

Notes

25. EMPLOYEE BENEFITS (continued)

History of schemes

The history of the schemes for the current and prior years is as follows:

Group	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Present value of defined benefit obligation	**(9,812)**	(10,187)	(10,388)	(11,402)	(9,058)
Fair value of plan assets	**12,830**	12,919	12,618	13,330	10,592
Present value of net surplus	**3,018**	2,732	2,230	1,928	1,534

Company	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Present value of defined benefit obligation	**(8,312)**	(8,591)	(8,902)	(9,885)	(9,058)
Fair value of plan assets	**11,665**	11,757	11,523	12,286	10,592
Present value of net surplus	**3,353**	3,166	2,621	2,401	1,534

Gains/(losses) recognised in statement of comprehensive income

Group	2020	2019	2018	2017	2016
Difference between expected and actual return on scheme assets:					
Amount (£000)	**178**	468	(25)	1,948	(3)
Percentage of scheme assets	**1.4%**	3.6%	(0.2%)	14.6%	0.0%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**(8)**	205	(13)	48	(199)
Percentage of present value of scheme liabilities	**(0.1%)**	2.0%	(0.1%)	0.4%	(2.2%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**198**	(95)	313	(1,361)	324
Percentage of present value of scheme liabilities	**2.0%**	(0.9%)	3.0%	(11.9%)	3.6%
Recognition of Railways pension scheme					
Amount (£000)	**-**	-	-	(269)	-
Percentage of present value of scheme liabilities	**(0.0%)**	(0.0%)	(0.0%)	(2.4%)	0.0%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**368**	536	275	366	122
Percentage of present value of scheme liabilities	**3.8%**	5.3%	2.6%	3.2%	1.3%

Company	2020	2019	2018	2017	2016
Difference between expected and actual return on scheme assets:					
Amount (£000)	**201**	426	(78)	1,836	(3)
Percentage of scheme assets	**1.7%**	3.6%	(0.7%)	14.9%	0.0%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**-**	192	(12)	27	(199)
Percentage of present value of scheme liabilities	**0.0%**	2.2%	(0.1%)	0.3%	(2.2%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**33**	(30)	246	(1,048)	324
Percentage of present value of scheme liabilities	**0.4%**	(0.3%)	2.8%	(10.6%)	3.6%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**234**	546	156	815	122
Percentage of present value of scheme liabilities	**2.8%**	6.4%	1.8%	8.2%	1.3%

Notes

25. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

The sensitivity of the net pension asset/obligation to assumptions is set out below:

Vp plc scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-5%/+6%
RPI inflation	+/- 0.5% pa	-1%/+1%
Assumed life expectancy	+ 1 year	+4%

Torrent Railways scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-9%/+10%
RPI inflation	+/- 0.5% pa	+10%/-9%
Assumed life expectancy	+ 1 year	+3%

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £2,285,000 (2019: £1,751,000) in the year.

Notes

26. BUSINESS COMBINATIONS

The Group acquired the following businesses from 1 April 2018 to 31 March 2020:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Sandhurst Limited	9 May 2019	Share purchase (100% equity)	Vp plc

Details of the acquisition are provided below:

	Group	
	2020 Total £000	2019 Total £000
Property, plant and equipment	**1,774**	-
Current assets	**524**	-
Net debt	**(19)**	-
Tax, trade and other payables	**(452)**	-
Fair value of net assets	**1,827**	-
Fair value adjustments		
Intangibles on acquisition	**1,597**	-
Deferred tax on intangibles	**(272)**	-
Fair value of intangible assets acquired	**1,325**	-
Goodwill on acquisition	**173**	-
Cost of acquisitions	**3,325**	-
Satisfied by		
Cash consideration	**3,325**	-
Analysis of cash flow for acquisitions		
Cash consideration	**3,325**	-
Net (cash)/overdraft in acquisitions	**-**	-
	3,325	-

The fair value of net assets generally reflect the book value of assets in the acquired company/business. The acquisition in the year were made to grow market share and expand the product range. Intangibles were identified in relation to the acquisition in the year ended 31 March 2020 relate to customer lists and brand names. The amortisation periods for these intangibles are set out in note 1. The goodwill arising on acquisition is primarily attributable to the expected operational synergies within the Group's businesses. The acquisition costs expensed in the year ended 31 March 2020 in relation to this acquisition were £42,600 (2019: £Nil). The contribution towards Group profit in the year was not material.

Notes

27. RELATED PARTIES

Material transactions with key management (being the directors of the Group) mainly constitute remuneration including share based payments, details of which are included in the Remuneration Report on pages 34 to 47 and in note 6 to the Financial Statements.

Trading transactions with subsidiaries – Group

Transactions between the Company and the Group's subsidiaries, which are related parties, have been eliminated on consolidation and are therefore not disclosed.

Trading transactions with subsidiaries – Parent Company

The Company enters into transactions with its subsidiary undertakings in respect of the following:

- Internal funding loans
- Provision of Group services (including Senior Management, IT, Group Finance, Group HR, Group Properties and Shared Service Centre)
- Rehire of equipment on commercial terms

Recharges are made for Group services based on the utilisation of those services. In addition to these services the Company acts as a buying agent for certain Group purchases such as insurance and IT services. These are recharged based on utilisation by the subsidiary undertaking.

The amount outstanding from subsidiary undertakings to the Company at 31 March 2020 totalled £80,626,000 (2019: £98,839,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2020 totalled £47,474,000 (2019: £35,702,000).

The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans, private placement loans and overdrafts to the Company. The total value of such borrowings at 31 March 2020 was £174.0 million (2019: £179.0 million).

28. CONTINGENT LIABILITIES

In an international Group a variety of claims arise from time to time in the normal course of business. Such claims may arise due to actions being taken against Group companies as a result of investigations by fiscal authorities or under regulatory requirements. Provision has been made in these consolidated financial statements against any claims which the directors consider are likely to result in significant liabilities or required under accounting standard IAS 37.

29. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company Limited which is the ultimate parent company incorporated in Great Britain. Consolidated accounts are prepared for this company. Ackers P Investment Company Limited is ultimately controlled by a number of Trusts of which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person.

Notes

30. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings as at 31 March 2020 are:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Torrent Trackside Limited	England	Rail equipment hire	UK	Ordinary shares 100%
Hire Station Limited	England	Tool hire	UK	Ordinary shares 100%
Airpac Bukom Oilfield Services Pte Limited	Singapore	Oilfield services	Singapore	Ordinary shares 100%
Airpac Bukom Oilfield Services (Curacao) NVA	Curacao	Oilfield services	Curacao	Ordinary shares 100%
Airpac Bukom Oilfield Services Middle East FZE	Sharjah	Oilfield services	Sharjah	Ordinary shares 100%
Airpac Bukom Oilfield Services (Australia) Pty Limited	Australia	Oilfield services	Australia	Ordinary shares 100%
Vp GmbH	Germany	Equipment hire	Germany	Ordinary shares 100%
Vp Equipment Rental (Ireland) Limited	Ireland	Equipment hire	Ireland	Ordinary shares 100%
Vp Equipment Rental Pty Limited	Australia	Holding company	Australia	Ordinary shares 100%
TR Group Pty Limited	Australia	Equipment hire	Australia	Ordinary shares 100%
VMS International Pty Limited	Australia	Equipment hire	Australia	Ordinary shares 100%
Tech Rentals (Malaysia) SDN BHD	Malaysia	Equipment hire	Malaysia	Ordinary shares 100%
Vidcom New Zealand Limited	New Zealand	Equipment hire	New Zealand	Ordinary shares 100%

Notes

30. SUBSIDIARY UNDERTAKINGS (continued)

The full list of the dormant subsidiary undertakings is:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Stoppers Specialists Limited	England	Dormant	n/a	Ordinary shares 100%
Trench Shore Limited	England	Dormant	n/a	Ordinary shares 100%
UK Training Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Investments Limited	England	Dormant	n/a	Ordinary shares 100%
Bukom General Oilfield Services Limited	England	Dormant	n/a	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	n/a	Ordinary shares 100%
Domindo Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Instant Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
The Handi Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Datum Survey Products	England	Dormant	n/a	Ordinary shares 100%
Power Tool Supplies Limited	England	Dormant	n/a	Ordinary shares 100%
Hire & Sales (Canterbury) Limited	England	Dormant	n/a	Ordinary shares 100%
Cool Customers Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	n/a	Ordinary shares 100%
Vibrobet Limited	England	Dormant	n/a	Ordinary shares 90%
UM (Holdings) Limited	England	Dormant	n/a	Ordinary shares 100%
Power Rental Services Limited	England	Dormant	n/a	Ordinary shares 100%
Rapid Response Barriers Limited	England	Dormant	n/a	Ordinary shares 100%
U Mole Limited	England	Dormant	n/a	Ordinary shares 100%
727 Plant Limited	England	Dormant	n/a	Ordinary shares 100%
Cannon Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
MEP Hire Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	n/a	Ordinary shares 100%
Saville Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Limited	England	Dormant	n/a	Ordinary shares 100%
Mechanical Electrical Press Fittings Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Mr Cropper Limited	England	Dormant	n/a	Ordinary shares 100%
Direct Instrument Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Higher Access Limited	England	Dormant	n/a	Ordinary shares 100%
A.C.N. 098733638 Pty Limited	Australia	Dormant	n/a	Ordinary shares 100%
Zenith Survey Equipment Limited	England	Dormant	n/a	Ordinary shares 100%
Survey Connection Scotland Limited	England	Dormant	n/a	Ordinary shares 100%
Brandon Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Brandon Hire Group Holdings Limited	England	Dormant	n/a	Ordinary shares 100%
Brandon Hire Limited	England	Dormant	n/a	Ordinary shares 100%
FNPR Holdings Limited	England	Dormant	n/a	Ordinary shares 100%
First National Plant Rental Limited	England	Dormant	n/a	Ordinary shares 100%
TPA Portable Roadways Limited	England	Dormant	n/a	Ordinary shares 100%
Sandhurst Limited	England	Dormant	n/a	Ordinary shares 100%

Notes

30. SUBSIDIARY UNDERTAKINGS (continued)

The registered offices of the companies are:

Country of Registration	Registered Office Address
England	Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD
Scotland	Mugiemoss Road, Bucksburn, Aberdeen AB21 9NP
Singapore	9 Pioneer Sector 2, Singapore 628371
Curacao	Brionplein 4, Curacao, Netherlands Antilles
Sharjah	SAIF Office P8-13-10, PO Box 121378, Sharjah, United Arab Emirates
Australia	18 Joseph Street, Blackburn North, Victoria 3130
Germany	Lurgiallee 6-8, 60439 Frankfurt
Ireland	70 Sir John Rogerson's Quay, Dublin 2
Malaysia	Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Dami Ehsan
New Zealand	27 Exmouth Street, Eden Terrace, Auckland 101

The subsidiary companies listed below are exempt from the requirements of Companies' Act 2006 relating to the audit of individual accounts by virtue of section 479A of Companies' Act 2006.

Company	Registered number
Arcotherm (UK) Ltd	5137012
UM (holdings) Ltd	3683599
U-Mole Ltd	3181876
The Handi Hire Group Ltd	1398897
FNPR Holdings Ltd	05903105
First National Plant Rental Ltd	02143903

Five Year Summary

	2016 £000	2017 £000	2018 £000	2019 £000	**2020** **£000**
Revenue	208,746	248,740	303,639	382,830	**362,927**
Operating profit before amortisation and exceptionals	31,891	37,757	44,018	51,571	**55,480**
Profit before amortisation, taxation and exceptionals	29,798	34,851	40,597	46,829	**46,640**
Profit before taxation	27,500	30,339	30,814	33,581	**28,366**
Taxation	(5,112)	(6,687)	(6,448)	(7,759)	**(9,779)**
Profit after taxation	22,388	23,652	24,366	25,822	**18,587**
Dividends*	(6,568)	(7,632)	(8,983)	(10,853)	**(12,055)**
Share capital	2,008	2,008	2,008	2,008	**2,008**
Capital redemption reserve	301	301	301	301	**301**
Reserves	119,014	134,980	152,110	166,549	**167,585**
Total equity before non-controlling interest	121,323	137,289	154,419	168,858	**169,894**
Share Statistics					
Asset value	302p	342p	385p	421p	**423p**
Earnings (pre amortisation)	62.21p	69.52p	84.91p	95.14p	**90.21p**
Dividend**	18.85p	22.00p	26.00p	30.20p	**8.45p**
Times covered (pre amortisation)	3.30	3.16	3.27	3.15	**10.68**

* Dividends under IFRS relate only to dividends declared in that year.

** Dividends per share statistics are the dividends related to that year whether paid or proposed. Due to the Covid-19 pandemic the Board has delayed the decision on a dividend for the financial year ended 31 March 2020.

Directors and Advisors

Executive Directors
Jeremy F G Pilkington, B.A. Hons. (Chairman)
Neil A Stothard, M.A., F.C.A.
Allison M Bainbridge, M.A., F.C.A.

Non-Executive Directors
Stephen Rogers, B.Sc., F.C.A., J.P.
Philip M White, B.Com, F.C.A., CBE

Secretary
Allison M Bainbridge

Registered Office
Central House, Beckwith Knowle,
Otley Road, Harrogate, North Yorkshire, HG3 1UD
Registered in England and Wales: No 481833
Telephone: 01423 533400

Independent Auditors
PricewaterhouseCoopers LLP
Central Square, 29 Wellington Street, Leeds, LS1 4DL

Solicitors
Squire Patton Boggs (UK) LLP
6 Wellington Place, Leeds LS1 4AP

Registrars and Transfer Office
Link Asset Services, The Registry, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Bankers
HSBC Bank plc
Lloyds Bank plc

Merchant Bankers
N M Rothschild & Sons Limited

Stockbrokers
N +1 Singer

Public Relations
Buchanan Communications