



FINANCIAL STATEMENTS

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Consolidated Income Statement

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Revenue	2	368,691	371,519
Cost of sales		(275,703)	(284,176)
Gross profit		92,988	87,343
Administrative expenses		(48,644)	(44,763)
Impairment losses on trade receivables		(3,743)	(3,305)
Impairment of intangible assets	10	(28,120)	–
Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items	2	49,496	48,775
Amortisation and impairment of goodwill, trade names and customer relationships	10	(31,198)	(4,490)
Exceptional items	4	(5,817)	(5,010)
Operating profit	3	12,481	39,275
Net financial expense	7	(9,635)	(8,569)
Profit before tax, amortisation and impairment of goodwill, trade names and customer relationships and exceptional items		39,861	40,206
Amortisation and impairment of goodwill, trade names and customer relationships	10	(31,198)	(4,490)
Exceptional items	4	(5,817)	(5,010)
Profit before tax		2,846	30,706
Income tax expense	8	(8,137)	(7,696)
(Loss)/profit after tax		(5,291)	23,010
Basic (loss)/earnings per share	23	(13.41)p	58.05p
Diluted (loss)/earnings per share	23	(13.41)p	57.76p
Dividend per share interim paid	22	11.5p	11.0p
Dividend per share final paid	22	26.5p	25.5p

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
(Loss)/profit for the year		(5,291)	23,010
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension schemes	26	(391)	(319)
Tax on items taken to other comprehensive income	8	248	5
Impact of tax rate change	8	–	58
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation differences		(1,522)	502
Total other comprehensive (expense)/income		(1,665)	246
Total comprehensive (expense)/income for the year		(6,956)	23,256

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

	Note	Share capital £000	Capital redemption reserve £000	Share premium £000	Foreign currency translation £000	Retained earnings £000	Total equity £000
At 1 April 2022		2,008	301	16,192	(1,020)	149,104	166,585
Profit for the year		–	–	–	–	23,010	23,010
Other comprehensive income/(expense)		–	–	–	502	(256)	246
Tax movements to equity	8	–	–	–	–	62	62
Impact of tax rate change	8	–	–	–	–	16	16
Share based payments expense in the year		–	–	–	–	580	580
Net movement relating to shares held by Vp Employee Trust		–	–	–	–	(1,096)	(1,096)
Transactions with owners							
Dividends to shareholders	22	–	–	–	–	(14,471)	(14,471)
Total changes in equity during the year		–	–	–	502	7,845	8,347
At 31 March 2023 and 1 April 2023		2,008	301	16,192	(518)	156,949	174,932
Loss for the year		–	–	–	–	(5,291)	(5,291)
Other comprehensive expense		–	–	–	(1,522)	(143)	(1,665)
Tax movements to equity	8	–	–	–	–	(20)	(20)
Share based payments expense in the year		–	–	–	–	767	767
Net movement relating to shares held by Vp Employee Trust		–	–	–	–	(706)	(706)
Transactions with owners							
Dividends to shareholders	22	–	–	–	–	(14,997)	(14,997)
Total changes in equity during the year		–	–	–	(1,522)	(20,390)	(21,912)
As at 31 March 2024		2,008	301	16,192	(2,040)	136,559	153,020

Consolidated Balance Sheet

as at 31 March 2024

	Note	2024 £000	2023 £000
NET ASSETS			
Non-current assets			
Property, plant and equipment	9	256,944	252,385
Intangible assets	10	28,572	57,748
Right-of-use assets	11	58,645	54,637
Employee benefits	26	1,853	2,300
Total non-current assets		346,014	367,070
Current assets			
Inventories	13	9,548	8,915
Trade and other receivables	14	74,753	81,513
Income tax receivable		3,582	736
Cash and cash equivalents	15	6,061	11,140
Total current assets		93,944	102,304
Total assets		439,958	469,374
Current liabilities			
Lease liabilities	11	(16,319)	(14,622)
Overseas income tax payable		(1,501)	-
Trade and other payables	18	(71,720)	(72,184)
Total current liabilities		(89,540)	(86,806)
Non-current liabilities			
Interest-bearing loans and borrowings	16	(131,280)	(145,508)
Lease liabilities	11	(45,642)	(43,896)
Other payables	18	(667)	-
Provisions	19	(3,160)	(1,612)
Deferred tax liabilities	20	(16,649)	(16,620)
Total non-current liabilities		(197,398)	(207,636)
Total liabilities		(286,938)	(294,442)
Net assets		153,020	174,932
EQUITY			
Issued share capital	21	2,008	2,008
Capital redemption reserve		301	301
Share premium		16,192	16,192
Foreign currency translation reserve		(2,040)	(518)
Retained earnings		136,559	156,949
Total equity		153,020	174,932

The financial statements on pages 96 to 141 were approved and authorised for issue by the Board of Directors on 4 June 2024 and were signed on its behalf by:

Jeremy Pilkington

Chair

Keith Winstanley

Director

Company number: 481833

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Profit before taxation		2,846	30,706
Adjustments for:			
Share based payment charges expense		767	580
Depreciation of property, plant and equipment	9	44,138	46,853
Depreciation of right-of-use assets	11	16,488	16,305
Amortisation and impairment of intangible assets	10	32,054	4,490
Release of arrangement fees		427	287
Financial expense		9,693	8,601
Financial income		(58)	(32)
Profit on sale of property, plant and equipment		(7,456)	(9,174)
Operating cash flow before changes in working capital and provisions		98,899	98,616
Increase in inventories		(633)	(959)
Decrease/(increase) in trade and other receivables		6,760	(5,452)
Increase/(decrease) in trade and other payables		2,082	(12,079)
Increase in provisions		1,548	100
Cash generated from operations		108,656	80,226
Interest paid		(6,521)	(5,413)
Interest element of lease liability payments		(3,315)	(3,038)
Interest received		58	32
Income taxes paid		(9,233)	(5,496)
Net cash generated from operating activities		89,645	66,311
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		25,273	24,855
Purchase of property, plant and equipment		(71,375)	(63,312)
Purchase of intangible assets		(963)	–
Net cash used in investing activities		(47,065)	(38,457)
Cash flows from financing activities			
Purchase of own shares by Employee Trust		(706)	(1,096)
Repayment of borrowings		(76,000)	(29,000)
Drawdown of borrowings		62,000	30,000
Arrangement fees		(655)	–
Capital element of lease liability payments		(17,275)	(15,921)
Dividends paid	22	(14,997)	(14,471)
Net cash used in financing activities		(47,633)	(30,488)
Net decrease in cash and cash equivalents		(5,053)	(2,634)
Effect of exchange rate fluctuations on cash held		(26)	157
Cash and cash equivalents net of overdrafts as at the beginning of the year		11,140	13,617
Cash and cash equivalents net of overdrafts as at the end of the year	15	6,061	11,140

Parent Company Statement of Changes in Equity

as at 31 March 2024

	Note	Share capital £000	Capital redemption reserve £000	Share premium £000	Hive up reserve £000	Retained earnings £000	Total equity £000
At 1 April 2022		2,008	301	16,192	8,156	20,141	46,798
Profit for the year		–	–	–	–	18,294	18,294
Other comprehensive income		–	–	–	–	(606)	(606)
Tax movements to equity		–	–	–	–	62	62
Impact of tax rate change		–	–	–	–	16	16
Share based payments expense in the year		–	–	–	–	580	580
Net movement relating to shares held by Vp Employee Trust		–	–	–	–	(1,096)	(1,096)
Dividends to shareholders	22	–	–	–	–	(14,471)	(14,471)
Total changes in equity during the year		–	–	–	–	2,779	2,779
At 31 March 2023 and 1 April 2023		2,008	301	16,192	8,156	22,920	49,577
Profit for the year		–	–	–	–	25,313	25,313
Other comprehensive income		–	–	–	–	(197)	(197)
Tax movements to equity		–	–	–	–	(20)	(20)
Share based payments expense in the year		–	–	–	–	767	767
Net movement relating to shares held by Vp Employee Trust		–	–	–	–	(706)	(706)
Dividends to shareholders	22	–	–	–	–	(14,997)	(14,997)
Total changes in equity during the year		–	–	–	–	10,160	10,160
At 31 March 2024		2,008	301	16,192	8,156	33,080	59,737

The hive up reserve relates to the post acquisition retained reserves of TPA Portable Roadways Limited and has been recognised in the reserves of Vp plc as a result of the transfer of the business and assets of TPA Portable Roadways to Vp plc on 1 April 2017.

Parent Company Balance Sheet

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
NET ASSETS			
Non-current assets			
Property, plant and equipment	9	119,411	118,308
Intangible assets	10	9,145	7,674
Investments in subsidiaries	12	64,405	68,775
Right-of-use assets	11	14,966	11,407
Employee benefits	26	1,819	2,135
Trade and other receivables	14	84,699	61,716
Total non-current assets		294,445	270,015
Current assets			
Inventories	13	2,792	2,272
Trade and other receivables	14	27,083	28,363
Income tax receivable		3,079	468
Cash and cash equivalents	15	–	1,832
Total current assets		32,954	32,935
Total assets		327,399	302,950
Current liabilities			
Lease liabilities	11	(4,245)	(3,579)
Trade and other payables	18	(70,915)	(64,581)
Bank overdraft	15	(14,240)	–
Total current liabilities		(89,400)	(68,160)
Non-current liabilities			
Interest-bearing loans and borrowings	16	(131,280)	(145,508)
Deferred tax liabilities	20	(15,133)	(14,439)
Provisions	19	(266)	(54)
Lease liabilities	11	(11,126)	(8,237)
Trade and other payables	18	(20,457)	(16,975)
Total non-current liabilities		(178,262)	(185,213)
Total liabilities		(267,662)	(253,373)
Net assets		59,737	49,577
EQUITY			
Capital and reserves			
Issued share capital	21	2,008	2,008
Capital redemption reserve		301	301
Share premium		16,192	16,192
Hive up reserve		8,156	8,156
Retained earnings			
At the beginning of the year		22,920	20,141
Profit for the financial year		25,313	18,294
Other changes in retained earnings		(15,153)	(15,515)
At the end of the year		33,080	22,920
Total equity		59,737	49,577

The financial statements on pages 96 to 141 were approved and authorised for issue by the Board of Directors on 4 June 2024 and were signed on its behalf by:

Jeremy Pilkington

Chair

Keith Winstanley

Director

Company number: 481833

Parent Company Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £000	Restated* 2023 £000
Cash flows from operating activities			
Profit before taxation		28,926	21,906
Adjustments for:			
Share-based payment charges		767	580
Depreciation of property, plant and equipment	9	13,685	14,093
Depreciation of right-of-use assets	11	4,657	4,863
Amortisation and impairment of intangible assets	10	714	1,514
Release of arrangement fees		427	287
Financial expense		5,816	4,615
Financial income		(14)	(10)
Movement in investment due to dormant company strike off	12	4,370	-
Profit on sale of property, plant and equipment		(2,432)	(2,416)
Operating cash flow before changes in working capital and provisions		56,916	45,432
(Increase) in inventories		(520)	(379)
Decrease in trade and other receivables		2,053	3,551
Decrease/(increase) in current intercompany receivables		238	(918)
Increase/(decrease) in trade and other payables		83	(4,492)
Increase/(decrease) in current intercompany payables		6,223	(669)
Increase in provisions		212	54
Cash generated from operations		65,205	42,579
Interest paid		(6,521)	(5,413)
Interest element of lease liability payments		(816)	(712)
Interest received		14	10
Income taxes paid		(4,403)	(1,684)
Net cash generated from operating activities		53,479	34,780
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		13,898	8,956
Purchase of property, plant and equipment		(28,262)	(23,733)
Purchase of intangible software		(668)	-
Increase in loans to subsidiary undertakings		(25,261)	(20,440)
Decrease in loans to subsidiary undertakings		2,279	14,422
Net cash from investing activities		(38,014)	(20,795)
Cash flow from financing activities			
Repurchase of own shares		(706)	(1,096)
Repayment of borrowings		(76,000)	(29,000)
Drawdown of borrowings		62,000	30,000
Drawdown of loans from subsidiary undertakings		3,690	5,282
Repayment of loans from subsidiary undertakings		(208)	(555)
Arrangement fees		(655)	-
Payment of finance lease liability		(4,660)	(4,851)
Dividends paid	22	(14,997)	(14,471)
Net cash from financing activities		(31,536)	(14,691)
Net decrease in cash and cash equivalents		(16,071)	(706)
Cash and cash equivalents net of overdrafts as at the beginning of the year		1,831	2,537
Cash and cash equivalents net of overdraft as at the end of the year	15	(14,240)	1,831

* The comparative figures have been restated to reclassify movements in intercompany balances. See note I for further details.

Notes

(forming part of the financial statements)

I. Material accounting policies

Basis of preparation

Vp plc is a public limited company (limited by shares), which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. These consolidated Financial Statements of Vp plc, for the year-ended 31 March 2024, 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.

Statement of compliance

The consolidated financial statements of the Group and the Parent Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 of defined benefit pension plans and cash-settled share options are stated at fair value.

Going concern

The going concern basis has been adopted in preparation of the consolidated financial statements. The Board has evaluated funding, facilities and covenants on the basis of the budget for 2024/25 (including 2025/26 long-term forecast) and has performed sensitivity analysis on them.

The Group and Parent Company forecast positive cash inflows through a pipeline of existing and new hire agreements and other services; the Group and Parent Company also have sufficient finance facilities available. The assessment included an analysis of the Group's and Parent Company's current financial position, ability to trade, principal risks facing the Group, and the effectiveness of its strategies to mitigate the impact of liquidity risks. On the basis of these procedures, the Board has a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these financial statements. The financial statements do not include the adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

Material accounting policies

The Group's and Company's material accounting policies are set out below and have been applied consistently to all periods presented in these consolidated Financial Statements. There were no changes to IFRSs or IFRIC interpretations that have had a material impact on the Group for the year-ended 31 March 2024.

Future standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2024 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. These standards are as follows:

- Amendments to IAS 1 - Non-current liabilities with covenants
- Amendments to IFRS 16 - Leases on sale and leaseback
- Amendment to IAS 7 and IFRS 7 - Supplier finance
- Amendments to IAS 21 - Lack of exchangeability

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, which 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.

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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.

Assets acquired via acquisitions are recorded in the accounting records at fair value.

Depreciation is provided by the Group to write off the cost or deemed cost less estimated residual value (where appropriate) 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	– 20%–33% straight line
Other – Computers	– 10%–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 is tested annually for impairment.

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 agreements	– the initial term of the agreement
Trade names	– over the estimated initial period of usage, normally 10 years

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 (CGU) exceeds its recoverable amount. Impairment losses are recognised through the Income Statement. For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is tested at each balance sheet date. The recoverable amount of a CGU is determined either by reference to discounted forecast cash flows from the CGU or an estimate of its fair value less costs of disposal, whichever is higher. A CGU is defined as the smallest identifiable group of assets that generates largely independent cash inflows.

Notes

(forming part of the financial statements) continued

I. Material accounting policies *continued*

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. The cost of individual items of inventory are determined on a first-in, first-out basis. 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 are held primarily for the repair and maintenance of fleet assets. Goods for resale is inventory held for sale to customers.

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 is 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. The Group has a legal right and an intention to settle these balances net.

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. Cash flows for interest paid and interest received on financial assets held for cash management purposes are presented as operating cash flows in the Statement of Cash Flows.

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.

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 are 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 the retained earnings.

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 'Leases'. 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 year-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. 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. Amounts due from customers are payable by customers on standard credit terms and there is no significant financing component or variable consideration within amounts due from customers. As the Group does not, in the course of its ordinary activities, routinely dispose of equipment held for hire, gains or losses on disposal are included in cost of sales. Below summarises the disaggregation of revenue from contracts with customers from the total revenue disclosed in the consolidated income statement:

	2024			2023		
	UK £000	International £000	Total £000	UK £000	International £000	Total £000
Equipment hire	244,811	29,063	273,874	249,126	26,131	275,257
Services	54,660	7,306	61,966	56,967	8,078	65,045
Sales of goods	30,597	2,254	32,851	27,360	3,857	31,217
Total revenue	330,068	38,623	368,691	333,453	38,066	371,519

Notes

(forming part of the financial statements) continued

1. Material accounting policies *continued*

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.

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 share option schemes as these are required to be remeasured 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 £31,000 (2023: £33,000).

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.

Net financial expenses

Net financial expenses comprise interest on obligations under the defined benefit pension schemes, the expected return on scheme assets under the defined benefit pension schemes, interest payable on borrowings calculated using the effective interest rate method, interest expenses arising on leases in accordance with IFRS 16 and interest receivable on funds invested.

Leases (as lessee)

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.

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 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.

Where a lease has ended and we have moved to an ongoing rental with the supplier, no right-of-use asset or lease liability is recognised until a new contract is signed. 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.

Provisions accounting policy

Provisions are created where the Group has a present legal or constructive obligation as a result of a past event, where it is probable that it will result in an outflow of economic benefits to settle the obligation, and where it can be reliably measured. For dilapidations on leased properties this is when a requirement for repairs or reinstatement is identified.

Exceptional items

The Group makes certain adjustments to the statutory profit measures in order to derive certain alternative performance measures. Certain pre-tax items, excluding amortisation and impairment of intangible assets, are presented as exceptional items on the face of the consolidated income statement. Exceptional items are those items that, in the judgement of the Group, need to be disclosed separately due to their size, nature or irregularity. Separate disclosure provides assistance in understanding the underlying performance of the business. Restructuring and transformational costs are considered on a case-by-case basis as to whether they meet the exceptional criteria. Other items are considered against the exceptional criteria based on specific circumstances. The presentation is consistent with the way financial performance is measured by management and reported to the Board. 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 2024 have been reviewed and approved by the Board.

Key accounting estimates

The areas of principal accounting uncertainty that could have a significant impact in the next 12 months are the useful lives of rental assets, including residual values, the testing for impairment of goodwill and other intangibles which require significant estimates relating to cash flows.

Depreciation Rates

The Group continually reviews depreciation rates and, using its judgement, adopts a best estimate policy in assessing the estimated useful economic lives of fleet assets. The rate of technological and legislative change and impact of climate-related risks 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. The net book value of rental equipment at 31 March 2024 is £226.0 million (2023: £220.6 million).

Impairment of goodwill and intangible assets

Goodwill and other intangible assets are tested for impairment by reference to the higher of expected estimated cash generated by the CGU or fair value less cost to sale. This is deemed to be the best approximation of value but is subject to the same key uncertainties over growth and discount rates as the cash flow forecast being used. The carrying value of goodwill at 31 March 2024 is £18.4 million (2023: £44.6 million). See note 10 for details of sensitivity analysis.

Key accounting judgements

The Group applies judgement over the classification of exceptional items. Judgement is required as to whether transactions relate to costs or incomes which, due to their size, nature or irregularity, are excluded from management's view of the underlying trading performance of the Group.

Notes

(forming part of the financial statements) continued

Prior year restatement on the parent company statement of cash flows

Following a review of the treatment of certain cash flows between group companies within the parent company statement of cash flows, the comparative figures have been restated to classify loan cash flows between the company and subsidiary undertakings from operating cash flows to either investing or financing cash flows, based on the nature of the transactions. The impact of this correction on the parent statement of cash flows for the year ended 31 March 2023 is shown below:

	As previously reported	Restated	Change
Decrease in trade and other receivables	(3,384)	3,551	
Decrease/(increase) in current intercompany receivables	-	(918)	
Increase/(decrease) in trade and other payables	(380)	(4,492)	
Increase/(decrease) in current intercompany payables	-	(669)	
Increase in provisions	-	54	
Change in Net Cash from operating activities			1,290
Increase in loans to subsidiary undertakings	-	(20,440)	
Decrease in loans to subsidiary undertakings	-	14,423	
Change in Net Cash from investing activities			(6,017)
Drawdown of loans from subsidiary undertakings	-	5,282	
Repayment of loans from subsidiary undertakings	-	(555)	
Change in Net Cash from financing activities			4,727

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, the allocation of resources and the assessment of performance and, hence, are the chief operating decision makers. Total external revenue in 2024 was £368.7 million (2023: £371.5 million). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £32.9 million (2023: £31.9 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 £68.0 million (2023: £63.3 million), including overseas revenue generated by the UK-based divisions.

Business segments

	Revenue						Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items	
	External revenue £000	2024 Internal revenue £000	Total revenue £000	External revenue £000	2023 Internal revenue £000	Total revenue £000	2024 £000	2023 £000
UK	330,068	12,081	342,149	333,453	8,217	341,670	44,684	45,564
International	38,623	244	38,867	38,066	42	38,108	4,812	3,211
	368,691	12,325	381,016	371,519	8,259	379,778	49,496	48,775

A reconciliation of operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items to profit before tax is provided in the Income Statement.

	Assets		Liabilities		Net assets	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
UK	399,424	427,056	270,639	279,951	128,785	147,105
International	40,534	42,318	16,299	14,491	24,235	27,827
	439,958	469,374	286,938	294,442	153,020	174,932

	Depreciation		Capital expenditure	
	2024 £000	2023 £000	2024 £000	2023 £000
UK	39,453	42,160	62,069	59,952
International	4,685	4,693	7,807	6,908
	44,138	46,853	69,876	66,860

Capital expenditure relates to property, plant and equipment acquired in the normal course of business.

Included within segmental assets above is goodwill in relation to the following segments: UK £16.7 million (2023: £42.6 million), International £1.7 million (2023: £2.0 million).

Included within segmental assets above is other intangibles in relation to the following segments: UK £9.6 million (2023: £12.0 million), International £0.6 million (2023: £1.1 million)

Included within segmental assets is plant, property and equipment in relation to the following segments: UK £231.6 million (2023: £228.3 million), International £25.3 million (2023: £24.1 million)

No single customer contributes to more than 10% of the Group's revenue.

3. Operating profit

	2024 £000	2023 £000
Operating profit is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	32,054	4,490
Depreciation of property, plant and equipment – owned	44,138	46,853
– leased	16,488	16,305
Profit on disposal of property, plant and equipment	(7,456)	(9,174)
Amounts paid to Auditors:		
Audit fees – Parent Company annual accounts	562	515
– other Group companies	73	73
– other Group companies in respect of prior year audits	25	80
– total Group	660	668
Audit-related assurance services all within the Parent Company	1	1

4. Exceptional items

During the year, the Group incurred costs which were identified as being exceptional items.

	2024 £000	2023 £000
Restructuring and reorganisations	5,817	3,323
Costs associated with the Formal Sale Process	–	1,687
Total Exceptional Items	5,817	5,010

Current year restructuring and reorganisation costs include costs relating to changes to the Group's Board and Senior leadership team (£1.6 million) and branch closure costs (£4.2 million). Costs relating to Board and leadership changes are considered

Notes

(forming part of the financial statements) continued

exceptional due to the size and irregularity. Branch closure costs are deemed exceptional due to their size and nature. Branch closure costs include redundancies, property exit costs and the write-off of assets that can no longer be used. In all cases, these closures and reorganisations were part of a one-off process and were completed by 31 March 2024.

Costs associated with the Formal Sale Process in the prior year were professional fees which were incurred by the Group as part of the procedure. This was a one-off process, which is deemed to be exceptional.

The exceptional items above result in a reduction of £1,453,000 (2023: £612,000) in the tax charge.

The net cash outflow from activities associated with exceptional items is £4.0 million (2023: £2.4 million).

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	
	2024	2023
Operations	1,972	2,052
Sales	329	344
Administration	597	553
	2,898	2,949

The aggregate payroll costs of these persons were as follows:

	2024	2023
	£000	£000
Wages and salaries	112,480	109,575
Social security costs	9,846	10,125
Other pension costs	3,762	3,648
Share option costs including associated social security costs – equity-settled	751	466
– cash-settled	(341)	(521)
	126,498	123,293

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	
	2024	2023
Operations	403	403
Sales	123	123
Administration	191	187
	717	713

Company

The aggregate payroll costs of these persons were as follows:

	2024	2023
	£000	£000
Wages and salaries	33,896	32,383
Social security costs	3,602	3,686
Other pension costs	888	838
Share option costs including associated social security costs – equity settled	432	281
– cash-settled	(341)	(521)
	38,477	36,667

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:

	2024 £000	2023 £000
Basic remuneration including bonus and benefits	1,288	1,886
Pension contributions	145	174
Share options	–	81
	1,433	2,141

Further details of Directors' remuneration, pensions and share options, including the highest-paid Director, are given in the annual report on remuneration on page 70 onwards. No amounts were accruing for Directors in relation to Defined Benefit pension schemes.

7. Net financial expense

	2024 £000	2023 £000
Financial income:		
Bank and other interest receivable	58	32
Financial expenses:		
Bank loans, overdrafts and other interest	(6,378)	(5,563)
Finance charges in respect of leases under IFRS 16	(3,315)	(3,038)
	(9,693)	(8,601)
Net financial expense	(9,635)	(8,569)

8. Income tax expense

	2024 £000	2023 £000
Current tax expense		
UK Corporation tax charge at 25% (2023: 19%)	6,066	4,909
Overseas tax – current year	2,075	724
Adjustments in respect of prior years – UK	(317)	(399)
Adjustments in respect of prior years – Overseas	185	(738)
Total current tax	8,009	4,496
Deferred tax expense		
Origination and reversal of temporary differences	(122)	1,336
Impact of tax rate change	–	1,151
Adjustments to deferred tax in respect of prior years	250	713
Total deferred tax	128	3,200
Total tax expense in income statement	8,137	7,696

Reconciliation of effective tax rate

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

Notes

(forming part of the financial statements) continued

8. Income tax expense continued

	2024 %	2024 £000	2023 %	2023 £000
Profit before tax		2,846		30,706
Profit multiplied by standard rate of corporation tax	25.0%	712	19.0%	5,834
Effects of:				
Impact of tax rate changes	–	–	3.7%	1,151
Expenses not deductible for tax purposes	13.2%	377	1.2%	354
Non-qualifying depreciation and amortisation	19.5%	556	1.4%	429
Gains covered by exemption/losses	(22.2)%	(632)	(1.6%)	(488)
Capital allowances super-deduction	–	–	(0.6%)	(195)
Unutilised tax losses	–	–	0.2%	55
Effects of overseas tax rates	11.6%	329	2.0%	618
Impairment of goodwill not deductible for tax purposes	227.3%	6,470	–	–
Share options	7.3%	207	1.2%	362
Adjustments in respect of prior years	4.1%	118	(1.4%)	(424)
Total tax charge for the year	285.9%	8,137	25.1%	7,696

Tax recognised in reserves

	2024 £000	2023 £000
Other comprehensive income:		
Tax relating to actuarial losses on defined benefit pension schemes	(98)	(60)
Tax relating to historic asset revaluations	(1)	(1)
Tax relating to foreign exchange translation differences	(149)	56
Impact of tax rate change	–	(58)
	(248)	(63)
Direct to equity:		
Deferred tax relating to share-based payments	20	(62)
Impact of tax rate change	–	(16)
	20	(78)
Total tax recognised in reserves	(228)	(141)

The UK corporation tax rate for the year-ended 31 March 2024 was 25% (2023: 19%).

The rate of corporation tax changed from 19% to 25% on 1 April 2023. Therefore, the opening and closing deferred tax assets/liabilities are measured at 25%.

The main reconciling items are:

- impairment of goodwill, which is not deductible for tax purposes;
- expenses not deductible for tax purposes: primarily related to capital transactions, disallowable expenses and customer entertaining;
- non-qualifying depreciation: mainly relates to depreciation on land and buildings;
- share options, reflecting share based payment charges in excess of tax relief;
- gains covered by exemptions/losses, which relates to chattels exemptions on the disposal proceeds of fleet items;
- overseas tax rates which are higher than the UK tax rate, particularly in Australia and Germany; and
- adjustments in respect of prior years; reflecting the differences between the tax calculation for accounts purposes and the final tax returns. Factors include disallowed expenses and chargeable gains.

The effective tax rate before any prior year adjustments, tax rate change, impairment of intangible assets and other exceptional items would be expected to be 2.1% over the standard rate of tax (2023: 2.1%).

The closing unremitted earnings of subsidiaries is approximately £175 million (2023: £183 million). No deferred tax liability is recognised on investments in subsidiaries and branches because 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.

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 2022	45,333	442,908	5,720	37,904	531,865
Additions	2,532	59,944	714	3,670	66,860
Disposals	(280)	(48,487)	(258)	(407)	(49,432)
Exchange rate differences	(3)	769	69	(82)	753
Transfer between categories	-	(5)	-	5	-
At 31 March 2023	47,582	455,129	6,245	41,090	550,046
Additions	3,408	62,831	866	2,771	69,876
Disposals	(615)	(52,848)	(623)	(911)	(54,997)
Transfer to intangible assets	-	-	-	(3,285)	(3,285)
Exchange rate differences	(24)	(2,128)	(106)	(191)	(2,449)
Transfer between categories	-	(2)	-	2	-
At 31 March 2024	50,351	462,982	6,382	39,476	559,191
Accumulated depreciation and impairment losses					
At 1 April 2022	24,054	226,284	2,663	31,338	284,339
Charge for year	2,093	40,888	876	2,996	46,853
On disposals	(195)	(32,943)	(231)	(383)	(33,752)
Exchange rate differences	(7)	264	11	(47)	221
Transfer between categories	-	(3)	-	3	-
At 31 March 2023	25,945	234,490	3,319	33,907	297,661
Charge for year	2,270	38,757	873	2,238	44,138
On disposals	(459)	(35,275)	(603)	(845)	(37,182)
Transfer to intangible assets	-	-	-	(1,213)	(1,213)
Exchange rate differences	(21)	(967)	(45)	(124)	(1,157)
Transfer between categories	-	11	-	(11)	-
At 31 March 2024	27,735	237,016	3,544	33,952	302,247
Net book value					
At 31 March 2024	22,616	225,966	2,838	5,524	256,944
At 31 March 2023	21,637	220,639	2,926	7,183	252,385
At 31 March 2022	21,279	216,624	3,057	6,566	247,526

Notes

(forming part of the financial statements) continued

9. Property, plant and equipment continued

COMPANY	Land and buildings £000	Rental equipment £000	Motor vehicles £000	Other assets £000	Total £000
Cost or deemed cost					
At 1 April 2022	19,181	192,667	1,801	14,907	228,556
Additions	823	22,003	236	2,009	25,071
Group transfers in	–	3,443	–	–	3,443
Group transfers out	–	(3,939)	–	–	(3,939)
Disposals	(109)	(14,872)	(195)	(109)	(15,285)
At 31 March 2023	19,895	199,302	1,842	16,807	237,846
Additions	824	23,297	601	858	25,580
Group transfers in	–	4,269	–	12	4,281
Group transfers out	–	(4,301)	–	–	(4,301)
Disposals	(97)	(22,047)	(215)	(501)	(22,860)
Transfers to intangible assets	-	-	-	(2,218)	(2,218)
At 31 March 2024	20,622	200,520	2,228	14,958	238,328
Accumulated depreciation and impairment losses					
At 1 April 2022	7,060	95,054	1,130	10,985	114,229
Charge for year	584	11,787	215	1,507	14,093
Group transfers in	–	1,966	–	–	1,966
Group transfers out	–	(2,005)	–	–	(2,005)
On disposals	(93)	(8,382)	(181)	(89)	(8,745)
At 31 March 2023	7,551	98,420	1,164	12,403	119,538
Charge for year	623	11,717	245	1,100	13,685
Group transfers in	–	2,079	–	12	2,091
Group transfers out	–	(2,310)	–	–	(2,310)
On disposals	(40)	(12,660)	(204)	(483)	(13,387)
Transfers to intangible assets	-	-	-	(700)	(700)
At 31 March 2024	8,134	97,246	1,205	12,332	118,917
Net book value					
At 31 March 2024	12,488	103,274	1,023	2,626	119,411
At 31 March 2023	12,344	100,882	678	4,404	118,308
At 31 March 2022	12,121	97,613	671	3,922	114,327

The cost or deemed cost of land and buildings for the Group and the Company includes £3,204,000 (2023: £3,204,000) of freehold land not subject to depreciation.

The banks that provide the Group's funding facilities have a fixed and floating charge over the assets of the Group as set out in note 16.

10. Intangible assets

GROUP	Trade names £000	Customer relationships £000	Supply agreements £000	Goodwill £000	Total intangible assets acquired as part of business combinations £000	Software £000	Total intangibles £000
Cost or deemed cost							
At 1 April 2022	14,405	26,631	4,989	73,184	119,209	–	119,209
Exchange rate differences	(92)	(95)	–	(124)	(311)	–	(311)
At 31 March 2023	14,313	26,536	4,989	73,060	118,898	–	118,898
Transfers in from PPE	–	–	–	–	–	3,285	3,285
Additions during the year	–	–	–	–	–	963	963
Disposed of	–	–	(4,989)	–	(4,989)	–	(4,989)
Exchange rate differences	(78)	(82)	–	(116)	(276)	–	(276)
At 31 March 2024	14,235	26,454	–	72,944	113,633	4,248	117,881
Accumulated amortisation and impairment							
At 1 April 2022	7,871	15,688	4,989	28,239	56,787	–	56,787
Exchange rate differences	(64)	(63)	–	–	(127)	–	(127)
Amortisation	1,230	2,103	–	–	3,333	–	3,333
Impairment	271	714	–	172	1,157	–	1,157
At 31 March 2023	9,308	18,442	4,989	28,411	61,150	–	61,150
Exchange rate differences	(58)	(58)	–	(3)	(119)	–	(119)
Transfers in from PPE	–	–	–	–	–	1,213	1,213
Amortisation	1,159	1,919	–	–	3,078	856	3,934
Impairment	924	1,068	–	26,128	28,120	–	28,120
Disposed of	–	–	(4,989)	–	(4,989)	–	(4,989)
At 31 March 2024	11,333	21,371	–	54,536	87,240	2,069	89,309
Carrying amount							
At 31 March 2024	2,902	5,083	–	18,408	26,393	2,179	28,572
At 31 March 2023	5,005	8,094	–	44,649	57,748	–	57,748
At 31 March 2022	6,534	10,943	–	44,945	62,422	–	62,422

Supply agreements are now fully expired and therefore were disposed of during the year.

Notes

(forming part of the financial statements) continued

10. Intangible assets *continued*

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 CGUs as follows:

	Goodwill	
	2024 £000	2023 £000
Groundforce	7,459	7,465
Brandon Hire Station	–	25,876
ESS	5,260	5,260
MEP	3,981	3,981
TR	1,708	2,067
	18,408	44,649

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

The carrying value of intangible assets and goodwill has been assessed for impairment by reference to its recoverable amount, being the higher of its value in use and fair value less costs of disposal. Value in use has been estimated using cash flow projections over a period of five years derived from the approved budget for the coming year and subsequent year's long-range forecast. The key assumptions within the cash flow projections are those regarding revenue growth, operating margin and level of capital spend required to support the business. These assumptions have been based on past experience, market conditions 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.

In the current year, trading conditions for Brandon Hire Station deteriorated and some trading locations were closed resulting in some exceptional costs (see note 4). The cash flow projections for Brandon Hire Station take into account recent performance, resulting in the recoverable amount derived for that CGU being lower than its previous carrying value. A full impairment of the goodwill attached to the CGU and a part-impairment of the intangible assets allocated to it has therefore been taken.

These impairments are included on the face of the Consolidated Income Statement and are not included in exceptional items; however, they are excluded from the Group's adjusted profit before tax, amortisation, impairment of goodwill, trade names and customer relationships and exceptional items as per the Alternative Performance Measures on page 143.

The pre-tax discount rate applied to all CGUs was 13.2% (2023: 11.8%), an estimate based on the Group's weighted average cost of capital adjusted to reflect the required return an investee would expect from each CGU. The same discount rate is used as all CGUs are considered to have similar profiles. A long-term growth rate factor of 2.0% (2023: 2.0%) was applied when assessing impairment reflecting the long-term average growth rate for the UK economy.

Following impairment the closing carrying amount of trade names and customer relationships of £2.9 million and £5.1 million respectively, include £2.6 million (2023: £4.3 million) and £3.6 million (2023: £6.0 million) associated with the Brandon Hire Station CGU. The remaining amortisation period for these intangible assets is between two and three years.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGUs or groups of CGUs to which goodwill is allocated. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts of Groundforce, ESS, MEP and TR are based would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts of those CGUs.

As noted above, the recoverable amount of the Brandon Hire Station CGU was determined to be lower than its carrying amount, resulting in the impairment of goodwill and intangible assets. The recoverable amount was based on a value in use model as that derived a higher value than fair value less costs of disposal. The key assumptions included in deriving value in use were the short term growth rates in the forecast cash flows and the discount rate.

A reduction in the assumed cash flows by 6.3% for each of the years prior to the perpetuity period, or an increase in the discount rate by 0.6%, would result in the full impairment of the remaining intangible assets allocated to the CGU.

COMPANY	Trade names	Customer relationships	Supply agreements	Goodwill	Total of acquired goodwill	Software	Total intangibles
Cost or deemed cost	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022 and 31 March 2023	2,482	5,548	394	25,163	33,587	–	33,587
Transfers in from PPE	–	–	–	–	–	2,218	2,218
Additions during the year	–	–	–	–	–	667	667
Disposed of	–	–	(394)	–	(394)	–	(394)
At 31 March 2024	2,482	5,548	–	25,163	33,193	2,885	36,078
Accumulated amortisation and impairment							
At 1 April 2022	2,195	4,133	394	17,677	24,399	–	24,399
Amortisation charge	2	355	–	–	357	–	357
Impairment charge	271	714	–	172	1,157	–	1,157
At 31 March 2023	2,468	5,202	394	17,849	25,913	–	25,913
Transfers in from PPE	–	–	–	–	–	700	700
Amortisation charge	14	116	–	–	130	584	714
Disposed of	–	–	(394)	–	(394)	–	(394)
At 31 March 2024	2,482	5,318	–	17,849	25,649	1,284	26,933
Carrying amount							
At 31 March 2024	–	230	–	7,314	7,544	1,601	9,145
At 31 March 2023	14	346	–	7,314	7,674	–	7,674
At 31 March 2022	287	1,415	–	7,486	9,188	–	9,188

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.

II. 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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Property	38,768	39,785	4,833	5,101
Equipment	5,952	5,302	5,065	3,735
Vehicles	13,925	9,550	5,068	2,571
Total right-of-use assets	58,645	54,637	14,966	11,407

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

Notes

(forming part of the financial statements) continued

II. Leases continued

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Property	42,233	43,754	5,155	5,414
Equipment	6,171	5,494	5,276	3,910
Vehicles	13,557	9,270	4,940	2,492
Total lease liabilities	61,961	58,518	15,371	11,816
Of which are:				
– Current lease liabilities	16,319	14,622	4,245	3,579
– Non-current lease liabilities	45,642	43,896	11,126	8,237
	61,961	58,518	15,371	11,816

Additions to the right-of-use assets during the current financial year for the Group was £17.2 million (2023: £9.7 million) and for the Company was £8.1 million (2023: £1.8 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 2024:

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Depreciation charge on right-of-use assets				
Property	8,249	8,556	907	1,010
Equipment	2,737	3,495	1,880	2,494
Vehicles	5,502	4,254	1,870	1,359
	16,488	16,305	4,657	4,863
Interest expense (included in finance expenses)	3,315	3,038	816	701
Expense relating to short-term leases (included in cost of sales and administrative expenses)	4,484	2,051	1,064	131
Expenses relating to low-value assets that are not shown above as short-term leases (included in administrative expenses)	234	–	37	–

The total cash outflow for leases in 2024, including interest, for the Group was £20.6 million (2023: £19.0 million) and for the Company was £5.0 million (2023: £5.6 million).

Short-term leases are leases with a term of 12 months or less. Low-value leases relate to any leases that had a value of £5,000 or less at the lease term commencement date.

12. Investments in subsidiaries

Company

Cost	£000
At 1 April 2022 and 1 April 2023	68,775
Strike off of dormant companies	(4,370)
Carrying amount at 31 March 2024	64,405
At 31 March 2023	68,775
At 31 March 2022	68,775

See note 30 for details of subsidiary undertakings.

13. Inventories

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Raw materials and consumables	4,015	3,599	1,815	1,679
Goods for resale	5,533	5,316	977	593
	9,548	8,915	2,792	2,272

During the year, as a result of the year-end assessment of inventory, there was a £292,000 decrease in the Group provision for impairment of inventories (2023: £56,000 increase) and a £80,000 decrease for the Company (2023: £104,000 increase). The provision reflects the Group's best estimate of potential inventory obsolescence. The cost of goods for resale expensed during the year was £25.2 million (2023: £23.9 million). Inventories are stated after provisions for impairment of £1,578,000 (2023: £1,870,000). 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	
	2024 £000	2023 £000	2024 £000	2023 £000
Gross trade receivables	71,421	77,618	22,291	22,643
Trade receivables provisions	(4,923)	(4,646)	(1,833)	(1,183)
Amounts owed by subsidiary undertakings	–	–	3,395	3,633
Other receivables	1,641	1,732	238	1,099
Prepayments and accrued income	6,614	6,809	2,992	2,171
	74,753	81,513	27,083	28,363

Non-current assets	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Amounts owed by subsidiary undertakings	–	–	84,699	61,716

Amounts owed by subsidiary undertakings are unsecured, repayable either on demand or ten years from agreement date and range in interest from 0% to 7%.

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.

The valuation of the provision reflects The Group's and Company's best estimates of likely impairment as a result of the ageing of the debt, expected credit losses and its knowledge of the debtors. The Group and Company have a reasonable spread of credit risk with the top 25 customers accounting for significantly less than 50% of gross trade debtors. The Group and Company does not consider there to have been a significant increase in credit risk during the year. The ageing of the Group's and Company's trade receivables (net of impairment provision) at the end of the year was as follows:

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Not overdue	47,262	59,376	15,053	15,632
0–30 days overdue	9,414	6,038	3,803	3,479
31–90 days overdue	3,764	3,521	1,060	1,357
More than 90 days overdue	5,877	4,037	541	992
	66,499	72,972	20,457	21,460

On this basis, there are £19.2 million (2023: £13.6 million) (Group) and £5.4 million (2023: £5.8 million) (Company) trade receivables at the balance sheet date that have not been provided against. There is no indication as at 31 March 2024 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.

Notes

(forming part of the financial statements) continued

14. Trade and other receivables continued

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
At 1 April	4,646	5,203	1,183	1,221
Impairment provision charged to the Income Statement	3,743	3,305	510	880
Utilised in the year	(3,466)	(3,862)	140	(918)
At 31 March	4,923	4,646	1,833	1,183

15. Cash and cash equivalents

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Bank balances and cash in hand	24,527	14,697	4,226	5,389
Bank overdraft	(18,466)	(3,557)	(18,466)	(3,557)
Net cash and cash equivalents/(overdrafts)	6,061	11,140	(14,240)	1,832

16. Interest-bearing loans and borrowings

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Current liabilities				
Lease liabilities	16,319	14,622	4,245	3,579
Non-current liabilities				
Secured bank loans	39,000	53,000	39,000	53,000
Secured private placement loan	93,000	93,000	93,000	93,000
Arrangement fees	(720)	(492)	(720)	(492)
Lease liabilities	45,642	43,896	11,126	8,237
	176,922	189,404	142,406	153,745

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

Group	As at 31 Mar 2023 £000	Cash movements £000	Non-cash movements £000	As at 31 Mar 2024 £000
Secured loans	146,000	(14,000)	–	132,000
Arrangement fees	(492)	(655)	427	(720)
Cash and cash equivalents	(11,140)	5,053	26	(6,061)
Net debt excluding lease liabilities	134,368	(9,602)	453	125,219
Lease liabilities	58,518	(20,590)	24,033	61,961
Net debt including lease liabilities	192,886	(30,192)	24,486	187,180

Company	As at 31 Mar 2023 £000	Cash movements £000	Non-cash movements £000	As at 31 Mar 2024 £000
Secured loans	146,000	(14,000)	–	132,000
Arrangement fees	(492)	(655)	427	(720)
Cash and cash equivalents	(1,832)	16,072	–	14,240
Net debt excluding lease liabilities	143,676	1,417	427	145,520
Lease liabilities	11,816	(5,476)	9,031	15,371
Net debt including lease liabilities	155,492	(4,059)	9,458	160,891

The repayment schedule of the carrying amount of the non-current borrowings as at 31 March 2024 is:

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Due in less than one year:				
Lease liabilities	16,319	14,622	4,245	3,579
Due in more than one year but not more than two years:				
Secured bank loans	–	53,000	–	53,000
Lease liabilities	13,092	12,218	3,484	2,586
Total	13,092	65,218	3,484	55,586
Due in more than two years but not more than five years:				
Secured bank loans	39,000	–	39,000	–
Secured private placement loan	93,000	65,000	93,000	65,000
Lease liabilities	22,003	20,640	5,844	4,067
Total	154,003	85,640	137,844	69,067
Due in more than five years:				
Secured private placement loan	–	28,000	–	28,000
Lease liabilities	10,547	11,038	1,798	1,584
Total	10,547	39,038	1,798	29,584

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 SONIA. The unutilised bank facilities available to the Group as at 31 March 2024 were £51 million (2023: £37 million). In November 2023, the Group refinanced its committed revolving credit facility with a new three-year, £90 million facility maturing in November 2026. The revolving credit facility agreement also includes a £30 million uncommitted accordion facility.

The Group has two private placement loans. The first loan provides funding of £65.0 million and matures in January 2027. The second loan provides funding of £28.0 million and matures in April 2028. Both loans have fixed interest rates payable semi-annually and were fully drawn at the balance sheet date.

In November 2023, the Group refinanced its committed revolving credit facility with a new three-year, £90 million facility, maturing in November 2026. The revolving credit facility agreement also includes a £30 million uncommitted accordion facility.

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 22 to 23, the Risk Management Report on pages 51 to 55 and the Directors' Report within going concern on pages 85 to 86. The loans are subject to covenants. Interest cover before amortisation was 7.3 times (2023: 8.3 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.36 (2023: 1.44); 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.

Notes

(forming part of the financial statements) continued

16. Interest-bearing loans and borrowings *continued*

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.

GROUP	Carrying value	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	Over 5 years
31 March 2024	£000	£000	£000	£000	£000	£000
Secured loans	132,000	154,351	5,285	5,285	143,781	–
Lease liabilities	61,961	67,745	18,087	14,163	23,926	11,569
Trade payables and accruals	64,800	64,800	64,133	667	–	–
	258,761	286,896	87,505	20,115	167,707	11,569
31 March 2023						
Secured loans	146,000	172,743	5,797	58,797	80,138	28,011
Lease liabilities	58,518	64,820	16,041	12,946	22,448	13,385
Trade payables and accruals	64,448	64,448	64,448	–	–	–
	268,966	302,011	86,286	71,743	102,586	41,396
COMPANY						
31 March 2024	Carrying value	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	Over 5 years
	£000	£000	£000	£000	£000	£000
Secured loans	132,000	154,351	5,285	5,285	143,781	–
Lease liabilities	15,371	15,121	4,435	3,568	5,651	1,467
Trade payables, accruals and amounts owed to subsidiary undertakings	88,691	92,497	69,184	950	22,363	–
	236,062	291,969	78,904	9,803	171,795	1,467
31 March 2023						
Secured loans	146,000	172,743	5,797	58,797	80,138	28,011
Lease liabilities	11,816	18,274	5,083	3,330	5,775	4,086
Trade payables, accruals and amounts owed to subsidiary undertakings (restated)*	78,120	81,920	61,905	760	2,280	16,975
	235,936	272,937	72,785	62,887	88,193	49,072

* Trade and other payables include trade payables, accruals and amounts owed to subsidiary undertakings. The comparative figures have been restated to include all financial liabilities and to reflect all contractual cash flows.

17. Financial instruments

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

Capital management

The Group manages capital by monitoring net debt and covenants closely. The revolving credit facility (RCF) is drawn down or repaid when appropriate in line with cash flows requirements. The Group purchases its own shares through its employee trust, solely for the purpose of fulfilling share incentive schemes.

Financial risks

Through its operations the Group is exposed to a number of financial risks. The Group's risk management framework is designed to ensure that all key risks, including financial risks, are recognised and mitigation plans are evaluated for effectiveness. The Group's approach to risk management is set out in the Strategic report on pages 50 to 55. The key financial risks resulting from financial instruments which the Group is exposed to are interest rate risk, exchange rate risk, credit risk and liquidity risk.

Interest rate risk: The Group is exposed to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating debt. The fixed element of borrowings is £93.0 million, which was 74% of net debt excluding lease liabilities during the year.

Exchange rate risk: 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 transactional exposures through the currency matching of assets and liabilities where possible. All debt is in GBP and the majority of cash held is also in GBP.

Credit risk: The Group is exposed to credit risk in the context of our customer base. This is managed closely with constant review by the Group and divisional management teams to ensure the optimal equilibrium between risk and opportunity is maintained. Where appropriate, credit insurance is obtained over some balances.

Liquidity risk: The Group is exposed to a risk that it will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities and ensures this by frequent review of headroom available in the RCF. Sensitivity analysis is also carried out to ensure that sufficient funds would be available in the case of a severe but plausible downturn in cash availability. A maturity analysis of the Group's contractual cash flows relating to its financial liabilities is included in note 16.

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.

Notes

(forming part of the financial statements) continued

17. Financial instruments *continued*

The risks associated with interest rate and foreign exchange rate management are further discussed in the Capital Structure and Treasury section of the Financial review on pages 22 and 23 and the Principal risks on pages 52 to 55, as are the risks relating to credit and currency management and the capital management of the Group.

Financial instrument sensitivity analysis

10% 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)	
	2024 £000	2023 £000
10% strengthening of sterling against:		
US dollar	(4)	39
Australian dollar	28	17
Singapore dollar	(8)	(2)
Euro	73	2
10% weakening of sterling against:		
US dollar	5	(48)
Australian dollar	(34)	(21)
Singapore dollar	10	2
Euro	(90)	(2)
10% movement in sterling interest rates:		
Increase in interest rates	(274)	(22)
Decrease in interest rates	274	22

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

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Current liabilities				
Trade payables	28,796	30,568	7,793	8,576
Amounts owed to subsidiary undertakings	–	–	44,105	37,882
Other tax and social security	6,607	5,799	2,443	2,116
Accruals and deferred income	36,317	35,817	16,574	16,007
	71,720	72,184	70,915	64,581

Within accruals is £1.6 million (2023: £2.0 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.

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Non-current liabilities				
Amounts owed to subsidiary undertakings	–	–	20,457	16,975
Accruals and deferred income	667	–	–	–

Amounts owed to subsidiary undertakings are unsecured, repayable on demand or ten years from agreement date and range in interest from 0% to 7.0%

19. Provisions

Provisions relate to dilapidations on properties. The timing and amount of future cash flows related to lease dilapidations are subject to uncertainty. The provision recognised is based on management's experience and understanding of the commercial property market and third party surveyors' reports where appropriate in order to best estimate the future outflow of funds. The estimates used take into consideration the location, size and age of the properties. Estimates of future dilapidation costs are regularly reviewed when new information is available.

GROUP

	Group £000	Company £000
1 April 2022	1,512	–
Charge during the year	1,137	54
Utilised during the year	(1,013)	–
Unused amounts releases	(24)	–
At 31 March 2023	1,612	54
Charge during the year	2,773	226
Utilised during the year	(880)	(14)
Unused amounts releases	(345)	–
At 31 March 2024	3,160	266

20. 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 2022		12,183	4,727	(818)	(2,414)	13,678
Recognised in income statement		2,445	(664)	582	837	3,200
Recognised in reserves		3	–	(122)	–	(119)
Recognised in equity	8	–	–	(78)	–	(78)
Foreign exchange		(94)	(18)	20	31	(61)
At 31 March 2023		14,537	4,045	(416)	(1,546)	16,620
Re-categorised		(490)	490	–	–	–
Recognised in income statement	8	1,085	(1,137)	128	52	128
Recognised in reserves		(1)	–	(98)	–	(99)
Recognised in equity	8	–	–	20	–	20
Foreign exchange		(50)	(14)	16	28	(20)
At 31 March 2024		15,081	3,384	(350)	(1,466)	16,649

Of the deferred tax liability above, the amount expected to unwind within 12 months is £3.9 million (2023: £3.6 million).

Notes

(forming part of the financial statements) continued

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2022		12,701	773	(322)	(339)	12,813
Recognised in income statement		1,598	(262)	547	72	1,955
Recognised in reserves		3	–	(254)	–	(251)
Recognised in equity		–	–	(78)	–	(78)
At 31 March 2023		14,302	511	(107)	(267)	14,439
Recognised on acquisition		–	–	–	–	–
Re-categorised		(356)	356	–	–	–
Recognised in income statement		615	36	124	(33)	742
Recognised in reserves		(1)	–	(67)	–	(68)
Recognised in equity		–	–	20	–	20
At 31 March 2024		14,560	903	(30)	(300)	15,133

Of the deferred tax liability above, the amount expected to unwind within 12 months is £3.0 million (2023: £2.9 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.

21. Capital and reserves

	2024 £000	2023 £000
Ordinary share capital		
Allotted, called up and fully paid		
40,154,253 ordinary shares of 5 pence each (2023: 40,154,253)	2,008	2,008

The Company articles authorise 60,000,000 shares (2023: 60,000,000). 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 98 and 101.

Own shares held

Deducted from retained earnings (Group and Company) is £5,501,000 (2023: £5,110,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 693,000 shares (2023: 609,000) with a market value at 31 March 2024 of £3,810,000 (2023: £4,104,000).

22. Dividends

	2024 £000	2023 £000
Amounts recognised as distributions to equity holders of the Parent Company in the year:		
Ordinary shares:		
Final paid 26.5p (2023: 25.5p) per share	10,460	10,112
Interim paid 11.5p (2023: 11.0p) per share	4,537	4,359
	14,997	14,471

The dividends paid in the year is after dividends were waived to the value of £262,000 (2023: £184,000) in relation to shares held by the Vp Employee Trust. These dividends will continue to be waived in the future.

In addition, the Directors are proposing a final dividend in respect of the current year of 27.5 pence per share, which will absorb an estimated £11 million of shareholders' funds. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liabilities in the financial statements, and there are no income tax consequences.

23. Earnings per share

Basic earnings per share

The calculation of basic loss per share of (13.41) pence (2023: earnings of 58.05 pence) was based on the loss after tax of £5,291,000 (2023: profit of £23,010,000) and a weighted average number of ordinary shares outstanding during the year-ended 31 March 2024 of 39,470,000 (2023: 39,635,000), calculated as follows:

	2024 Shares 000s	2023 Shares 000s
Issued ordinary shares	40,154	40,154
Effect of own shares held	(684)	(519)
Weighted average number of ordinary shares	39,470	39,635

Diluted earnings per share

The calculation of diluted earnings per share of (13.41) pence (2023: earnings of 57.76 pence) was based on loss after tax of £5,291,000 (2023: profit of £23,010,000) and a weighted average number of ordinary shares outstanding during the year-ended 31 March 2024 of 39,683,000 (2023: 39,835,000), calculated as follows:

	2024 Shares 000s	2023 Shares 000s
Weighted average number of ordinary shares	39,470	39,635
Effect of share options	213	200
Weighted average number of ordinary shares (diluted)	39,683	39,835

The calculation of diluted earnings per share in the current year does not assume conversion, exercise or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

24. Share option schemes

SAYE scheme

During the year, options over a further 386,050 shares were granted under the SAYE scheme at a price of 478 pence. The outstanding options at the year-end were:

Date of grant	Price per share	Number of shares
July 2020	584p	2,586
July 2021	693p	179,937
December 2022	560p	301,919
July 2023	478p	348,673
		833,115

Options are exercisable between 3 and 3.5 years. At 31 March 2024, there were 760 employees saving an average of £166 per month (2023: 954 employees saving £159 per month) in respect of options under the SAYE scheme. The only SAYE scheme condition is continuous employment over the term of the option.

Notes

(forming part of the financial statements) continued

24. Share option schemes *continued*

Approved Share Option Scheme

Options over a further 632,450 shares were granted during the year at a price of 567.5 pence. The options outstanding at the year-end were:

Date of grant	Price per share	Number of shares
July 2014	680.0p	7,300
July 2015	770.0p	23,250
July 2016	657.0p	18,450
July 2017	870.0p	45,085
July 2019	860.0p	17,928
July 2020	698.0p	10,493
July 2021	908.0p	63,600
August 2022	787.0p	215,259
July 2023	567.5p	589,067
		990,432

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2021 to 2023 are subject to the achievement of performance targets over a three-year period. The awards for 2020 and prior are vested, but not yet exercised.

Unapproved Share Option Scheme

Options over 222,550 shares were granted during the year at a price of 567.5 pence. The options outstanding at the year-end were:

Date of Grant	Price per share	Number of shares
July 2014	680.0p	48,600
July 2015	770.0p	57,900
July 2016	657.0p	136,650
July 2017	870.0p	148,674
July 2019	860.0p	76,860
July 2020	698.0p	29,737
July 2021	908.0p	585,900
August 2022	787.0p	509,858
July 2023	567.5p	216,850
		1,811,029

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2021 to 2023 are subject to the achievement of performance targets over a three-year period. The awards for 2020 and prior are vested, but not yet exercised.

Long-Term Incentive Plan

Awards were made during the year in relation to a further 574,309 shares. Shares outstanding at the year-end were:

Date of Grant	Number of shares
July 2014	72,600
July 2015	69,500
July 2016	86,600
July 2017	62,196
July 2019	38,832
July 2020	17,682
July 2021	274,700
August 2022	274,591
July 2023	432,786
	1,329,487

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2021 to 2023 are subject to the achievement of performance targets over a three-year period as shown in the Annual Report on Remuneration on page 77. The awards for 2020 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 2014	1,000
August 2015	900
August 2016	1,200
	3,100

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 2024 was 550 pence (2023: 674 pence), the highest market value in the year to 31 March 2024 was 688 pence (2023: 980 pence) and the lowest 485 pence (2023: 660 pence). The average share price during the year was 582 pence (2023: 779 pence).

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

	2024		2023	
	Weighted average exercise price	Number of options 000s	Weighted average exercise price	Number of options 000s
Outstanding at the beginning of the year	555p	5,220	554p	4,658
Lapsed during the year	493p	(2,008)	561p	(962)
Exercised during the year	309p	(60)	484p	(136)
Granted during the year	369p	1,815	557p	1,660
Outstanding at the end of the year	515p	4,967	555p	5,220
Exercisable at the year-end	495p	974	521p	1,100

The options outstanding at 31 March 2024 have an exercise price in the range of 0.0p to 908.0p and have a weighted average life of 1.9 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:

	2024	2023
Weighted average fair value per share	165.0p	184.0p
Share price at date of grant	567.5p to 597.5p	700.0p to 787.0p
Exercise price (details provided above)	0.0p to 567.5p	0.0p to 787.0p
Expected volatility	25.8%	35.7% to 35.9%
Option life	3 to 10 years	3 to 10 years
Expected dividend yield	6.3% to 6.6%	4.6% to 5.1%
Risk free rate	5.00%	1.75% to 3.00%

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 £1,633,000 (2023: £1,991,000). £1,610,000 of this liability had vested at the year-end (2023: £1,937,000).

Notes

(forming part of the financial statements) continued

25. 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	
	2024 £000	2023 £000	2024 £000	2023 £000
Contracted	15,965	10,715	3,600	5,137

26. 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 £1.8 million (2023: £2.1 million). In addition, Torrent Trakside participate in a small section of the Railways Pension Scheme with a net present value surplus of £0.0 million (2023: £0.2 million net present value obligation). 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 Pension Scheme member categories:

- Deferred members: former employees of the Company who are not yet in receipt of a pension.
- Pension members: those who are in receipt of a 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 2024 was nine years (2023: 11 years).

The Trustee is required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 March 2021. 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 2024. 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 2021, 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:

- **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

The Group participates in a section of the multiemployer 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 2024 was 15 years.

The Trustee is required to carry out an actuarial valuation every three years. The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2022. This valuation revealed a shortfall in the Section of £10,000 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 2024. 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 2022.

The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2022. This valuation revealed a surplus in the Section of £33,000 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 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 2022.

Notes

(forming part of the financial statements) continued

26. Employee benefits *continued*

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.

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Present value of net surplus				
Present value of defined benefit obligation	(7,057)	(7,201)	(5,819)	(6,012)
Fair value of scheme assets	8,910	9,501	7,638	8,147
Present value of net surplus	1,853	2,300	1,819	2,135

The movement in the defined benefit surplus is as follows:

Group	2024			2023		
	Present value of obligation £000	Fair value of assets £000	Total £000	Present value of obligation £000	Fair value of assets £000	Total £000
At beginning of year	(7,201)	9,501	2,300	(9,531)	12,269	2,738
Service costs	(18)	–	(18)	(34)	–	(34)
Administrative expenses	–	(161)	(161)	–	(173)	(173)
Interest (cost)/income	(335)	441	106	(250)	322	72
Remeasurements						
Actuarial losses: change in demographic assumptions	144	–	144	–	–	–
Actuarial gains: change in financial assumptions	(7)	–	(7)	2,199	–	2,199
Actuarial losses: experience differing from that assumed	(130)	–	(130)	(131)	–	(131)
Actuarial losses: actual return on assets	–	(398)	(398)	–	(2,387)	(2,387)
Contributions: employer	–	17	17	–	16	16
Contributions: employees	(8)	8	–	(7)	7	–
Benefits paid	498	(498)	–	553	(553)	–
	(7,057)	8,910	1,853	(7,201)	9,501	2,300

Company	2024			2023		
	Present value of obligation £000	Fair value of assets £000	Total £000	Present value of obligation £000	Fair value of assets £000	Total £000
At beginning of year	(6,012)	8,147	2,135	(7,706)	10,774	3,068
Administrative expenses	–	(150)	(150)	–	(158)	(158)
Interest (cost)/income	(278)	377	99	(201)	282	81
Remeasurements						
Actuarial losses: change in demographic assumptions	122	–	122	–	–	–
Actuarial gains: change in financial assumptions	9	–	9	1,507	–	1,507
Actuarial gains: experience differing from that assumed	(120)	–	(120)	(113)	–	(113)
Actuarial losses: actual return on assets	–	(276)	(276)	–	(2,250)	(2,250)
Benefits paid	460	(460)	–	501	(501)	–
	(5,819)	7,638	1,819	(6,012)	8,147	2,135

Expense/(income) recognised in the Income Statement	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Service costs	18	34	–	–
Administrative expenses	161	173	150	158
Net interest	(106)	(72)	(99)	(81)
	73	135	51	77

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

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Cost of sales	179	207	150	158
Administrative expenses	(106)	(72)	(99)	(81)
	73	135	51	77

Notes

(forming part of the financial statements) continued

26. Employee benefits *continued*

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Amount recognised in other comprehensive income				
Actuarial gains on defined benefit obligation	7	2,068	11	1,394
Actuarial loss on assets less interest	(398)	(2,387)	(276)	(2,250)
Amount recognised in other comprehensive income	(391)	(319)	(265)	(856)

Cumulative actuarial net gains/(losses) reported in the statement of comprehensive income since 1 April 2004, the transition to adopted IFRSs, for the Group are a loss of £281,000 (2023: gain of £110,000) and Company loss of £975,000 (2023: loss of £710,000).

Scheme assets and returns

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

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Fair value of assets				
Diversified growth funds	4,336	4,043	4,336	4,043
Equities and other growth assets	536	555	–	–
Bonds and cash	2,006	3,055	1,270	2,256
Liability driven investments (LDI)	2,032	1,848	2,032	1,848
	8,910	9,501	7,638	8,147
Returns				
Actual return on scheme assets	42	(2,065)	100	(1,968)

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. 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 an unquoted unit price. The market value for the purposes of the financial statements was provided by LGIM and was the bid-value of the funds at the accounting date.

Principal actuarial assumptions

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

	Group and Company	
	2024	2023
Inflation	3.5%	3.5%
Discount rate at 31 March	4.8%	4.8%
Expected future salary increases	2.0%	2.0%
Expected future pension increases	3.3%	3.4%
Revaluation of deferred pensions	3.0%	2.9%

Mortality rate assumptions adopted at 31 March 2024, based on S3PA CMI Model 2022, imply the following life expectations on retirement at age 65 for:

	2024	2023
Male currently aged 45	23 years	23 years
Female currently aged 45	25 years	26 years
Male currently aged 65	22 years	22 years
Female currently aged 65	24 years	24 years

History of schemes

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

Group	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Present value of defined benefit obligation	(7,057)	(7,201)	(9,531)	(10,600)	(9,812)
Fair value of plan assets	8,910	9,501	12,269	12,775	12,830
Present value of net surplus	1,853	2,300	2,738	2,175	3,018

Company	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Present value of defined benefit obligation	(5,819)	(6,012)	(7,706)	(8,737)	(8,312)
Fair value of plan assets	7,638	8,147	10,774	11,394	11,665
Present value of net surplus	1,819	2,135	3,068	2,657	3,353

(Losses)/gains recognised in statement of comprehensive income

Group	2024	2023	2022	2021	2020
Difference between expected and actual return on scheme assets:					
– Amount (£000)	(398)	(2,387)	(98)	223	178
– Percentage of scheme assets	(4.5%)	(25.1%)	(0.8%)	1.7%	1.4%
Experience gains and losses arising on the scheme liabilities:					
– Amount (£000)	(130)	(131)	(11)	15	(8)
– Percentage of present value of scheme liabilities	(1.8%)	(1.8%)	(0.1%)	0.1%	(0.1%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
– Amount (£000)	137	2,199	803	(1,033)	198
Percentage of present value of scheme liabilities	1.9%	30.5%	8.4%	(9.7%)	2.0%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	(391)	(319)	693	(795)	368
Percentage of present value of scheme liabilities	(5.5%)	(4.4%)	7.3%	(7.5%)	3.8%

Notes

(forming part of the financial statements) continued

26. Employee benefits continued

Company	2024	2023	2022	2021	2020
Difference between expected and actual return on scheme assets:					
Amount (£000)	(276)	(2,250)	(202)	27	201
Percentage of scheme assets	(3.6%)	(27.6%)	(1.9%)	0.2%	1.7%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	(120)	(113)	26	–	–
Percentage of present value of scheme liabilities	(2.1%)	(1.9%)	0.3%	0.0%	0.0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	131	1,507	679	(708)	33
Percentage of present value of scheme liabilities	2.3%	25.1%	8.8%	(8.1%)	0.4%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	(265)	(856)	503	(681)	234
Percentage of present value of scheme liabilities	(4.6%)	(14.2%)	6.5%	(7.8%)	2.8%

Sensitivity analysis

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

Vp plc scheme

Assumption	2024		2023	
	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% p.a.	-4%/+5%	+/- 0.5% p.a.	-4%/+5%
RPI inflation	+/- 0.5% p.a.	+1%/-1%	+/- 0.5% p.a.	+1%/-1%
Assumed life expectancy	+ 1 year	+4%	+ 1 year	+4%

Torrent Railways scheme

Assumption	2024		2023	
	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% p.a.	-7%/+8%	+/- 0.5% p.a.	-7%/+8%
CPI inflation	+/- 0.5% p.a.	+7%/-6%	+/- 0.5% p.a.	+6%/-6%
Future salary increase	+/- 0.5% p.a.	+1%/-1%	+/- 0.5% p.a.	+2%/-2%
Assumed life expectancy	+ 1 year	+3%	+ 1 year	+2%

These calculations provide an approximate guide to the sensitivity of the 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 £2,386,000 (2023: £2,310,000) in the year.

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 70 to 76 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 - refer to notes 14 and 18
- Provision of Group services (including Senior Management, IT, Group Finance, Group HR, Group Properties and Shared Service Centre).
- Rehire of equipment on commercial terms - refer to note 2

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 2024 totalled £88,094,000 (2023: £65,349,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2024 totalled £64,562,000 (2023: £54,857,000).

The Company and certain subsidiary undertakings has entered into cross guarantees of bank loans, private placement loans and overdrafts to the Company. The total value of such borrowings at 31 March 2024 was £132.0 million (2023: £146.0 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 matters concerning suppliers or customers, 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 an immediate subsidiary undertaking of Ackers P Investment Company Limited, which is the ultimate Parent Company incorporated in United Kingdom and registered at Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD. Consolidated accounts are prepared for this company, being the largest group into which the results of this Group are consolidated, and are available from the registered office address. 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

(forming part of the financial statements) continued

30. Subsidiary undertakings

The investments in trading subsidiary undertakings as at 31 March 2024 and 31 March 2023 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 Rentals 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 Rentals (Australia) Pty Limited	Australia	Oilfield services	Australia	Ordinary shares 100%
Airpac Rentals Holdco Limited**	England	Oilfield services	UK	Ordinary shares 100%
Airpac Rentals UK Limited**	England	Oilfield services	UK	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 Pty Limited	Australia	Equipment hire	Australia	Ordinary shares 100%
Tech Rentals (Malaysia) SDN BHD	Malaysia	Equipment hire	Malaysia	Ordinary shares 100%
TR TechRentals Pte Limited**	Singapore	Equipment hire	Singapore	Ordinary shares 100%
Vidcom New Zealand Limited	New Zealand	Equipment hire	New Zealand	Ordinary shares 100%

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%
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%
Hire & Sales (Canterbury) Limited*	England	Dormant	N/A	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	N/A	Ordinary shares 100%
UM (Holdings) 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%
M.E.P. Hire Limited	Scotland	Dormant	N/A	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	N/A	Ordinary shares 100%
Vibroplant Limited	England	Dormant	N/A	Ordinary shares 100%

* During the year Airpac Bukom Oilfield Services (Curacao) NVA was dissolved.

** During the year Airpac Rentals Holdco Limited, Airpac Rentals UK Limited and TR TechRentals Pte Limited were incorporated.

	Country of registration or incorporation	Principal activity	Country of principal operation	Class and percentage of shares held
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%
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%
M. & S. Hire Limited	England	Dormant	N/A	Ordinary shares 100%

During the year, applications have been made to dissolve the companies marked with a *

The registered offices of the companies are:

Country of Registration	Registered Office Address
England	Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD
Scotland	Tofthills Avenue, Midmill Business Park, Kintore, Aberdeenshire AB51 0QP
Singapore	9 Pioneer Sector 2, Singapore 628371
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 Ja-ya, 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
Torrent Trackside Limited	01132882
Vibroplant Limited	02644935

Five-year summary

	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000
Revenue	362,927	307,997	350,915	371,519	368,691
Operating profit before amortisation, impairment of intangible assets and exceptional items	55,480	30,928	46,299	48,775	50,352
Profit before amortisation, impairment of intangible assets, taxation and exceptional items	46,640	23,176	38,946	40,206	40,717
Profit before tax	28,366	(2,269)	35,644	30,706	2,846
Tax	(9,779)	(2,332)	(10,109)	(7,696)	(8,137)
Profit/(loss) after tax	18,587	(4,601)	25,535	23,010	(5,291)
Dividends*	(12,055)	(8,674)	(14,054)	(14,471)	(14,997)
Share capital	2,008	2,008	2,008	2,008	2,008
Capital redemption reserve	301	301	301	301	301
Reserves	167,585	150,781	164,276	172,623	150,711
Total equity before non-controlling interest	169,894	153,090	166,585	174,932	153,020
Share statistics					
Asset value	423p	381p	415p	436p	381p
Earnings (pre amortisation)	90.21p	46.56p	71.24p	78.41p	75.10p
Dividend**	30.45p	25.00p	36.0p	37.5p	39.0p
Times covered (pre amortisation)	3.0	1.9	2.0	2.1	1.9

* 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. The special dividend of 22.00 pence per share declared on 17 January 2021 is in relation to the financial year-ended 31 March 2020

Alternative performance measures

The Board monitors performance, principally, through adjusted and like-for-like performance measures or Alternative Performance Measures (APMs). Adjusted profit and earnings per share measures exclude certain items, including the impact of IFRS 16, amortisation of acquired intangible assets and goodwill impairment charges and exceptional items.

The Board believes that such alternative measures are useful as they exclude one-off (amortisation, impairment of intangible assets and exceptional items) and non-cash (amortisation of intangible assets) items, which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group from one year to the next when making investment and other decisions. Equally, IFRS 16 is excluded from measures used by these same stakeholders and so is removed from certain APMs.

The key measures used as APMs are reconciled below.

	2024 £000	2023 £000
Profit before tax as per the Income Statement	2,846	30,706
Adjustment to remove IFRS 16 impact	(154)	283
Adjusted profit before tax APM	2,692	30,989
Amortisation and impairment of goodwill, trade names and customer relationships	31,198	4,490
Exceptional items	5,817	5,010
Adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items APM (PBTAE)	39,707	40,489
Interest (excluding interest on lease liabilities)	6,319	5,542
Adjusted operating profit before amortisation, impairment of intangible assets and exceptional items APM	46,026	46,031
Depreciation (excluding depreciation of right-of-use assets)	44,994	46,853
Adjusted EBITDA APM	91,020	92,884

Adjusted PBTAE and adjusted operating profit exclude amortisation and impairment of goodwill, trade names and customer relationships but include amortisation of software of £856,000 in 2024 (2023: nil).

Adjusted operating margin is calculated by dividing adjusted operating profit before amortisation, impairment of intangible assets and exceptional items by revenue.

	2024 Pence	2023 Pence
Basic earnings per share	(13.4)	58.1
Impact of amortisation, impairment of intangible assets and exceptional items after tax	88.5	20.3
Impact of IFRS 16	(0.3)	0.6
Adjusted basic earnings per share APM	74.8	79.0

	2024 £000	2023 £000
Net debt including lease liabilities	187,180	192,886
Lease liabilities	(61,961)	(58,518)
Net debt excluding lease liabilities APM	125,219	134,368

Return on Average Capital Employed (ROACE) of 14.5% (2023: 14.4%) is based on adjusted operating profit before amortisation and exceptional items as defined above, divided by average capital employed on a monthly basis using the management accounts.

Directors and advisers

Executive Directors

Jeremy F G Pilkington, B.A. Hons. (Chairman)
Neil A Stothard, M.A., F.C.A. (resigned 30 September 2023)
Anna C Bielby, F.C.A.
Keith J Winstanley PhD, B.S.C, F.C.A (appointed 1 January 2024)

Non-Executive Directors

Stuart Watson, B.A, F.C.A.
Mark Bottomley, B.S.C, F.C.A.
Philip M White, B.Com, F.C.A, CBE

Company Secretary

Sarah (Sally) E Jones (appointed 19 September 2023)

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

Lawyers

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

Registrars and Transfer Office

Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL

Bankers

HSBC Bank Plc
Lloyds Bank Plc
Bank of Ireland

Investment Bankers

N M Rothschild & Sons Limited

Brokers

Singers Capital Markets
Berenberg

Public Relations

Buchanan Communications



www.carbonbalancedpaper.com



Head Office
Vp plc

Central House
Beckwith Knowle
Otley Road
Harrogate
North Yorkshire
HG3 1UD

Telephone: 01423 533 400