Annual Report and Accounts 2022

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About Us

Vp is an international rental business providing specialist products and services.

Our objective is to deliver longer term, quality returns to our shareholders by providing products and services to a diverse range of sectors including infrastructure, construction, housebuilding and energy, both in UK and international markets, whilst embracing our commitment to our environmental, social and governance responsibilities as impacted by our activities.

Our Business Model and Strategy

Our aim is to create long term value

Resilient and proven model

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

KPIs

- PBTA
- revenue growth
- margins

First class asset management

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

KPIs

- ROACE
- EBITDA gearing
- net debt
- fleet spend

Specialist rental

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

KPIs

- PBTA
- revenue growth
- margins

Building on core attributes

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

KPIs

- annualised employee turnover*
- reportable accidents*

Sustainability focus

- defined strategy
- reduce emissions and waste
- innovate with green products

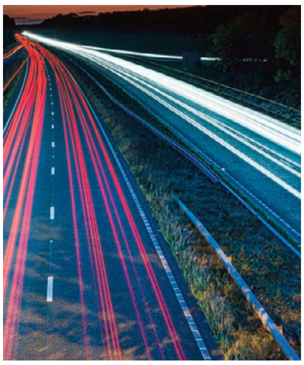
KPIs

- emissions*
- waste*
- supply chain*
- fleet*

*shown in Responsible Business Report

Diverse Range of End Markets

INFRASTRUCTURE



CONSTRUCTION

HOUSEBUILD

ENERGY

Group Businesses

UK Forks

Materials Handling Specialists

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

Brandon Hire Station

The UK's Tool and Equipment Hire Specialist

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

ESS

Safety, Survey, Test & Measurement

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

Groundforce

Specialist Construction Solutions

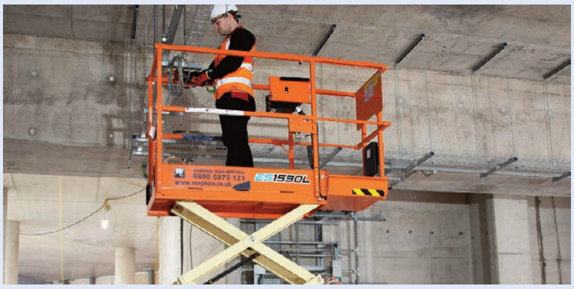
Groundforce is a market leading rental and design provider of excavation support systems and specialist products to the water, civil engineering and construction industries with operations in the UK, the Republic of Ireland and mainland Europe.

TPA

Portable Roadways

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

Group Businesses



MEP Hire

Mechanical, Electrical & Low Level Access Specialists

MEP Hire is the UK's largest provider of mechanical and electrical press fittings and low level access platforms to the construction, fit out, mechanical and electrical markets.

Torrent Trackside

Railway Plant. Railway People.

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

Airpac Rentals

Energy Industry Solutions

Airpac Rentals Energy Industry Solutions is an international business supporting a wide range of energy markets including, well test, pipeline testing, rig maintenance, LNG and geothermal drilling.

TR Group

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

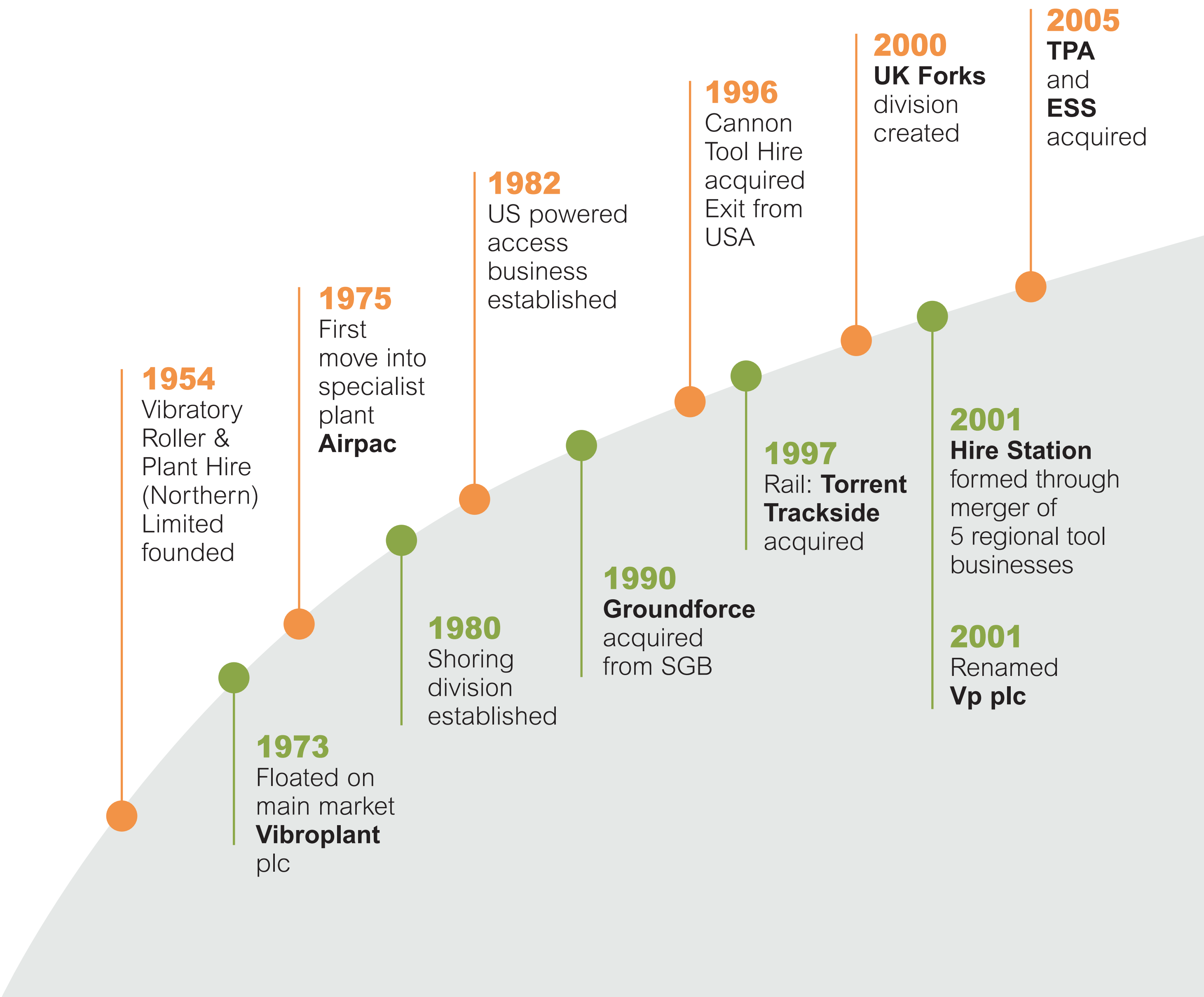
Group geographies

Long Term Success

Vp plc has a long and distinguished history as a major rental business. Founded in 1954, the Company floated on the UK Stock Market in 1973 as Vibroplant plc.

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

The Group has since developed a wide range of sector leading, specialist rental businesses serving a diverse range of end markets in both UK and International markets.



2006
Acquisition of Bukom Oilfield Services (Airpac Bukom formed)

2007
MEP acquired

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

2014
Vp celebrates 60 years

2015
Acquisition of Test & Measurement

2016
Acquisitions of Higher Access and **TR Pty** (Australia)

2017
Acquisition of **Brandon Hire**

2019
Acquisition of Sandhurst

2021
Acquisition of **M&S Hire**

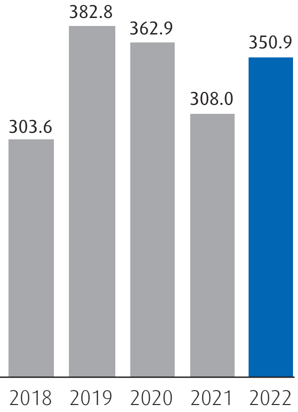
Revenue History

1970: £2m	*1980:* £14m	*1990:* £70m	*2000:* £55m	*2010:* £129m	*2015:* £206m	*2016:* £209m	*2017:* £249m	*2018:* £304m	*2019:* £383m	*2020:* £363m	*2021:* £308m	*2022:* £351m

Financial Highlights

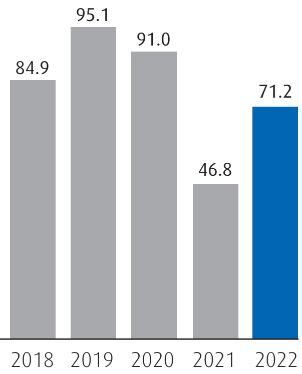
GROUP REVENUE

£350.9m



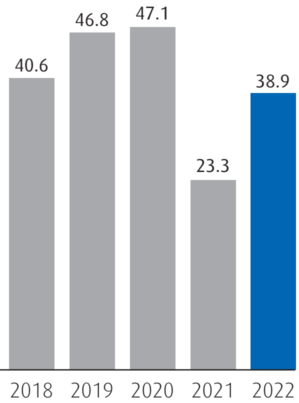
BASIC EARNINGS PER SHARE[1]

71.2p



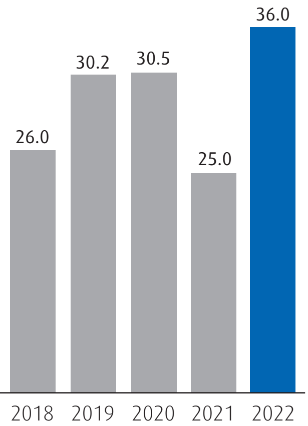
PROFIT BEFORE TAX[1]

£38.9m



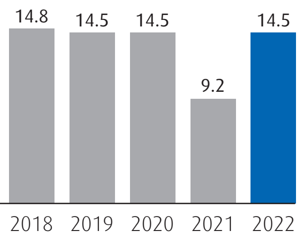
DIVIDENDS PER SHARE

36.0



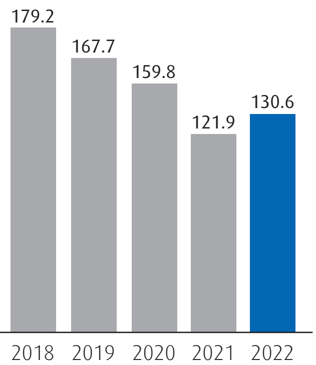
RETURN ON AVERAGE CAPITAL EMPLOYED[1]

14.5%



NET DEBT

£130.6m

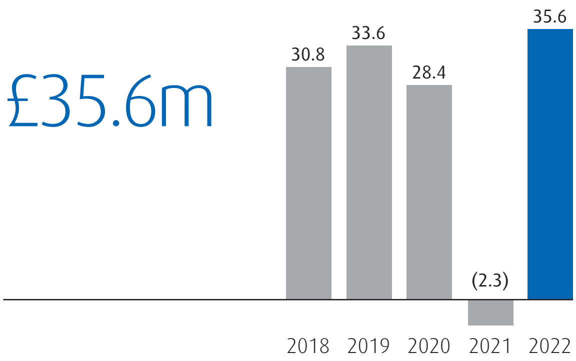


Notes on alternative performance measures:

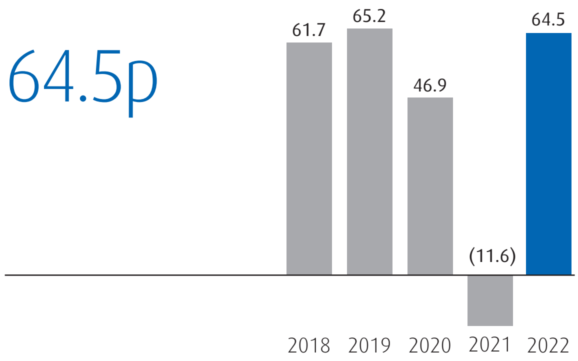
1
- All performance measures stated as before amortisation are also before impairment of intangibles, exceptional items and the impact of IFRS 16.
- Basic earnings per share pre amortisation and exceptional items is reconciled to basic earnings per share in note 22.
- Profit before tax, amortisation and exceptional items is reconciled to profit before tax in the Income Statement.
- EBITDA is reconciled to profit before tax, amortisation and exceptional items by adding back net financial expenses and depreciation.
- Return on average capital employed is based on profit before tax, interest, amortisation and exceptional items divided by average capital employed on a monthly basis using the management accounts. Profit before tax, interest, amortisation and exceptional items is reconciled to profit before interest and tax in the Income Statement.

Financial Highlights

STATUTORY PROFIT/(LOSS) BEFORE TAX



STATUTORY BASIC EARNINGS/(LOSS) PER SHARE



Impact on Consolidated Income Statement, EBITDA and earnings per share

The financial impact of IFRS 16 on the Group's consolidated income statement and EBITDA for the year ended 31 March 2022 is set out below:

	UNAUDITED EXCLUDING IFRS 16	UNAUDITED IFRS 16 IMPACT	AUDITED REPORTED
	£000	£000	**£000**
Operating profit before amortisation	43,333	2,966	**46,299**
Operating profit	40,031	2,966	**42,997**
EBITDA	88,868	19,525	**108,393**
Net financial expense	(4,428)	(2,925)	**(7,353)**
Profit before taxation and amortisation	38,905	41	**38,946**
Profit before taxation	35,603	41	**35,644**

Chairman's Statement

I am delighted to report a robust set of results that demonstrates the very strong progress and continued recovery in trading performance across all our core markets following the impact of Covid last year.

Chairman: Jeremy Pilkington

Profit before tax, amortisation and exceptional items rose by 67% to £38.9 million (2021: £23.3 million) on turnover ahead 14% to £350.9 million (2021: £308.0 million). EBITDA (pre IFRS 16) improved to £88.9 million (2021: £72.7 million).

Capital investment in the rental fleet grew almost 50% to £59.8 million (2021: £40.2 million). This increased spending was in response to improving customer demand with particular emphasis on new lower emission product substitutions and also reflects pre-emptive bulk purchasing to avoid some of the supply chain difficulties that we were anticipating.

Year end net debt (pre IFRS 16) rose marginally to £130.6 million (2021: £121.9 million).

Return on average capital employed ('ROCE') recovered strongly to 14.5% (2021: 9.2%) in line with our long term target, an excellent result which reflects once again the underlying resilience in the Group's quality of earnings. Earnings per share grew 52% to 71.2 pence per share (2021: 46.8 pence per share).

At the AGM, scheduled to be held on 21 July 2022, the Board will be recommending payment of a final dividend of 25.5 pence per share (2021: 25.0 pence per share) making a total for the year of 36.0 pence per share (2021: 25.0 pence per share). Subject to Shareholder's approval it is proposed to pay the final dividend on 5 August 2022 to members registered at 24 June 2022. This proposed level of dividend is based on our policy to distribute on a two times covered earnings basis going forward.

In November 2021, we purchased the fit-out specialist M&S Hire Limited ('M&S') for £2.8 million. M&S complements and extends our MEP service offering and since acquisition has performed in line with our expectations. We are excited about the opportunities presented by this new niche market.

We also achieved two notable contract wins in the period. In March 2022, we were awarded a further renewal to our long running support contract with the Valero Refinery in Pembrokeshire and at the very end of the financial year, we finalised a five-year exclusive hire partnership with Watkin Jones plc, the UK's leading developer and manager of residential for rent homes. This partnership agreement included the acquisition of Watkin Jones' in-house plant and tools fleet as they transitioned to a pure outsourced rental supply model. Key to our success in winning this vigorously contested contract was the strength of our ESG offering.

In April, Vp announced that its controlling shareholder, a company connected to me, had indicated to the Board its desire to explore opportunities to dispose of its c.50.26% shareholding in Vp. In light of this, the Company has launched a formal sale process and further communication with shareholders will be made if and when appropriate to do so. In the meantime, it is 'business as usual' as we stay fully focused on delivering on our plans for the current financial year.

Although we are facing some headwinds from cost inflation and supply chain disruptions, we identify significant upside growth opportunities for this year and further ahead. This gives us every confidence that we can continue to deliver sector-leading results for all our stakeholders.

It remains my great pleasure to thank, on behalf of Shareholders and the Board, all our employees for their hard work and commitment that has made these excellent results possible.

Jeremy Pilkington
Chairman
8 June 2022

Business Review

Overview

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

Chief Executive: Neil Stothard

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	£350.9 million	£308.0 million
Operating profit before amortisation and exceptionals	£43.3 million	£27.7 million
Operating margin	12.3%	9.0%
Investment in rental fleet	£59.8 million	£40.2 million
Return on average capital employed	14.5%	9.2%
Statutory operating profit	£43.0 million	£5.7 million

The year to 31 March 2022 was a period of significant recovery for the Group as the Covid-19 restrictions were gradually removed and our customers began to trade back towards pre-pandemic levels of activity.

Group operating profits before amortisation and exceptional items showed a significant recovery in the year to £43.3 million compared with prior year of £27.7 million, a 56% increase. Operating margins improved to 12.3% (2021: 9.0%) with Group revenues at £350.9 million (2021: £308.0 million) 14% up on prior year. Return on average capital employed of 14.5% increased strongly on the prior year of 9.2% demonstrating the resilience of the Group in being able to restore the quality of profits back towards our long term, through the cycle, ROCE target of 15%.

Cash generation also improved and EBITDA before exceptionals was £88.9 million (2021: £72.7 million). Net debt at 31 March 2022 was £130.6 million (2021: £121.9 million), a small increase of £8.7 million and after funding a healthy increase in capital expenditure during the year.

The increased investment in rental fleet reflected growing demand across our business network. Gross capital expenditure was £59.8 million (2021: £40.2 million). Fleet disposal proceeds were £17.8 million (2021: £17.5 million) generating profit on disposals of £7.0 million (2021: £4.3 million). The increase in capex during the year was partially driven by increased demand within our divisions, and also due to bulk buying of products ahead of the usual timeframes to compensate for the extended lead times in certain of our supply chains, a necessary and successful strategy.

The markets which the Group serves experienced different paces of recovery both in functionality and geography. In the UK and Europe, certain of the infrastructure markets e.g. HS2 and transmission fared well, whilst water (AMP7) and Rail (CP6) were more subdued, only starting to show signs of uplift in Q4.

The general construction market was mixed with repair and maintenance strong whilst new construction was more subdued. The house building market provided sustained demand.

Internationally, border restrictions initially inhibited business recovery but in early 2022 these were eased facilitating both improved customer contact and a subsequent increase in activity.

The operating profit (before amortisation) result of £43.3 million was primarily sourced in the UK division, but it is the quality of all our specialist divisions across the whole Group in the UK, Europe and Internationally that has driven an excellent overall performance.

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Business Review

UK Division

Operating profits (before amortisation and exceptionals) in the UK division increased to £41.8 million compared with £27.2 million in the prior year. Revenues of £320.2 million (2021: £281.3 million) were 14% up on prior year.

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	£320.2 million	£281.3 million
Operating profit before amortisation and exceptionals	£41.8 million	£27.2 million
Investment in rental fleet	£55.2 million	£35.6 million

The UK division comprises seven main business units: UK Forks, Groundforce, TPA, Brandon Hire Station, ESS, MEP Hire and Torrent Trackside. Whilst mainly operating in the UK, TPA and Groundforce also have operations in mainland Europe, primarily in Germany and Austria. All of the business units in the UK division support the three core market sectors of infrastructure, construction and housebuilding.

The following section comments on the highlights and key actions for the constituent businesses within the UK division.

The **UK Forks** business had a good year, experiencing high levels of activity for their telehandler fleet, particularly in the residential construction sector where demand remained very good throughout the year. This performance was despite the ongoing challenges of supply chain delays on acquiring new machines for the hire fleet and as a result, the division is not yet back to its pre-Covid fleet size. Overall fleet numbers grew by 7%. Disposal of fleet was also slowed down and equipment retained longer in the rental fleet to ensure that we were able to meet the demands of our customer base. As part of our sustainability commitments the business has started to introduce electric versions of both the 6m telehandler and teletruck products and further investment in these lines will continue into the current financial year. Whilst we have seen inflationary cost increases in both parts and labour the business has been able to pass on some of these costs by increasing hire rates.

We have successfully renewed all our key account relationships during the year. In March 2022 the Higher Access spider platform business transitioned to a partnered services offer, with our customer base primarily utilising third party products.

The **Groundforce UK & Ireland** business experienced a positive year which having started relatively slowly, accelerated as activity increased in the final quarter and into the new financial year.

Activity in Groundforce was buoyed by good demand from the HS2 and Hinkley Point projects in addition to a supportive housebuilding sector. The general construction and civil engineering sectors outside of infrastructure were slower to recover in the year. The AMP7 water industry capital investment programme was frustrated as activity levels remained relatively subdued for most of what was the second full year of the five year AMP programme. The transition from the planning to implementation stage was delayed and we also saw regional differences in levels of AMP activity.

Investment in hire fleet grew by over 88% on prior year partially to satisfy increased demand and partially in anticipation of a busier AMP programme in the new financial year. The foundation year of Groundforce's three year digital roadmap went well as ecommerce capability was introduced to the website and the online, self-service specification tool, 'Your Solutions' for shoring was upgraded and continued to enjoy increased customer take-up.

Future prospects remain good with an anticipated increase in AMP and other infrastructure activity.

The **Groundforce Europe** business had an excellent year making good progress both in its core shoring offer and also with much improved activity in significant major project support solutions in Germany, Scandinavia and France. The signs remain positive for this to continue.

The **TPA UK** business traded well in the year with strong demand for roadway panels particularly from HS2 and the transmission sectors which provided an increase in longer term hires. The business delivered an excellent result for the year against a backdrop of product and labour cost inflation. We continued to invest in aluminium roadway panels, which enabled the business to meet solid demand. There will be further opportunities in both the construction and enabling phases of HS2, and the outdoor event sector should provide further demand as this market re-opens after a two year break.

Business Review

UK Division

For **TPA Europe** it was a successful, if challenging year, as the business consolidated a strong prior year performance. Demand from the transmission and renewables sectors was good in both Germany and Austria and we continued to support the business with new fleet investment. Whilst revenues grew there were some costs pressures in particular on transport and recruitment. The end markets for TPA in Germany and Austria remain positive for the coming year.

The **Brandon Hire Station** business secured further recovery particularly in the early months of the year, though activity levels did subsequently flatten out through to the end of the year. As reported before, construction markets were led by a buoyant repair and maintenance segment, whilst new build construction was less busy and impacted by materials and labour shortages. The business has good customer retention, but many of our SME customers are still trading on fewer contracts than they were pre-Covid. A number of new strategic accounts were secured in the period notably the tool and plant fleet of Watkin Jones plc, which was acquired at the end of the financial year alongside a five year sole supply arrangement.

In early 2022 the new Brandon Hire Station website was launched and developed as a progressive web app for use on mobile devices. We anticipate growth in this rental channel as customers increasingly interface with us on mobile devices. The National Partnered Service Centre made further excellent progress in the year in support of those of our customers who are looking for a captive provider for their rental requirements. The fleet investment programme in Brandon Hire Station moved ahead strongly in the year with a marked re-alignment towards environmentally friendly asset solutions for our customer base. The core fleet holding (top 350 products) continues to transition to battery powered, solar and electrically driven solutions and replacing traditional diesel / petrol powered products. These include e.g. mini excavators, hedge trimmers and cut-off saws. The older equipment continues to be sold off as new products are added to the fleet thereby accelerating the transition to greener fleet solutions.

In the year, Brandon Hire Station gained the FORS Gold accreditation for continuous improvement in driving standards and safety processes, together with RoSPA Gold award for Health & Safety. Recently ISO 50001, the International Standard for continuous improvement in environmental performance, energy efficiency and sustainability, was also secured by the Brandon Hire Station business.

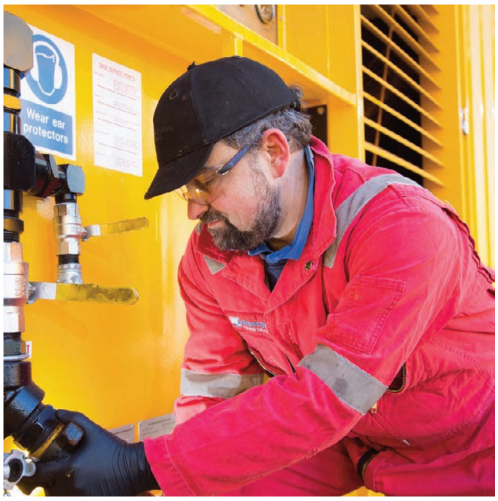
ESS, our UK market leading Safety, Survey and Test & Measurement rental business had a good year and delivered excellent year on year profit growth. The completion of the Valero shutdown contract in Pembrokeshire made for a very busy start to the year for ESS. The focus of the business has been in strengthening of the management team and the re-positioning of the divisions into a core (branch network) mainstream rental offer complemented by specialist services supporting the wider industrial sector in the UK. Operationally the business moved into new flagship premises in Manchester providing further operational capacity. Aside from the core survey and safety rental activities, ESS has some excellent additional service offers to their customer base including communications, confined space training, test & measurement, safety teams and breathing air solutions. These specific services provide further growth opportunities going forward, over and above the core survey and safety revenue streams.

MEP Hire ('MEP') which provides low level access and press fitting equipment and associated services to the mechanical, electrical and plumbing sectors delivered another excellent performance in the year. The business recovered quicker than most after the worst of the pandemic in the prior year and pleasingly this trend was maintained. The business benefitted from good demand from contracts in schools and hospitals alongside projects aimed at re-purposing existing buildings into living accommodation or re-configuring offices for new modes of working. MEP further expanded its national operational footprint opening new depots in Scotland and Manchester during the year. Recent growth in the business has been derived from further market penetration in the major conurbations outside of London. The important London market also started to recover back towards historic levels of demand. As previously reported, in November 2021, MEP acquired M&S Hire Limited, a South East based supplier to the large scale commercial fit out sector. This acquisition widens MEP's offer and also establishes an important foothold in the commercial fit out market. Capital investment in the fleet was strong combining fleet refreshment with the introduction of additional new and innovative product solutions to further enhance the customer experience.

Torrent Trackside experienced a relatively quiet rail market for most of the financial year, with activity only picking up in the final quarter. A number of larger projects such as the Transpennine Route Upgrade ('TRU'), the Transport for Wales, Core Valleys line upgrade and the CP6 programme in general offered lower demand than anticipated for most of the year. A contributory factor to a volatile 2021 was the cancellation of planned blockades and engineering works as the train operators struggled with a combination of Covid impact and major timetable changes. The good news is that these projects are now underway and the Network Rail High output contract also resumed in the final quarter.

Proactive investment in fleet was maintained to ensure supply to the customer base. The business further enhanced its sustainability focus with the acquisition of solar powered lighting products, via a strategic relationship with Prolectric, delivering excellent product efficiencies and emission reductions to our rail customers. The expectation is for improved and more consistent levels of rail demand into the new financial year as the major projects, listed above, in particular, gather further momentum.

Business Review



International Division

The International division reported operating profits before amortisation and exceptionals of £1.5 million, on revenues 15% ahead of prior year of £30.7 million (2021: £26.7 million).

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	£30.7 million	£26.7 million
Operating profit before amortisation and exceptionals	£1.5 million	£0.6 million
Investment in rental fleet	£4.6 million	£4.6 million

The International division comprises Airpac Rentals, a global supplier to the energy sector and TR Group, which operates in Australia, New Zealand, Malaysia and Singapore and is a leading technical equipment rental group. The following section comments on the highlights and key actions for the two main business groupings within the International division.

The **Airpac Rentals** business made good progress in the year despite trading conditions remaining changeable. Operations were impacted by Covid restrictions causing customer driven contract delays due to lack of labour availability. In spite of this, revenues recovered well compared with prior year, driven by solid demand in Asia, and a much improved performance in Europe and Australia. The improved oil price certainly changed sentiment for the better in well testing where we have seen enhanced demand in both the North Sea and Asia. In Asia, the business also secured preventative maintenance revenues, and in Australia LNG infrastructure maintenance as shutdown activity increased. We have committed further investment to support a combination of high pressure pipeline applications and core well test, together with a growing focus on geothermal drilling projects. We acquired more electric compressors to support our European markets and to complement those electric units already on long term contracts in Asia and Australia as we seek to offer alternatives to diesel driven compressors where we can.

The **TR Group ('TR')** enjoyed a satisfactory year achieving results ahead of plan but still below pre-Covid levels. In spite of the extended lockdowns experienced, particularly in Australia and New Zealand, the business traded well overall. TR provides instrumentation and communication products to a wide range of markets including construction, mining and infrastructure.

In Australia, the closure of state borders actually contributed to improved activity in Western Australia and Queensland where the resource sectors experienced buoyant conditions. This was tempered by weaker non-resource driven markets in other Australian states. Highlights included a strong recovery in long term rental activity in the communication business Hirecom, and solid demand in TR New Zealand, Malaysia and Singapore. The audio visual business Vidcom, in New Zealand, had a better year with further development of their livestreaming solution for events customers compensating for the significantly reduced number of 'in person' events during the year. As elsewhere in the Vp Group, supply chain delays and cost inflation are common but, again, mitigated by a focus on increasing rental rates where possible.

TR anticipates further recovery, particularly in those market areas e.g. aviation and outdoor events, where demand has been subdued but where there is likely to be a catch up in due course.

Employees

The success of the Group is fundamentally down to the quality of our team and their individual and collective contributions to the ongoing development of the business.

We are therefore committed to provide relevant support to colleagues to allow them to develop as individuals within our business. We have launched a range of internal learning and development programmes during the year aimed at delivering on that commitment.

We have continued to invest in engineering apprenticeships group wide and are currently working on the 2022 intake for both apprentices and graduates across the Group. The Group HR team are leading a wide range of new initiatives including sales professional development, talent management, career pathways, mental health first aid, essentials of management and customer service training amongst others. We also invested in a new SAP, HR & Payroll system which will significantly streamline and modernise all areas of human resource administration. Allied to that we also introduced the SAP Litmos learning management system to support the learning and development initiatives listed above.

Environmental

We have continued, throughout the year, to invest in the journey to deliver on our commitment to achieve net carbon zero by 2050 in line with the Science Based Targets Initiative to which the Group has signed up. The Environmental Steering Group, which I chair, acts as the main co-ordinator in terms of the Group approach to this wide ranging topic. We have achieved ISO 50001, the International Energy Management System Standard across three of our businesses with the aim to attain this Group wide by the end of calendar year 2022. All of our businesses have continued to introduce new 'greener' equipment solutions to their customer base and I comment on some of those initiatives within the respective business sections. We supported three UK regional restoration and conservation projects during the year with allied employee engagement opportunities. We plan to continue our investment in such projects in the coming year.

Outlook

We are extremely pleased with the quality of the recovery in our trading performance as the impact of Covid-19 diminished during the financial year. These results not only demonstrate a significant increase in profitability but also importantly a material recovery in the quality of those profits measured by return on average capital employed.

The Group has made a positive start to the new financial year and in line with our expectations. The markets, which the Group serves, are for the most part supportive and we believe offer good prospects for further increases in demand for our products and services into the new financial year.

As with all businesses, the current challenges of managing cost inflation, supply chain delays and labour shortages are being met on a day-to-day basis. The entire Vp team have contributed significantly to a successful year and we are well set as a Group to both embrace the opportunities, and manage through the inevitable challenges, over the next twelve months.

Neil Stothard
Chief Executive
8 June 2022

Responsible Business Report

Overview

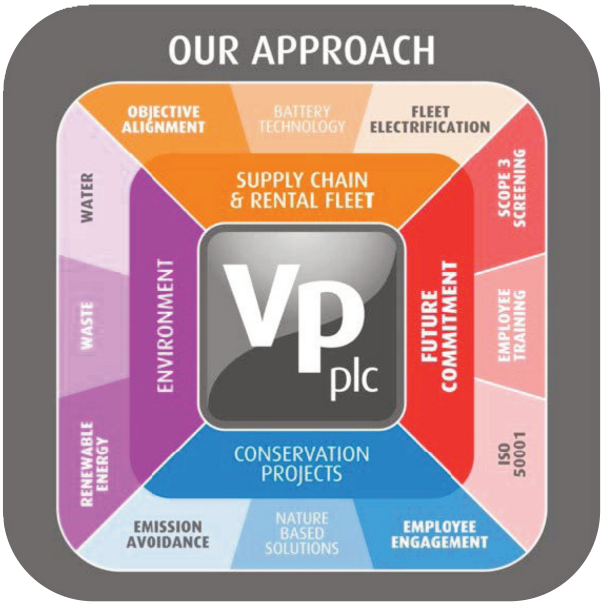
We have a responsible business culture resting upon our principles of fairness, integrity and respect. Our culture is underpinned by our corporate responsibility framework that ensures good governance and influences the way we manage our environmental and social impacts. This framework applies to all elements of our business and incorporates Sustainability, Environmental and Social Governance (ESG) and Corporate Responsibility (CR) – all of which overlap and are complementary.

SUSTAINABILITY STRATEGY AND ACTION PLAN

OUR APPROACH

We acknowledge that it is our responsibility to address sustainability throughout the Vp Group.

We employ around 2,800 people across 10 different countries operating from over 250 sites delivering a valued service to thousands of customers across all the markets that we serve. It is our aim that sustainability will be universally addressed across the Vp network and that we will all help to play our part in mitigating climate change and biodiversity loss by minimising our own environmental footprint and seeking to have a net positive impact on biodiversity. To help further mitigate any negative environmental impacts, the Group continues to invest in local community and conservation projects.



Our Sustainability Report is focused on 11 of the 17 United Nations Sustainability Development Goals (SDGs). These are 17 aspirational goals defined with the purpose of progressing positive environmental, social and governance change for the world by the year 2030 and a blueprint to achieve a better and more sustainable future for all and address the global challenges we face including poverty, climate change and environmental degradation.

We have reviewed the SDGs and each corresponding target to evaluate where we align most strongly and where we shall strive to improve our contribution going forward. The 11 SDGs we are focussed on are listed below and the SDG icons throughout the report indicate where we are making progress towards the achievement of these goals.

SDGs for our customers, investors and supply chain

SDGs for our people

SUSTAINABLE DEVELOPMENT GOALS

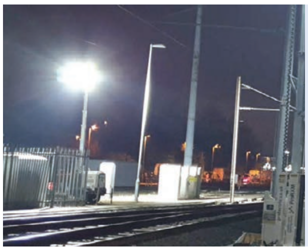
Responsible Business Report

ACHIEVEMENTS

Our achievements over the past 12 months include:

ISO 50001 accreditation across three of our divisions, Brandon Hire Station, MEP Hire and ESS Safeforce. This will be achieved Group-wide and in all UK sites by the end of 2022

The majority of UK properties have switched to 100% renewable electricity, backed by certificates of renewable energy guarantees of origin, which has reduced our Scope 2 emissions by 88%.

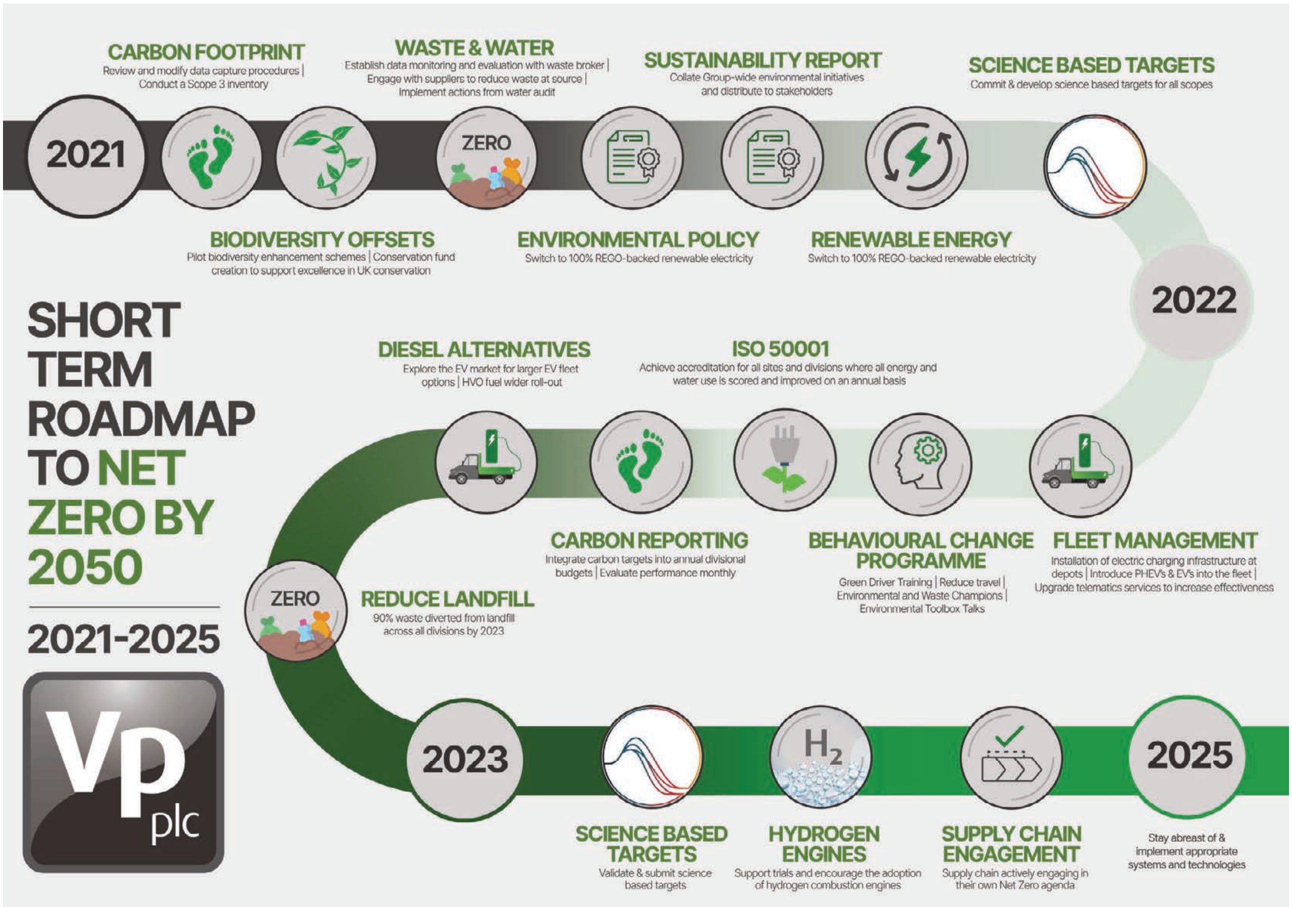


We have invested, and continue to invest, in more sustainable rental fleet solutions.

We have published our Short Term Roadmap to Net Zero by 2050 (below).

Our largest division, Brandon Hire Station, recently won the inaugural Hire Association of Europe (HAE) Best Sustainability and CSR Initiative.

HVO (Hydrotreated Vegetable Oil) fuel is available to customers at all Brandon Hire Station branches.



Strategic Report
Governance
Financial Statements
Shareholder Information

SCIENCE BASED TARGETS

As a Group, we have committed to reducing our emissions in line with limiting global warming to 1.5 °C and to becoming net-zero, by 2050 at the latest, across our entire value chain with the Science Based Targets Initiative. This ensures our goals are validated, robust and accurate.

We are working through a Scope 3 inventory and plan to validate our Science-based Targets by November 2022.

FOSSIL FUEL CONSUMPTION

We acknowledge our dependence on fossil fuels and the impact this continues to have on climate warming.

Led by CEO Neil Stothard, we have a monthly environmental steering group meeting to drive our overall sustainability agenda forwards.

Our greenhouse gas emissions are calculated in accordance with the World Business Council for Sustainable Development and World Resources Institutes Greenhouse Gas Protocol, along with HM Government's Environmental Reporting Guidelines and the latest DEFRA conversion factors.

62%

reduction in our energy intensity since 2009

Greenhouse gas emissions data for the period 1st April 2021 to 31st March 2022 is set out below:

		Y/E 2022	Y/E 2021
UK	Scope 1 (Tonnes CO2e)	11,397	11,146
	Scope 2 (Tonnes CO2e)	23	1,977
	Total Scope 1 & 2 (Tonnes CO2e)	11,420	13,123
	Energy consumption of Scope 1 & 2 (kWh)	55.7m	55.0m
	Intensity Ratio: Tonnes CO2e (gross Scope 1 + 2) / £1 million revenue	36	49
	Scope 3*	1,318	1,970

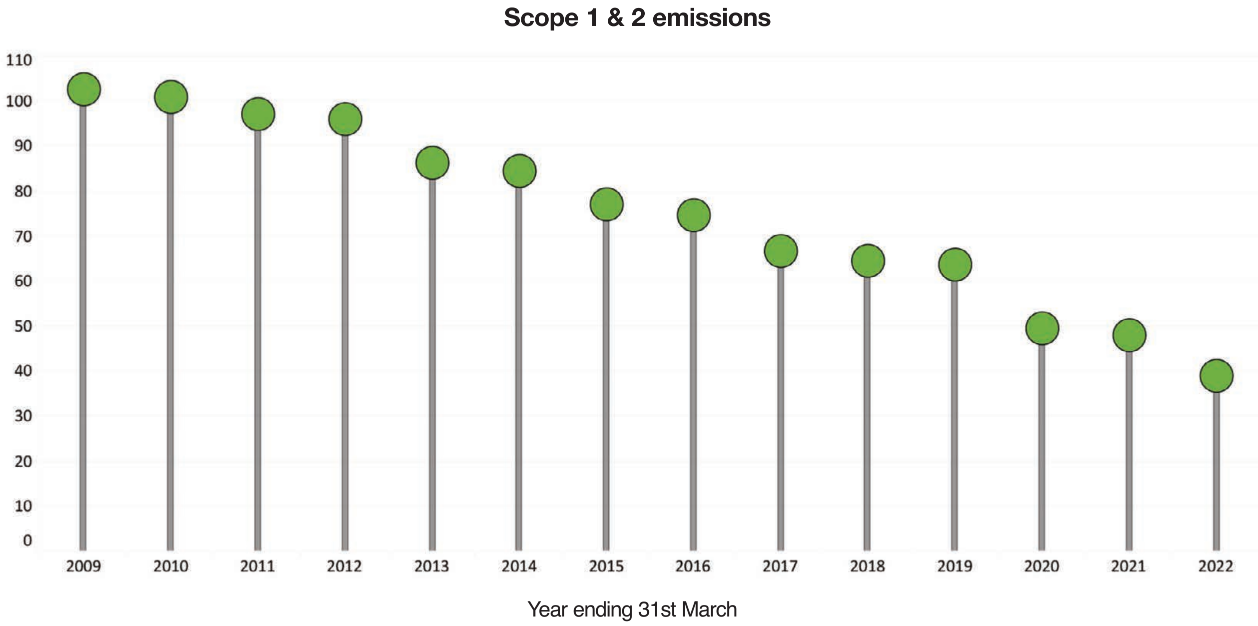
		Y/E 2022	Y/E 2021
International (excluding UK)	Scope 1 (Tonnes CO2e)	2,034	1,411
	Scope 2 (Tonnes CO2e)	241	268
	Total Scope 1 & 2 (Tonnes CO2e)	2,275	1,679
	Energy consumption of Scope 1 & 2 (kWh)	9.5m	7.0m
	Intensity Ratio: Tonnes CO2e (gross Scope 1 + 2) / £1 million revenue	74	45
	Scope 3*	1,379	1,036

*Scope 3 figures are limited to emissions from external haulage

Responsible Business Report

FOSSIL FUEL CONSUMPTION

Since 2009, the Vp Group has reduced its greenhouse gas emissions year-on-year with CO2 equivalent tonnes per £m revenue reducing from 103 tonnes per £1m revenue in 2009 to 39 tonnes per £1m revenue in 2022. There is, however, still much more that we can do.



Vp seeks to maximise the efficiency of its resource use and energy consuming assets. We are building on our ISO 14001 Environmental Management System by setting the goal of having ISO 50001 - the Energy Management System accreditation in all UK sites by the end of 2022. This formalises continuous improvement in energy efficiency and reinforces sustainable behaviours across the Group. We have already achieved ISO 50001 accreditation across three of our divisions, Brandon Hire Station, MEP Hire and ESS Safeforce.

To **offset** or not?

We believe it is more constructive to invest in long term, permanent structural emissions reductions rather than commit to an annual carbon credit payment at this stage.

FOSSIL FUEL CONSUMPTION

Vehicle Fleet and Fuel Emissions

The Group operates circa 1,350 commercial vehicles and company cars covering, in a typical year, 48 million miles annually. We have a range of initiatives to minimise the emissions from our commercial and company car fleet including:

- New telematics software has enabled better decision making influencing eco-friendly driving practices and has prompted further fleet rationalisation.
- We are moving away from internal combustion engine vehicles through investing in hybrids, electric vehicles, forklifts and chargers.
- We are taking advantage of new digital communication platforms and only travel when necessary which has reduced business travel by up to 20%.
- Fleet rationalisation and replacement means our fleet is increasingly efficient.
- 22% of our company car fleet is sustainable and we have introduced sustainable options in all car bandings.
- We are planning extended HVO trials in our commercial vehicles.

Divisional Emission Reductions Via Vehicle Replacement:

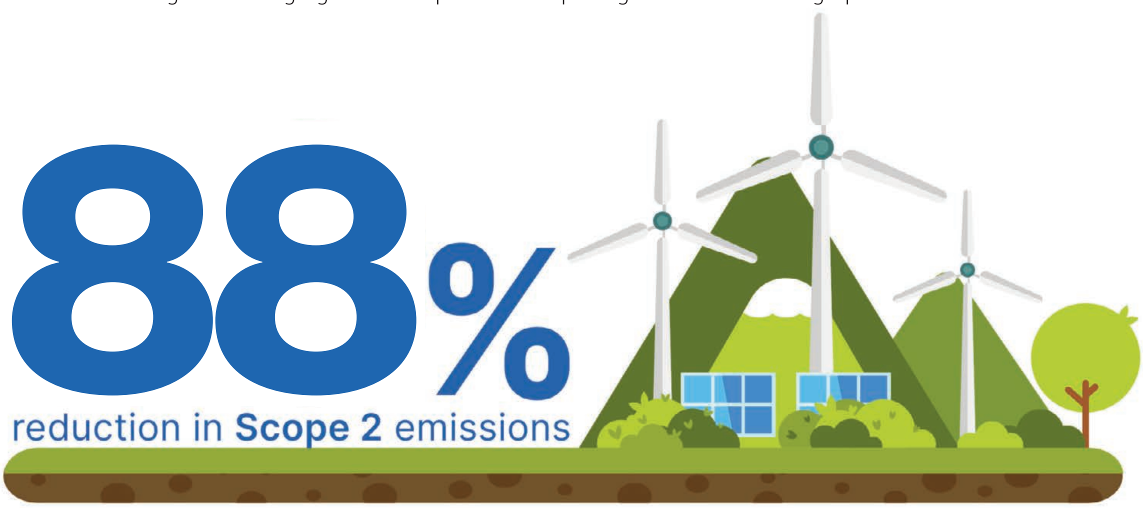
2020-2021	2021-2022
↓ 6%	↓ 4.2%

Renewable Energy

Almost all UK properties are supplied with fully renewable electricity, backed by certificates of renewable energy guarantees of origin (REGOs). This has reduced our Scope 2 emissions by 88%.

We are reviewing and investing in solar generation across the Group currently with four sites complete and three sites in progress. The solar panels installed in the Melbourne and Sydney locations have already saved over 65 tonnes CO2e from entering the atmosphere.

We are reviewing sites of high gas consumption and exploring renewable heating options.



Waste, Water, Plastic & Paper

YEAR	2019-20	2020-21	2021-22
% DIVERTED FROM LANDFILL	87%	94%	96%

Water

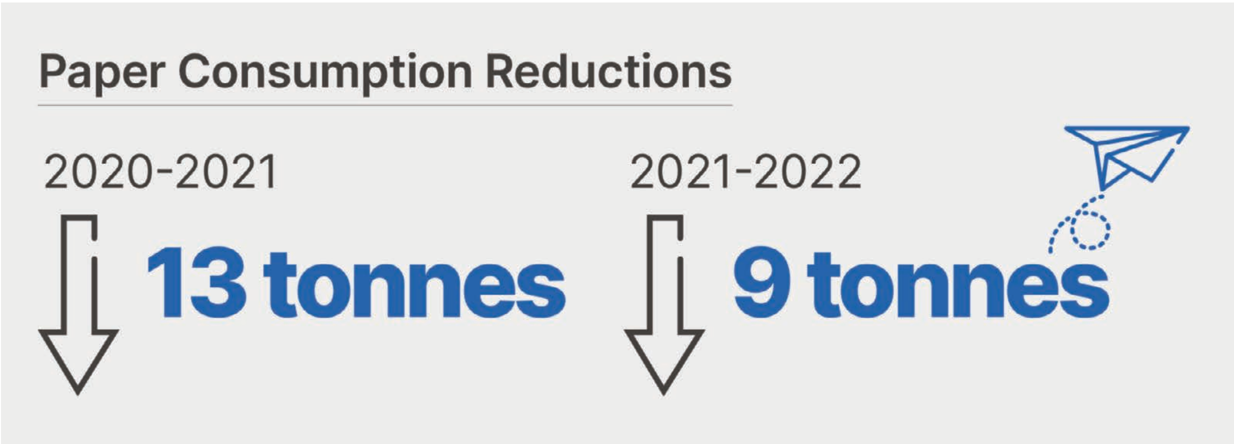
A water audit has resulted in the implementation of a number of savings opportunities. As a result, interceptors are being upgraded to utilise rainwater harvesting and grey water recycling opportunities.

Plastic

We are planning a single-use plastic audit to identify all sources of single-use plastic and start eliminating these or replacing them with viable alternatives.

Paper

A significant reduction in our paper usage over the past 12 months has come from digitising many of our marketing materials.



SUPPLY CHAIN & RENTAL FLEET

The Group is using ISO 20400 for Sustainable Procurement to guide our procedures and systems to influence our supply chain to be more sustainable across their environmental, social and governance performance. It is our goal to work with those whose environmental objectives best align with our own and to encourage improvements in those who fall short.

We work closely with our supply chain to provide the best performing rental fleet possible to the customer and those considerations have developed substantially to include embodied carbon and waste generation.

Vp aims to source all of its equipment responsibly and is committed to reduce the embedded emissions in equipment by working with manufacturers, suppliers and customers to drive innovation and provide the best performing rental fleet possible.

We have developed procurement guidelines and performance standards for site upgrades using best-in-class innovations to implement our efficiency requirements.

We maintain our long-term focus on innovation, working with both our suppliers and customers continually seeking to improve our offering and reduce the number of fossil fuel powered products. Concurrently, we actively raise the awareness of, and encourage, our customers to utilise products that are less impactful to the environment and user.

Responsible Business Report

SUPPLY CHAIN & RENTAL FLEET

In developing a decarbonisation strategy with our stakeholders, key innovations include:

- Offering mechanical fleet with no internal power source where possible.
- Replacing diesel and petrol tools and generators with cordless equipment and battery technology wherever possible.
- Supplying battery charging stations powered by solar and hybrid generator technologies.
- Using a Life Cycle Assessment methodology tool which tracks the emissions produced during the different stages of the life cycle of a product or service.
- On long term projects, we look to identify strategic locations to co-locate on sites and we offer remote customer support thereby greatly reducing business travel emissions.

We offer **100% renewable HVO** (Hydrotreated Vegetable Oil) fuel in all Brandon Hire Station sites.

Results from our field tests have shown a **92% reduction in greenhouse gas emissions** and a **75% reduction in particulates** with HVO compared to diesel and the shelf life is 10x longer.

92%

reduction in greenhouse gas emissions where HVO fuel is used.

CO_2

Zero Emissions Range

We have recently transitioned our rail lighting fleet to 100% solar and battery powered and at full utilisation, this saves over 1.5 tonnes of CO2 emissions and 600,000 litres of fuel.




Examples of new battery-operated tools and equipment: 19C-1E Mini Excavator, 525-60E 6-metre Telehandler, HTD5 E-TEC Dumpster from JCB, Brandon Hire Station's ChargePod and K1 PACE Disc Cutter from Husqvarna.

For charging of our battery powered tools on location, ChargePod has been developed to deliver 24 battery charging points in a single, secure container, powered by a hybrid generator with industry leading solar panels.

We also supply 24 and 60 kWh battery packs which are offered with solar panels for renewable power generation

We operate 5,000 mechanical low-level access platforms, the majority of which are zero emission and powered manually by the user.

We also operate aluminium roadways, trench boxes and scaffold towers which are fully recyclable.

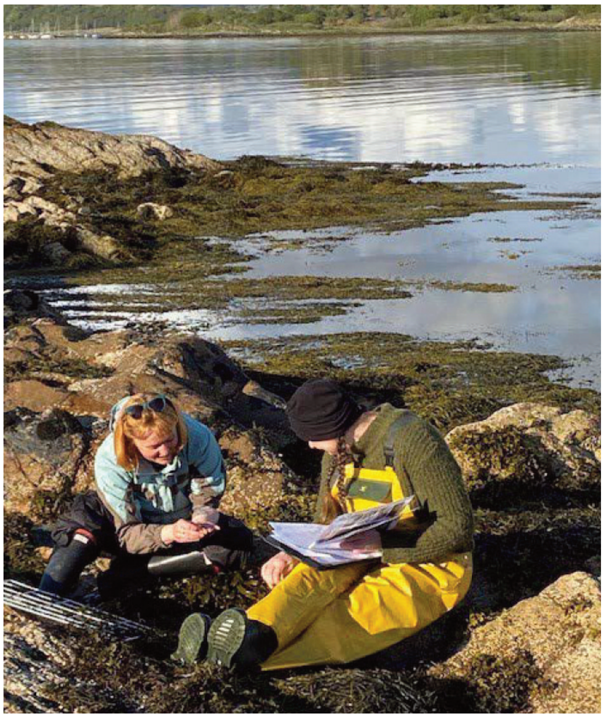
NATURE CONSERVATION PROJECTS

Globally, over half of global GDP relies directly or indirectly on nature, making it the most productive component of our economy. To date, the UK has failed to reverse the steep loss of biodiversity with 41% of UK species in decline and one in 10 species threatened with extinction.

To do our part, we are supporting seven outstanding ambitious conservation projects. With the Yorkshire Peat Partnership, Fauna & Flora International we aim to discover effective methods to restore degraded peatlands, improve the management of Scotland's coastline. Looking forward, we are already in well advanced plans with four Wildlife Trusts and one Rivers Trust for 2022 onwards.

Through these projects, we hope to enhance the connection Vp employees and families have to the natural world by providing first hand restoration and learning experiences.

Closer to home, we are also enhancing biodiversity in our own sites with our pilot site in Kintore complete.



Credit: Seawilding

Credit: John Smith

Responsible Business Report

OUR PEOPLE

Our people are what makes our business successful. We aim to provide a great place to work, where they feel valued and have opportunities to fulfil their potential. Our teams across the businesses have coped magnificently with the unprecedented rapidly changing conditions caused by Covid. Throughout the pandemic they have risen to the many challenges and worked tirelessly, continuing to provide great service to our customers. The Group's results and achievements clearly demonstrate this.

Wellbeing

In a year like no other, our colleagues have demonstrated their resilience and capability to operate under extremely challenging conditions. Supporting their wellbeing is a key priority for us and we have enhanced the skills of our teams to support our people through the introduction of trained Mental Health First Aiders and continuing our programme of mental health awareness training for everyone. Our focus on improved communication of our Employee Assistance Programme, private medical provision, health plan and occupational health resource provision has also increased both awareness and uptake.

Systems

We have made a significant investment in HR and Payroll systems. The successful recent implementation of a new SAP HR and Payroll system has accelerated our digital transformation programme. With this new platform in place we will have significant opportunities to be more efficient in delivering HR and Payroll operations and our programme of continuous improvement as the business grows. The deployment of a self-service HR system will also enable our people to have direct access and visibility to their own data and Line Managers to access up to date timely management information.

Development

Attracting talented individuals to join our growing business and creating an environment and opportunities where they can develop the necessary skills and knowledge to effectively perform in their roles is a key priority. We previously committed to strengthening Learning and Development resource capability and have created two new central roles to facilitate this. In addition, we have expanded our digital transformation investment to also include a new Learning Management System which we have begun to cascade across our businesses. This will enable us to provide digital learning content to our people across the world, track learning and development and create rich learning experiences for everyone. This will be followed by the introduction of a Talent Management System enabling us to give added focus to effectively identifying and developing talent across our business.

We encourage everyone to take responsibility for their own learning and development ensuring they have a personal development plan in place. This will allow us to develop the operational capabilities of our teams and enhance the management and leadership skills across the Group. Our Essentials of Management Programme developed to upskill all Managers across our businesses is about to launch, just one element of a suite of programmes aimed at developing the behavioural, managerial and leadership capability of many of our very talented colleagues.

Our rotational Group Graduate Scheme has continued to be a great success, with four Graduates mid-way through the programme and an additional intake due to start at the end of the summer. This 18 month comprehensive programme enables our Graduates to work across all our businesses and Head office functions, equipping them to become part of our internal talent pool and succession plans in the future.

For many years we have recruited an annual intake of Engineering Apprentices across our branch and depot network as part of our future succession planning and continue to do so with another intake currently being recruited for a September start. We successfully launched both a Sales Apprenticeship for Sales Managers and a Management Apprenticeship Programme. In addition, our new LGV Apprenticeship and LGV Bootcamp Programme is also ready for launch to create internal development opportunities for our depot based colleagues. We will also have our first Business Studies Degree Apprenticeship Programme commencing at the end of the summer.

Responsible Business Report

Inclusion and Diversity

We believe in equality, diversity and inclusion and recognise its importance to the future continued growth and success of our business. Raising awareness amongst our colleagues is a key priority for us and having recently developed our own in house digital EDI learning module, we will be progressively cascading this to both existing employees and all future new joiners to our business.

As an equal opportunity employer we are committed to promoting the same level of opportunities to all. Women are represented at all levels of our organisation, 20% of the Board and 14% of Senior Managers are female.

Workforce by gender*	Male	Female	Female %
Board of Directors	4	1	20
Senior Managers	55	9	14
Salaried	2,101	388	16

*United Kingdom only

Retention

Critical to our long term success over many years has been our ability to attract and retain highly talented capable people. As a Group, 467 of our colleagues have five to nine years' service and a further 703 have 10 years' service and over. Despite the challenges of the current labour market, we aim to keep employee turnover as low as possible. Employee share ownership is encouraged and where practical the Group offers the opportunity to participate in share schemes. At 31 March 2022, approximately 38% (2021: 41%) of our UK employees were participating in the Save As You Earn Scheme.

HEALTH & SAFETY

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

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

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

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

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

We ended the year with an Accident Frequency Rate of 0.19, an improvement on our 2021 rate of 0.29.

The AFR is calculated by multiplying the number of RIDDOR reportable accidents by 100,000 (the average number of hours worked in a lifetime), divided by the overall number of hours worked by all members of staff.

	2022	2021	2020	2019
Accident frequency rate	0.19	0.29	0.27	0.19

Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences regulations 1995 were 11, a decrease from prior year (2021: 17).

COMMUNITY

We aim to have a positive impact on communities in which we operate. We actively encourage our teams to support their communities by providing their time and enthusiasm to raise money for local and national charities. In most cases the monies raised by employees are matched by the Group. During the year we donated £61,000 (2021: £41,000) to charities.

BUSINESS RELATIONSHIPS AND ETHICS

The Group has always conducted its business responsibly and ethically. The Group is committed to operating with honesty and integrity, and all employees are expected to maintain high standards. The standards expected are specified in codes of conduct to which employees are required to adhere, including compliance with all applicable laws and regulations.

Policies

Anti-bribery policy

The Group has in place an anti- bribery policy, which clearly states a number of obligations for our employees, and is committed to zero – tolerance to acts of bribery and corruption.

Competition law policy

We believe that a competitive marketplace benefits both the Group and our customers. Accordingly, we compete vigorously but fairly, acting in full compliance with all applicable Competition Laws and Regulations. We are committed to conducting our business with honesty and integrity, and we expect the same of all employees.

Modern slavery statement

We support the objectives of the Modern Slavery Act and will not tolerate modern slavery or human trafficking within our own supply chain. During the year the Group conducted a further review of its supply chain and published its statement accordingly.

Environmental policy

A new environmental policy was developed at the beginning of 2021 and outlines that we recognise that a changing climate requires that society and business work together to adapt.

Whistleblowing policy

Our whistleblowing policy ensures our employees feel empowered to raise concerns relating to malpractice or wrongdoing through a confidential hotline. We have no incidents of whistleblowing. Where incidents of whistleblowing are reported, there is a process for bringing this to the Board's attention to seek guidance on how to respond.

Respect for human rights

We do not maintain a standalone human rights policy. The Group supports and is guided by the Universal Declaration of Human Rights. The Group understands its responsibility to respect the human rights of the communities and workforces with whom it interacts, and employees are expected to behave accordingly.

NON- FINANCIAL INFORMATION STATEMENT

Our Annual Report and Accounts details our approach to environmental, social and employee related matters. The table below outlines where in this report you can find this information and where additional information can be found on our website.

Reporting requirement	Standards and policies that govern our approach
Business model, principal risks and non-financial KPIs	**For the business model,** see p.1 **For principal risks,** see p.32 **For non-financial KPIs** see, p.1, 16, 17, 23
Environmental matters	**Environmental policy,** see above and vpplc.com/responsible-business **Sustainability,** see p.14 **Corporate responsibility,** see p.14
Employees	**Diversity and inclusion policy,** see p.23 **Health safety and wellbeing policy,** see p.23 and vpplc.com/responsible-business **Whistleblowing policy,** see above and vpplc.com/responsible-business **Recruitment and retention of staff,** see p.32 (Risk section) and p.23 **Employee handbook**
Human rights	**Modern slavery statement,** see above and vpplc.com/responsible-business **Corporate responsibility,** see p.14
Social matters	**Sustainability,** see p.14 and vpplc.com/responsible-business **Corporate responsibility,** see p.14 and vpplc.com/responsible-business **Diversity and inclusion policy,** see p.23
Anti-fraud, bribery and corruption	**Anti-bribery policy,** see above and vpplc.com/responsible-business **Competition Law policy,** see above and vpplc.com/responsible-business **Whistleblowing policy,** see above and vpplc.com/responsible-business **Employee handbook**

Responsible Business Report

OUR POSITION ON TCFD

Vp supports the impetus that the Task Force on Climate-related Financial Disclosures TCFD will provide for companies and stakeholders to understand relevant climate-related risks and to also ensure appropriate risk mitigation processes are in place.

The Group has been developing its understanding of its exposure to climate change risk, completing a 'gap analysis' to full TCFD alignment, and creating a clear plan to move towards a comprehensive TCFD disclosure. This initial review highlighted that we already fulfil many of the TCFD's recommendations. Further work will be implemented during the next two years.

SUMMARY OF KEY FOCUS AREAS	
GOVERNANCE	• The Chief Executive has overall responsibility for our environmental strategy including climate related issues • The Board is responsible for reviewing and guiding strategy and is committed to sustainability • The Environmental Steering Group meets monthly to monitor and review performance against key work streams
STRATEGY	• Climate change related risks and opportunities have been identified including those involving our fleet and solutions benefiting society, carbon intensity from our operations, and potential issues in the wider supply chain • The potential climate-related benefits that our fleet offers present a strong business opportunity, bringing environmental and societal benefits. See further details on pages 19 and 20 Supply Chain and Rental Fleet. • The Group has committed to producing science-based targets (SBTs) and has made a commitment to be net zero by 2050. • In 2022 we will conduct scenario analysis to assess the impacts of climate risks and opportunities. Our scenario analysis will be based on two scenarios: a 1.5°C Paris aligned 'low carbon transition' scenario and a 4°C 'business as usual' scenario, covering the period to 2050 (based on underlying temperature pathways from the Intergovernmental Panel on Climate Change ('IPCC')).
RISK MANAGEMENT	• Business risks (including climate related risks) are identified and addressed using the corporate risk process (see pages 31 to 33). • Climate change has been included as one of our Principal Risks (see page 33). • Each risk is thoroughly evaluated based on the likelihood of occurrence and severity of impact. This is completed both before and after the effect of risk controls and mitigation are taken into account. • Risk Registers are regularly reviewed and risks escalated as appropriate. This approach is used to risk assess all business risks evaluated through the corporate risk management process. • Corporate risks are reviewed by the Board and Executive Risk Committee every year.
METRICS	• Vp's short term road map to net zero by 2050 goals are shown on page 15. • We calculate and track our Scope 1, 2 emissions and our approach to 3 GHG emissions is being finalised, including our absolute carbon and measures of intensity according to the GHG Protocol Corporate Standard. • We have established longer term aspirational goals with associated short term milestone targets related to climate change; this includes our aspiration to achieve carbon net zero for our own operations by 2050. • We have also committed to the SBTi to start the process of establishing a science based target in line with the global accord to minimise global warming to 1.5°C.

Responsible Business Report

What is Vp doing on TCFD?

The management team (chaired by the Chief Executive) is responsible for reviewing and guiding major plans of action to achieve the sustainability strategy. Climate change aspects have been reviewed through the sustainability planning and steering process. The corporate 'Sustainability Road Map' on page 15 specifically addresses climate change impacts from carbon emissions. Further work to support SBTi includes a lifecycle analysis of our products and more detailed assessment of Scope 3 impacts.

Below the Board and the management team, the highest level committee with responsibility for climate related issues is the Environmental Steering Group and associated work stream groups. The team monitors and reviews performance against the corporate sustainability policy. The policy was established following a materiality review that helped to prioritise environmental management on risks and opportunities including resource efficiency and sustainable solutions.

The Environmental Steering group monitors and reviews performance against key work streams. We also engage with external assessments such as working with our insurance brokers and insurers to manage risk.

Board

Management Team ('MT')

The Management Team embeds sustainability strategy target reviews into the regular meetings they undertake with their respective teams.

The Board has reviewed the proposed 2030 goals and plans and will continue to challenge how they are embedded, whilst ensuring sustainability remains at the core of our purpose values and strategy.

Sustainable solutions	Resource efficiency	Social responsibility	Safety, health and wellbeing

Key working groups

TCFD Compliance Statement

Vp plc has complied with the requirements of LR 9.8.6R by including climate related financial disclosures consistent with the TCFD recommendations and recommended disclosures except for where disclosed below.

For each of the exceptions provided below, technical expertise constraints and the complex nature of the discussions to be held within the business required further time and deliberation. For this reason the Group has abstained from full disclosure as it carefully considers its position during this transition stage.

A plan detailing how recommendations and actions will be developed over the next two years is being formed by the Environmental Steering Group, this plan will support the work towards fuller disclosure by 2024.

Specifically, our disclosures currently exclude the following;

- Further consideration of material (financial) and actual impacts, risks and opportunities affecting specific sectors and geographic regions of the business over the short, medium and long term is required.
- The applicability and use of climate related scenarios is yet to be considered as is a review of our strategy in relation to opportunities and risks in a 1.5^0c aligned scenario to 2030 and beyond. We expect closer and fuller alignment of disclosures to be phased in by 2024.
- Aligned with the above further review is needed in relation to historic and forward looking climate related metrics. Again we expect closer and fuller alignment of disclosures to be phased in by 2024.

Financial Review

The Group has continued to improve its financial performance. Group revenues increased to £350.9 million (2021: £308.0 million). Profit before tax, amortisation and exceptional items (PBTAE) increased to £38.9 million (2021: £23.3 million) with PBTAE margins at 11.1% (2021: 7.6%). Statutory profit/(loss) before tax was £35.6 million (2021: (£2.3) million). The return on average capital employed returned to 14.5% (2021: 9.2%).

Group Finance Director: Allison Bainbridge

EARNINGS PER SHARE, DIVIDEND AND SHARES

Basic earnings per share before the amortisation of intangible assets, exceptional items and IFRS 16 impact increased from 46.8 pence to 71.2 pence. Basic earnings/(loss) per share after the amortisation of intangible assets, exceptional items and IFRS 16 rose to 64.5 pence (2021: (11.6) pence).

There were no exceptional items reported in the financial year (2021: £15.1 million).

It is proposed to pay a final dividend of 25.5 pence per share. If approved the full year dividend would be increased to 36.0 pence per share with dividend cover of 2.0 times (2021: 1.9 times) based upon earnings per share before amortisation and exceptional items. At 31 March 2022, 40.2 million shares were in issue of which 0.5 million were held by Vp's Employee Trust.

The application of IFRS16 improves PBTAE by £41,000.

	As at 31 March 2022 £'million	As at 31 March 2021 £'million
Hire fleet	**216.6**	206.0
Other fixed assets	**30.9**	27.9
Intangible/goodwill	**62.4**	64.4
Working capital	**1.8**	(11.6)
Pension asset	**2.7**	2.2
IFRS 16, net assets/liabilities	**(3.5)**	(4.3)
Deferred tax liability/tax	**(13.8)**	(9.6)
Net debt	**(130.6)**	(121.9)
Net assets	**166.5**	153.1

BALANCE SHEET

Net assets increased by £13.4 million to £166.5 million. The Group's balance sheet is summarised above.

Total property, plant and equipment increased by £13.6 million to £247.5 million. The movement in the year mainly comprised; £68.0 million (2021: £44.2 million) total capital expenditure offset by £45.5 million total depreciation, £10.7 million net book value of disposals and £1.6 million on acquisition.

Rental equipment at £216.6 million (2021: £206.0 million) accounts for 88% of property, plant and equipment net book value. Expenditure on equipment for hire was £59.8 million (2021: £40.2 million) and depreciation of rental equipment £39.9 million (2021: £39.8 million).

The Group carried forward £17.5 million (2021: £20.6 million) of intangible assets and £44.9 million (2021: £43.8 million) of goodwill at 31 March 2022. The £2.0 million movement in the year mainly reflects £3.3 million of amortisation offset by £1.3 million of additions to goodwill and intangibles on the acquisition of M&S.

Debtor days decreased to 55 days compared to 56 days in the previous year. Gross trade debtors were £73.9 million at 31 March 2022 (2021: £68.5 million). Bad debt and credit note provisions totalled £5.2 million (2021: £7.2 million) equivalent to 7% (2021: 10%) of gross debtors. The bad debt write off for the year ended 31 March 2022 as a percentage of total revenue was 0.6% (2021: 0.6%).

The Group's defined benefit pension schemes have a net surplus of £2.7 million (2021: £2.2 million) which is recorded as an asset on the balance sheet on the basis the Company has an unconditional right to a refund of the surplus. The valuation of the pension schemes is subject to uncertainty associated with the assumptions used. This is covered in more detail in notes 1 and 25.

CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows and net debt increased modestly by £8.7 million from £121.9 million at 31 March 2021 to £130.6 million at 31 March 2022 after funding fleet investment of £59.8 million and the £2.8 million acquisition of M&S. EBITDA before exceptional items totalled £88.9 million (2021: £72.7 million).

The Group's cash flow is summarised below:

	2022 £million	2021 £million
EBITDA*	**88.9**	72.7
Working capital movements	**(12.5)**	33.9
Profit on sale	**(7.0)**	(4.3)
Cash from operations	**69.4**	102.3
Exceptional items	**-**	(15.2)
Capital expenditure	**(68.7)**	(46.5)
Proceeds from disposal	**17.8**	17.5
Acquisitions	**(2.7)**	-
Interest	**(4.5)**	(4.7)
Tax	**(6.3)**	(2.9)
Dividends	**(14.0)**	(8.7)
Other	**0.3**	(3.9)
Change in net debt	**(8.7)**	37.9

*Pre IFRS 16

Cash generated from operations reduced by £32.9 million to £69.4 million (2021: £102.3 million) mainly due to an unwinding of working capital inflows experienced during the prior year as a result of the impact of the pandemic on trading.

After adjusting for an outflow for capital creditors of £0.6 million, cash flows in respect of capital expenditure were £68.7 million (2021: £46.5 million). Proceeds from disposal of assets amounted to £17.8 million (2021: £17.5 million), producing a profit on disposal of £7.0 million (2021: £4.3 million). The margin on profit on sale from disposals of fleet assets at 40% (2021: 25%) reflects effective asset management.

Net interest outflows, excluding IFRS 16 adjustments, for the year totalled £4.5 million (2021: £4.7 million). Interest cover before amortisation was 10.12 times (2021: 6.66 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.43 (2021: 1.62); both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3 times and lower than 2.5 times respectively. Net interest expense including IFRS 16 was £7.4 million (2021: £7.8 million). Cash tax grew to £6.3 million due to improved profitability.

Dividend payments to shareholders totalled £14.0 million (2021: £8.7 million), and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £0.5 million (2021: £5.1 million). The application of IFRS16 increases EBITDA by £19.5 million.

CAPITAL STRUCTURE

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

As at 31 March 2022 the Group had £183.0 million debt capacity (2021: £200.0 million) comprising £90 million committed revolving credit facilities and £93 million private placement agreements. In addition to the committed facilities the Group's net overdraft facility at the year end was £7.5 million (2021: £7.5 million). These facilities were with NatWest Bank, HSBC Bank plc and PGIM, Inc. Borrowings under the Group's bank facilities are priced on the basis of LIBOR plus a margin. The interest rate margin is linked to the net debt to EBITDA leverage of the Group.

Revolving credit facilities of £135.0 million were due to mature in December 2021. Consequently, in April 2021, the Group drew down a new £28.0 million seven year private placement under the existing agreement with PGIM inc. In June 2021, the Group also refinanced its £135.0 million revolving credit facilities with a new three year £90.0 million facility. The new revolving credit facility agreement also includes a £20.0 million uncommitted accordion facility.

The Board has evaluated the facilities and covenants on the basis of the budget for 2022/23 (including the 2023/24 long term forecasts), which has been prepared taking into account the current economic climate, together with a severe but plausible downside scenario. All scenarios retain adequate headroom against borrowing facilities and fall within existing covenants.

Refer to further discussion regarding going concern within the Directors' Report on page 58.

Financial Review

TREASURY

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating interest rates. In the year ended 31 March 2022, the fixed element of borrowings in respect of the private placement agreement was £93.0 million which was 68% of average net debt.

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

The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. The Group has exposure to a number of foreign currencies. The Group had two foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2021. The foreign exchange hedges ended during the year and have not been replaced.

TAXATION

The overall tax charge on profit before tax was £10.1 million (2021: £2.3 million), an effective rate of 28.3% (2021: (102.8)% negative). The current year tax charge on a statutory profit of £35.6 million was increased by £2.7 million in respect of tax rate changes and £0.4 million due to overseas taxes paid at rates higher than the UK tax rate. The underlying tax rate was 20.6% (2021: 21.3%) before prior year adjustments, impact of tax rate changes, impairment of intangibles and exceptional items. A more detailed reconciliation of factors affecting the tax charge is shown in note 8 to the Financial Statements.

SHARE PRICE

During the year the Company's share price increased by 3% from 814 pence to 840 pence, compared to a 72% increase in the FTSE small cap index excluding investment trusts. The Company's shares ranged in price from 826 pence to 1060 pence and averaged 937 pence during the year.

Allison Bainbridge
Group Finance Director
8 June 2022

Viability Statement

The directors have assessed the viability of the Group up to 31 March 2024.

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

The assessment of the Group's prospects by the directors covers the two years to 31 March 2024 and is underpinned by management's 2022 – 2024 business plan which includes projections of the Group's profit performance, cash flow, investment plans and returns to shareholders.

The projections have been subjected to sensitivity analysis, involving the flexing of key assumptions reflecting severe but plausible downside scenarios. A range of scenarios have been modelled to reflect changing circumstances with respect to the principal risks facing the Group together with the likely effectiveness of mitigating actions that would be executed by the directors. These scenarios include consideration of market risk arising from the impact of a downturn in economic activity.

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

Risk Management

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

RISK ASSESSMENT

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

All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. Within the last financial year, the Group Internal Audit department has completed targeted assurance across all departments and divisions, and key control reviews across the Group's major overseas operations.

The Internal Audit team continues to be heavily engaged in ad-hoc consultative work, supporting new risk areas and areas of change across the Group. In 2021/22, the Group Internal Audit team embarked on a project to enhance risk management via the development of targeted risk indicators and exception reporting. This will support the business in continually monitoring the effectiveness of key controls.

A separate risk register considering Climate Related risks has been prepared and will be further developed over the next two years.

The summary divisional and departmental risk registers and action plans were reviewed at risk meetings held in May 2022. In all cases it is considered that the risk registers are being used as working documents which provides the required assurance that existing risks are being managed appropriately. This year, live risk registers were made available on the Group's data visualisation software, enhancing use and accountability over key risk and control areas.

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

Further information is provided on pages 32 and 33 on our principal risks and uncertainties section alongside the mitigating activities to address them.

RISK MANAGEMENT STRUCTURE

Board	Audit Committee	Divisional Board
	Internal Audit	Divisional Compliance
	External Audit	Defined Risk & Control Owners

LINES OF DEFENCE

3 — Internal Audit provide regular assurance over the effectiveness of risk management and internal control systems.

2 — Governance, risk management and control systems. This includes training, development of monitoring and reporting tools, and other quality management systems.

1 — Management of operational risk by those responsible for the day-to-day effectiveness of controls.

Principal Risks and Uncertainties

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

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2021
Market risk An economic downturn (as a result of economic cycles, political or global related uncertainty) could result in worse than expected performance of the business due to lower activity levels or prices.	Vp provides products and services to a diverse range of markets with increasing geographic spread. The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand.	→
Competition The equipment rental market is already competitive and could become more so, impacting market share, revenues and margins.	Vp aims to provide a first class service to its customers and maintains significant market presence in a range of specialist niche sectors. The Group monitors market share, market conditions and competitor performance and has the financial strength to maximise opportunities.	→
Investment/Fleet Management In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	Vp has well established processes to manage its fleet from investment decision to disposal. The Group's return on average capital employed was 14.5% (2021: 9.2%) in 2022. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies.	→
People Retaining and attracting the best people is key to our aim of exceeding customer expectations and enhancing shareholder value.	Vp offers well structured reward and benefit packages, and nurtures a positive working environment. We also try to ensure our people fulfil their potential to the benefit of both the individual and the Group, by providing appropriate career advancement and training.	→
Safety The Group operates in industries where safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.	The Group has robust health and safety policies and management systems. Our induction and training programmes reinforce these policies. We have compliance teams in each division. We provide support to our customers exercising their responsibility to their own workforces when using our equipment.	↓
Financial risks To develop the business Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.	The Group currently has borrowing facilities of £190.5 million and strong relationships with all lenders. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, and EBITDA, which allows us to invest into opportunities. The Group continues to generate strong cash flows and net debt increased modestly by £8.7 million from £121.9 million at 31 March 2021 to £130.6 million at 31 March 2022 after funding fleet investment of £59.8 million and the £2.8 million acquisition of M&S. Management are in regular dialogue with our lenders who continue to express their commitment to the business. Our treasury policy requires a significant proportion of debt to be at fixed interest rates and we facilitate this through fixed interest borrowings. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days were 55 days (2021: 56 days) and bad debts as a percentage of revenue remained low at 0.6% (2021: 0.6%).	↓

Principal Risks and Uncertainties

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2021
Contractual risk Ensuring that the Group commits to appropriate contractual terms is essential; commitment to inappropriate terms may expose the Group to financial and reputational damage.	The Group mainly engages in supply only contracts. The majority of the Group's hire contracts are governed by the hire industry standard terms and conditions. Vp has robust procedures for managing non standard contractual obligations.	→
Legal and Regulatory Requirements Failure to comply with legal or regulatory obligations culminating in financial penalty and/or reputational damage.	The Group mitigates this risk utilising: • Specialist Project Committees (e.g. GDPR) with ongoing responsibility to review key compliance areas and investigate breaches and non-conformance. • Assurance routines from Group Internal Audit and External Auditors. • Comprehensive training and awareness programmes rolled out to wider business (including GDPR, Modern Slavery, Competition Law, Bribery and Corruption) by representatives from Group Finance, HR, Internal Audit and IT. Many of these programmes are completed using our preferred online training portals. • Established whistleblowing policy circulated to all employees. • Use of legal advisers where required.	→
Climate change The effects of climate change and the transition to a lower carbon economy could lead to increasing levels of regulation and demands on the business from customers, employees and shareholders. Changes in weather patterns may increase the likelihood of disruption to our business, although this is considered minimal at this stage.	The Group has formally declared to be net carbon zero by 2050 at the latest. This declaration is part of a wider body of work in relation to the quantifying and ultimately reducing the environmental impact of the Group's operations. Once our scope 3 inventory is complete the Group will commit to, and publish, Science-Based Targets.	↔

↓ Decreased risk   ↑ Increased risk   → No change   ↔ Not yet determined

STRATEGIC REPORT

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

Neil Stothard
Chief Executive
8 June 2022

The Board

Jeremy Pilkington BA (Hons)
Chairman

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

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

Committee membership
Chairman of the Nomination Committee.

Neil Stothard MA, FCA
Chief Executive

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

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

Committee membership
None

Allison Bainbridge MA, FCA
Group Finance Director

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

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

Committee membership
None

Stephen Rogers BSc, FCA, JP
Non-executive Director

Appointment
Appointed to the Board in October 2008.

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

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

Phil White BCom, FCA, CBE
Non-executive Director

Appointment
Appointed to the Board in April 2013.

Experience
Phil is a chartered accountant and has extensive experience within both listed and private companies.

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

INTRODUCTION FROM THE CHAIRMAN

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

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

The Corporate Governance Report is set out on pages 34 to 58 and includes the Directors' Remuneration Report on pages 41 to 55. This section of the annual report covers how we manage the Group and how we comply with the provisions of the UK Corporate Governance Code. The Group continues to maintain and review its systems, processes and policies to support its governance practices.

The revised UK Corporate Governance Code which was published in July 2018 (the "Revised Code") applies to the Group with effect from 1 April 2019.

The Board reports that throughout the year the Company complied with the provisions of the UK Corporate Governance Code as applicable to a small market capitalisation company with the following exceptions - Stephen Rogers has served as a non executive director for more than nine years and has informed the Chairman that he will retire from the Board at 31 December 2022 or on completion of the sale of the Group, whichever is earlier.

From 1 April 2022 existing executive directors' pension contributions are 15% of base salary. The Board recognises this is not in line with provision 38 as it is not in line with the wider workforce. In line with the Remuneration Policy approved last year, new executive directors' pension contributions will be 10%.

This report and the following reports of the committees describe the structures, processes and events through which compliance is achieved.

CORPORATE GOVERNANCE

Board structure

The Board comprised two executive directors, two non-executive directors and the Chairman. All directors are subject to annual re-election by shareholders. Accordingly, all the directors will retire at the AGM in July 2022 and their details are provided on page 34.

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

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

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

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

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

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

Any term of a non-executive director beyond nine years is reviewed. Stephen Rogers has served for longer than this. Stephen Rogers has informed the Chairman that he will retire from the Board at 31 December 2022 or on completion of the sale of the Group, whichever is earlier.

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

Length of service of director	31 March 2022
One to two years	-
Two to three years	-
Four to six years	-
More than six years	5

Balance of directors	31 March 2022
Gender	
Male	4
Female	1

Balance of directors	31 March 2022
Role	
Executive Chairman	1
Executives	2
Non executives	2

The Board is assisted by the Audit, Remuneration and Nomination Committees. Separate reports from the Audit and Remuneration Committees can be found on pages 38 and 41. There were no Nomination Committee meetings during the year. The Chair of each committee provides regular updates at Board meetings.

Board meetings and operation

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

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

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

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

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

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

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

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

The Board had six scheduled meetings during the year, but also met on other occasions as required by specific activities.

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

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

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

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

Appointments to the Board

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

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

In addition it considers succession planning in order to ensure the continued ability of the Group to compete effectively in the market place. The Group's policy on diversity is set out on page 24 in the Strategic Report.

Training and induction

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

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

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

Performance evaluation

The Board undertakes an annual appraisal of its performance. During 2022 an internal evaluation of Board performance was undertaken, whereby the Company's directors were asked to rate various areas of board and committee activity and to raise any areas of concern and suggestions. No areas of material concern were highlighted during this year's review.

Annual Review

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

A detailed report regarding the Group's systems of risk management and internal controls was prepared. Having reviewed and discussed this report the Board was satisfied that these systems are effective. The principal risks to which the Group is exposed and the measures to mitigate such risks are described on pages 32 to 33.

The respective responsibilities of the directors and the independent auditors in connection with the accounts are explained on page 59 and the statement of the directors in respect of going concern appears on page 58. The long term viability statement is set out on page 30.

SECTION 172 AND STAKEHOLDER ENGAGEMENT

The requirements of Section 172 and how they have been met are set out in the table below. Directors of the Company act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to:

S172 REQUIREMENTS	ACTIONS TAKEN BY THE BOARD
the likely consequences of any decisions in the long term	Annual process to determine current and medium term priorities and set two year financial plan
the interests of the Company's employees	Health, safety and wellbeing of employees a priority Refer to pages 22 and 23 of Responsible Business Report Neil Stothard CEO is the director with designated responsibility for workforce engagement
the need to foster the Company's business relationships with suppliers, customers and others	Refer to Business Review pages 9 to 13
the impact of the Company's operations on the community and environment	The Board receives monthly updates on health, safety and wellbeing of our employees Group activities aligned to targeted UN sustainability goals (pages 14 to 26)
the desirability of the Company for maintaining a reputation of high standards of business conduct	See Responsible Business Report page 24
the need to act fairly as between members of the Company	Annual Report available on line and sent to shareholders on request AGM open to all investors and questions to the Board welcomed Receiving reports from sector analysts to ensure that the Board maintains an understanding of investors' priorities Regular trading updates Presentations to new investors Half year and full year results presentations and investor meetings

Audit Committee Report

Stephen Rogers

STATEMENT FROM STEPHEN ROGERS, CHAIRMAN OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year ended 31 March 2022. The report below describes the Committee's ongoing responsibilities as well as the major activities undertaken. This will be my last report as Chairman of the Audit Committee and I would like to place on record my appreciation of the excellent work of the finance team in maintaining the most professional standards of accounting and control throughout the Group. I would also like to thank the Internal Audit department for their invaluable work.

MAIN RESPONSIBILITIES OF THE COMMITTEE

The Audit Committee provides an independent overview of the effectiveness of the financial reporting process and internal financial control systems including;

- Reviewing the financial statements and announcements relating to the financial performance of the Group, including reporting to the Board on the significant issues considered by the Committee in relation to the financial statements and how these were addressed,
- Advising the Board in relation to whether the Annual Report complies with the Code principle to be 'fair, balanced and understandable',
- Assessing the scope and results of the annual audit and reporting to the Board on the effectiveness of the audit process and how the independence and objectivity of the auditors has been safe-guarded,
- Determining matters associated with the appointment, terms and remuneration of the external auditors,
- Evaluating the scope, remit and effectiveness of the internal audit function and the Group's internal control and risk management systems,
- Reviewing significant legal and regulatory matters and
- Reporting to the Board on how the Committee has discharged its responsibilities.

MEMBERSHIP AND MEETINGS

The Committee met three times during the year and has a programme of business reflecting the Committee's responsibilities and Terms of Reference.

The effectiveness of the Committee in fulfilling its remit was considered by the Board as part of the most recent evaluation of performance.

Phil White and I are members of the Committee. The following other attendees regularly attend meetings; the Chairman and executive directors, Head of Internal Audit, Group Financial Controller and representatives from the external auditors, PwC. I also meet separately with the external auditors and the Head of Internal Audit twice a year without management being present.

The Committee is authorised to seek outside legal or other independent advice as it sees fit, but has not done so during the year.

The qualifications of the Committee members are outlined in the directors' biographies on page 34. The members of the Committee are all independent non-executive directors. The Board is satisfied that the Committee as a whole has competence relevant to the sectors in which the Group operates and have recent and relevant financial experience as required by the Code. I am a fellow of the Institute of Chartered Accountants of England and Wales and was previously a senior partner at PricewaterhouseCoopers LLP.

ACTIVITIES UNDERTAKEN DURING THE YEAR

The following activities were undertaken in the year, some of which are described in more detail below;

- The Group's policy is that the audit appointment should be retendered at least every ten years. During 2021 the Committee invited PwC and other audit firms to tender for the audit service for the year ended 31 March 2022 with effect from October 2021. Following a comprehensive process PwC were re-selected as auditors.
- Reviewed PwC's proposed audit strategy and plan for the 2021/22 audit, including the level of materiality applied by PwC and the areas of particular audit focus,
- Agreed PwC's engagement letter and the statutory audit fee for the year ended 31 March 2022,
- Confirmed the independence of the auditors and assessed the effectiveness of the 2021/22 external audit,
- Discussed the final audit report from PwC on the financial statements
- Reviewed and discussed reports on the financial statements and considered management's significant accounting judgements and policies being applied,
- Reviewed the basis of preparation of the financial statements as a going concern and the long term viability statement, prior to making a recommendation to the Board,

- Assessed the 2021/22 Annual Report and recommended to the Board that it was 'fair, balanced and understandable',
- Approved the internal audit plan and reviewed reports on the work of the internal audit function from the Head of Internal Audit,
- Considered the findings of the internal audit reports and satisfied ourselves that management has resolved or is in the process of resolving any outstanding issues or concerns,
- Approved the internal audit plan for 2022/23,
- Reviewed the effectiveness of the risk management and internal control systems prior to making a recommendation to the Board,
- Reviewed the conclusion of the Committee's annual evaluation.

SIGNIFICANT ACCOUNTING ISSUES

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

Going concern

The Group considered the going concern assumption at half year and full year and more detail on this is set out on our going concern statement on page 58.

Existence and valuation of rental equipment

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

Intangible assets

This classification of assets receives consideration from the Board and Committee who need to be satisfied that their carrying value is appropriate. Goodwill impairment testing is carried out at each year end.

The Board and Committee considered the appropriateness of the CGUs for goodwill testing along with the assumptions and estimates used in the modelling. Following the year end review, the Board and the Committee concluded that there is sufficient headroom between the carrying value of assets and their value in use, as such no impairment has been recorded (2021: £7.1 million).

FAIR BALANCED AND UNDERSTANDABLE VIEWS

Having reviewed the Report and Accounts, the Committee concluded and advised the Board that in its view the Report and Accounts for 2022, taken as a whole, is fair, balanced and understandable. The Board then separately considered this matter and concurred with the Audit Committee's recommendation. In reaching this conclusion the Committee and the Board were satisfied that the Group's performance across its segments, as well as its business model, strategy and the key risks that it faces are clearly explained in the relevant sections of the Report and Accounts.

AUDITOR EFFECTIVENESS AND INDEPENDENCE

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

The Committee ensures that the Group auditor remains independent of the Group and reviews this on an annual basis, with PwC providing a written report to the Committee showing its compliance with professional and regulatory requirements designed to ensure their independence.

During the year PwC's fee for the year ended 31 March 2022 was £541,000.

As part of its responsibility to ensure audit independence, the Committee has adopted a policy in relation to the use of auditors for the provision of non-audit services set out in an appendix to the Committee's terms of reference.

In the year the only non-audit service provided by the auditors was a subscription to an accounting knowledge portal and non-audit fees were £1,200 representing 0.2% of the audit fee (2021: £21,400 representing 4% of the audit fee).

PwC was re-appointed as the Group's Auditor in October 2021 following a comprehensive tender process. PwC operate a policy requiring a change in lead partner every five years, with other senior staff rotating at regular intervals. The Group's audit partner Ian Morrison completed his fifth year as the lead audit partner in the year to March 2021 and rotated off. Tom Yeates is now lead audit partner.

PwC's audit of our 2021 Annual Report was subject to a review by the FRC's Audit Quality Review Team. We received a copy of the report issued by the FRC following their review, discussed it with PwC and are pleased that the improvements suggested by the AQR have been fully incorporated into PwC's audit for the year ended 31 March 2022.

The Committee recommended to the Board that a resolution to re-appoint PwC as auditor be proposed at the Annual General Meeting.

Audit Committee Report

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has responsibility for reviewing risk management systems and the effectiveness of these systems. The responsibilities and processes in respect of risk management are described in detail on page 31.

There is in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process is regularly reviewed by the Board. Risk management reports, prepared by the operating divisions supported by Internal Audit, were submitted to the Committee at its meeting in July 2021. The reports identified the significant risks to the Group, highlighted controls that mitigate the risks and the resultant post-mitigation risk. The Committee also considered the tolerance levels (risk appetite) that the Group is prepared to accept.

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

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

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

The Committee also reviews the Group's whistleblowing policy whereby employees may, on a confidential basis, raise concerns with regard to improprieties relating to financial reporting, internal control or other matters. In the financial year there have been no whistleblowing reports which require changes in the Group's control environment.

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

INTERNAL AUDIT

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

The annual internal audit plan is considered and approved each year by the Committee. In reviewing the proposed plan the Committee considers the Group's strategic priorities, specific initiatives which could impact the business and the Group's risk register. The Committee assesses the appropriateness of the internal plan and the resourcing of the function to enable it to deliver it. Progress against the internal audit plan is reviewed at each meeting.

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

Stephen Rogers
Chairman of the Audit Committee
8 June 2022

Remuneration Committee Report Annual Statement

Dear Shareholders

On behalf of the Remuneration Committee (the Committee) I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2022. This report is in three sections: my statement, a summary of the Directors' remuneration policy approved by the shareholders at the 2020 Annual General Meeting and our annual report on remuneration for the year ended 31 March 2022.

Phil White

BACKGROUND

As detailed in the Strategic Report, the year to 31 March 2022 was a period of strong recovery from the impact of Covid 19 with improving levels of activity from our customers. Group revenues were up 14% on prior year and operating profits increased by 56% to £43.3 million.

The Committee is optimistic that, despite inflationary and supply chain headwinds, the Group can continue to deliver sector leading results for the benefit of all our stakeholders. In approving remuneration outcomes for the year ended 31 March 2022, the Committee took into account the experience of a range of stakeholders overall, the Committee is comfortable that actions taken on pay during the year across the Group (as outlined below) were appropriate and balanced the interest of all stakeholders.

APPROVAL OF REMUNERATION POLICY

The Company's current remuneration policy was approved by shareholders at the 2020 Annual General Meeting with 87.25% support. This policy has operated during the financial years ended 31 March 2021 and 2022. The current remuneration policy will reach the end of its three year life on 31 March 2023. During the year the Committee will therefore, consider any new policy to be submitted to shareholders to apply from 1 April 2023 onwards.

2022 REMUNERATION OUTCOMES

Base salary

In line with the group-wide salary increase proposed in the annual April 2021 pay review, the Committee approved a 2% salary increase for Neil Stothard and Allison Bainbridge. Jeremy Pilkington's salary was not increased.

Annual bonus

The maximum bonus opportunity for financial year ended 31 March 2022 was 150% of salary. Targets for annual bonus payments are set by the Committee at the beginning of the financial year and are based upon growth in Group profit before tax, amortisation and exceptional items (PBTAE).

The targets are stretching and generally look for year-on-year growth, with entry thresholds set in line with the Group's budget PBTAE for the relevant financial year. The targets for financial year ended March 2022 reflected the anticipated recovery from Covid-19.

The Committee approved a PBTAE target range of £34.0 million a 47% uplift on prior year (threshold) to £43.0 million an 86% increase on prior year (maximum), which was considered to be suitably stretching and motivational. Actual PBTAE achieved was £38.9 million and a bonus of 82% of salary was therefore earned by each executive director under the scheme. No discretion was used to adjust this formulaic result, reflecting the Committee's view that the outcome delivered is a genuine reflection of the performance of the business and appropriately reflects the experience of stakeholders in FY22.

A similar approach to target setting was taken in respect of other Group and divisional participants to ensure fairness and alignment.

LTIP

In respect of the long term incentive scheme with a performance period ended 31 March 2022, and as noted in last year's report, the Committee considered the appropriateness of adjusting the original target range to ensure it remained as stretching as originally intended.

Having made no adjustment to the LTIP award vesting on performance to 31 March 2021 in order to reflect the experience of stakeholders, the Committee resolved during the year to revise downwards the threshold EPS target originally set for July 2019 awards, but to retain the same stretch target. In making this decision, the Committee took into account a range of considerations, including that:

- The Group had maintained its recovery in trading performance, with a return to full year profitability, the resumption of regular dividend payments, strong share price performance and that, more generally, there had been positive outcomes for all major stakeholder groups;

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Remuneration Committee Report Annual Statement

- The pandemic was entirely outside of management's control and their response had helped to minimise the longer-term impact on the Group. A failure to adjust the targets would have resulted in a disproportionate, multiple-year impact for participants compared to other stakeholder groups; and
- In adjusting only the threshold target, participants would have a renewed incentive to deliver strong performance for FY22, whilst maximum payout would still require outperformance of the original stretch target.

A similar approach to adjusting the threshold target was taken in respect of other Group and divisional participants. Actual EPS for the year of 77.50 pence resulted in 24% of the award vesting, which the Committee considered was appropriate, not excessive compared to the longer-term average LTIP vesting outcome, and a fair reflection of underlying performance over the period. For details of the methodology used to calculate EPS for this purpose see page 50.

Taxable benefits

In the financial year ended 31 March 2022 the Committee approved a one off payment of £33,850 to Jeremy Pilkington to cover the cost of a minor operation which was not covered by the Company health insurance scheme. This expense was approved on the basis that Jeremy Pilkington had dropped out of the Company health scheme in 2018 because of a very significant increase in annual premiums in respect of his cover. He has not received any of the private health benefits to which he was entitled, from the Company since 2018.

IMPLEMENTATION OF POLICY FOR 2022/23

Base salary

Following a review of the executive directors' base salaries, the Committee approved an increase of 3% for Neil Stothard and Allison Bainbridge with effect from 1 April 2022, in line with the wider workforce. Jeremy Pilkington's salary will remain unchanged.

Pensions

In line with the Remuneration Policy, from 1 April 2022, Jeremy Pilkington's pension contribution will reduce by a further 5%, from 20% to 15% of salary. Neil Stothard's and Allison Bainbridge's will remain at 15% of base salary.

Annual bonus

The maximum bonus opportunity will remain at 150% of base salary for all executive directors. Bonuses will be based on challenging growth targets for Group PBTAE derived from the group's budget, with the maximum payout target set at a level which appropriately reflects the maximum opportunity available. Details of the target range and Vp's performance will be disclosed in next year's report.

LTIP

The maximum LTIP award in 2022 will remain at 100% of salary for all executive directors. Consistent with past awards, the extent to which any LTIP awards granted in 2022 will vest will be dependent upon the achievement of challenging EPS growth targets, underpinned by Group ROACE. Noting the preferences of some shareholders, the Committee considered the prospective disclosure of the target range but has concluded that this is commercially sensitive information which would put the Company at a disadvantage. Full details will therefore continue to be disclosed retrospectively in the report detailing the vesting of these awards.

EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

In setting the remuneration policy for Directors, the pay and conditions of other employees of Vp plc were taken into account, including any base salary increases awarded. The Remuneration Committee has not expressly sought the views of employees and no remuneration comparison measurements were used when drawing up the policy. Through the Board, however, the Remuneration Committee is updated as to employee views on remuneration generally.

RESPONSIBILITIES AND ACTIVITIES

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

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

SUPPORT TO THE COMMITTEE

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

Remuneration Committee Report Annual Statement

CONSIDERATION OF SHAREHOLDER VIEWS

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

ALIGNMENT WITH SHAREHOLDERS

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

We are proud of the support we have received in the past from our shareholders, with 89% approval for our Annual Statement and Remuneration Report last year.

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

Phil White
Chairman Remuneration Committee
8 June 2022

Directors' Remuneration Policy (unaudited)

DIRECTORS / REMUNERATION POLICY

This part of the directors' remuneration report sets out a summary of the remuneration policy approved by shareholders at our July 2020 Annual General meeting and effective from that date. It is intended that the policy will formally apply for three years beginning on the date of approval. A copy of the full remuneration policy is included in the 2020 Annual Report, which is available on the Company's website.

POLICY OVERVIEW

The Group aims to balance the need to attract, retain and motivate executive directors of a high calibre with the need to be cost effective, whilst at the same time appropriately rewarding performance. The Committee has designed a remuneration policy that balances those factors, taking account of prevailing best practice, investor expectations and the level of remuneration and pay awards made generally to employees of the Group. Our remuneration policy is consistent with the six principles set out in Provision 40 of the 2018 Code, namely:

- The policy is clear, simple and easy to understand, with a single short- and long-term incentive and a small number of important financial targets;
- The design of the policy reflects our risk appetite, with the new LTIP holding period, the shareholding requirements and the clawback provisions support long-term decision making;
- Incentives are clearly and appropriately capped. The balance of pay is aligned with market norms and a significant proportion is dependent on the achievement of stretching short- and long-term targets;
- Performance measures are aligned with our strategy and culture.

FUTURE POLICY TABLE FOR DIRECTORS

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salary	To attract, retain and motivate individuals with skills and experience required to deliver the strategy. To provide a competitive fixed reward.	Base salaries are reviewed annually, and any changes are normally effective from 1 April in the financial year.	The Committee considers average increases across the Group. Current salary levels are set out on page 52.	None.
Pension	To provide retirement benefits.	All executives are either members of a defined contribution scheme or receive a cash allowance in lieu of pension contribution.	The maximum pension contribution for existing executive directors will transition to 15% of base salary by April 2022. The maximum pension contribution for new executive directors will be limited to 10% of base salary.	None.
Taxable Benefits	To provide market consistent benefits.	Cost of providing benefits paid monthly or as required for one off events.	Car allowance, health insurance and other benefits paid from time to time.	None.
Annual Bonus	To incentivise achievement of demanding performance targets.	Annual bonuses are generally paid three months after the end of the financial year to which they relate. Clawback provisions apply in the event of a material misstatement of the results	Up to 150% of base salary.	Growth in profit before tax, amortisation and exceptional items.

Directors' Remuneration Policy (unaudited)

FUTURE POLICY TABLE FOR DIRECTORS (continued)

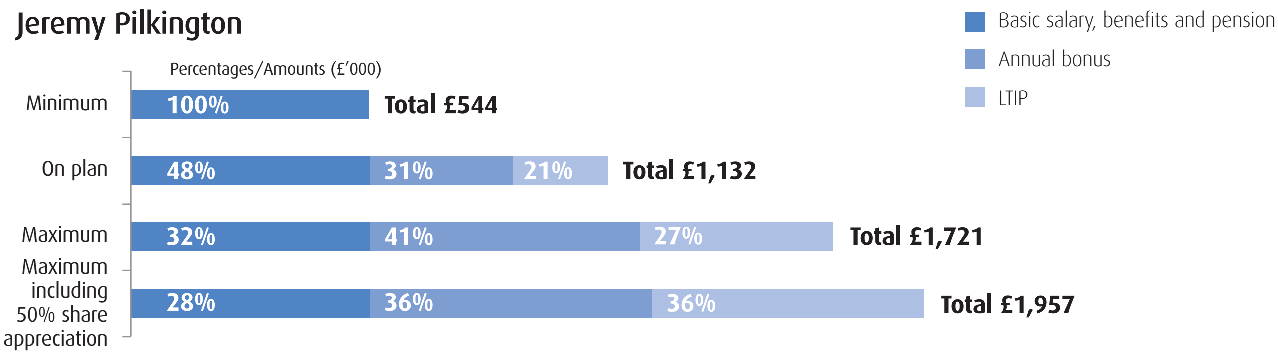
ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Long Term Incentive Plan	To drive sustained long term performance that supports the creation of shareholder value.	Annual grant of nil cost options which normally vest after 3 years based on the achievement of profit targets,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

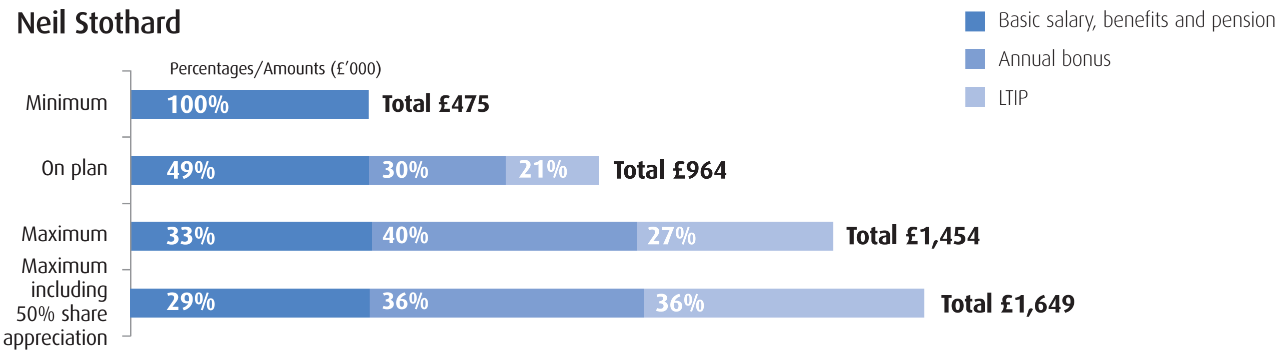
Notes to the policy table
The performance targets are determined annually by the Committee and are set at a challenging level. The Committee is of the opinion that the performance targets for the annual bonus are commercially sensitive and that it would be detrimental to the interests of the Group to disclose them before the start of the financial year. The targets will be disclosed after the end of the relevant financial year in that year's remuneration report.

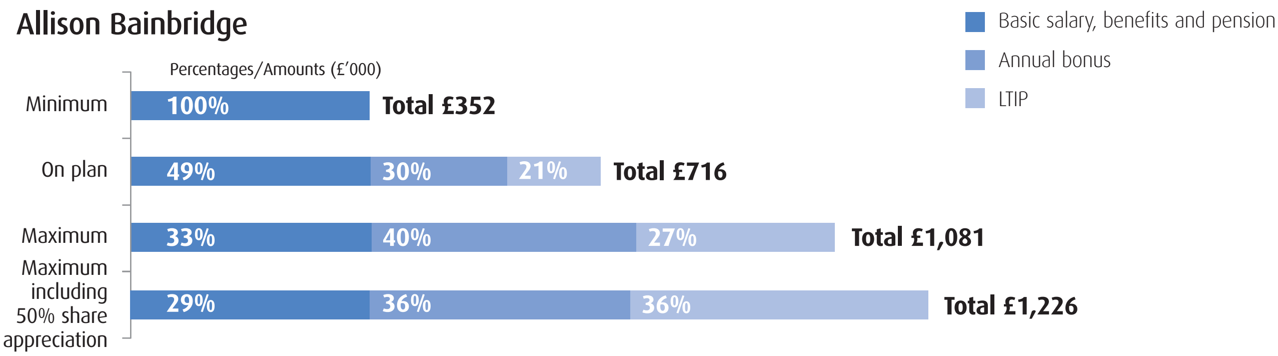
Directors' Remuneration Policy (unaudited)

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The chart below illustrates the total remuneration for each executive director that could result from the remuneration policy in 2022/23 under different performance scenarios.







The value of base salary for 2022/23 is set out in the Base Salary table on page 52.

The value of taxable benefits in 2022/23 is taken to be the value of taxable benefits received in 2021/22 (with the exception of the one off payment to Jeremy Pilkington) as shown in the single total figure of remuneration table set out on page 49. On plan performance assumes bonus payout of 75% of salary and LTIP vesting at 50% of maximum award. Maximum performance assumes bonus pay out of 150% of base salary and LTIP vesting at 100% of maximum award. Share price appreciation has been included in the fourth scenario at an assumed 50%.

Directors' Remuneration Policy (unaudited)

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

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

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

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

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

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

APPROACH TO RECRUITMENT

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

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

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

Directors' Remuneration Policy (unaudited)

DATE OF DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENT

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

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

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

APPROACH TO LEAVERS

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

In the event an executive leaves (other than a good leaver), non-vested LTIP and share matching awards will normally lapse. For good leavers unvested awards will vest on the normal vesting date subject to the achievement of any relevant performance condition and with pro-rata reduction to reflect the proportion of the vesting period served.

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

POLICY ON EXTERNAL APPOINTMENTS

Executive Directors are encouraged to hold a Non-Executive role in addition to their full-time position in order to broaden their experience, and may retain any fees received in respect of such roles. All appointments must first be agreed by the Committee and must not represent a conflict to their current role. During the year Neil Stothard served as a non-executive director of Wykeland Group and received £25,000 for his services.

During the year Allison Bainbridge served as non-executive director of RPS Group Plc and received £56,878 for her services.

CONSIDERATION OF SHAREHOLDER VIEWS

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

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

Details of votes cast for and against the resolution to approve last year's remuneration report and in respect of the current remuneration policy are set out on page 55 of the annual report on remuneration.

Annual Report on Remuneration

The following section provides details of how the remuneration policy was implemented during the financial year ending 31 March 2022 and how it is proposed to be implemented in the financial year ending 31 March 2023. Any information in this section of the report subject to audit is highlighted.

SINGLE TOTAL FIGURE OF REMUNERATION (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2022 together with the comparative figures for 2021.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	Grant date face value of vested LTIP shares	Share price appreciation (depreciation)	Total fixed pay	Total variable pay	Total
		£000	£000	£000	£000	£000	£000			£000
Executive directors										
Jeremy Pilkington	2022	471	34	93	385	111	4	598	500	1,098
	2021	448	2	112	353	-	-	562	353	915
Neil Stothard	2022	380	25	57	311	86	4	463	401	864
	2021	351	25	65	280	-	-	441	280	721
Allison Bainbridge	2022	283	17	42	231	64	3	342	298	640
	2021	261	17	41	208	-	-	319	208	527
Non-executive directors										
Stephen Rogers	2022	45	-	-	-	-	-			45
	2021	43	-	-	-	-	-			43
Phil White	2022	45	-	-	-	-	-			45
	2021	43	-	-	-	-	-			43

BASE SALARY

In line with the group wide salary increase proposed in the annual April 2021 pay review, the Committee approved a 2% salary increase for Neil Stothard and Allison Bainbridge applied from 1 April 2021. No increase was applied to Jeremy Pilkington's salary.

During the previous financial year due to the uncertainty created by the global pandemic executive and non executive directors volunteered to accept a 20% reduction in their salaries and fees between April and June 2020. The group's senior management also volunteered to accept a 20% reduction in salaries. 2022 salaries reflect base salaries at 100% for the full year.

TAXABLE BENEFITS

Taxable benefits consist primarily of company car or car allowance and private health care insurance. In the financial year ended 31 March 2022 the Committee approved a one off payment of £33,850 to Jeremy Pilkington to cover the cost of a minor operation which was not covered by the Company health scheme. This expense was approved on the basis that Jeremy Pilkington had dropped out of the Company health scheme in 2018 because of a very significant increase in annual premiums in respect of his cover. He has not received any of the private health benefits to which he was entitled since 2018.

PENSION BENEFITS

Neil Stothard transitioned from 17.5% to 15% of base salary in lieu of pension contributions from 1 April 2021. Allison Bainbridge received 15% of base salary in lieu of pension contributions. From 1 April 2021 Jeremy Pilkington's payment in lieu of pension contributions transitioned from 25% of salary to 20% of base salary.

ANNUAL BONUS PAYMENTS

The annual bonus outturn presented in the table was based on Group profit before tax and amortisation targets as measured over the 2022 financial year.

Targets for annual bonus payments typically are set by the Committee at the beginning of the financial year and are based upon growth in Group profit before tax, amortisation and exceptional items (PBTAE). The targets are challenging and look for year on year growth with entry thresholds set in line with the Group's budget PBTAE for the relevant financial year.

ANNUAL BONUS PAYMENTS (continued)

The Committee approved a PBTAE target range of £34.0 million (threshold) to £43.0 million (maximum), which was considered to be suitably stretching and motivational. Actual PBTAE achieved was £38.9 million and a bonus of 82% of salary was therefore earned by each executive director under the scheme. The Committee is satisfied that the outcome delivered is a genuine reflection of the performance of the business and appropriately reflects the experience of stakeholders in FY22.

	Maximum (% of salary)	PBTAE required for threshold bonus (0% of salary)	PBTAE required for maximum bonus (150% of salary)	Actual PBTAE	Actual % of salary	Actual bonus £000
	%	£m	£m	£m	%	£000
Jeremy Pilkington	150	34.0	43.0	38.9	82	385
Neil Stothard	150	34.0	43.0	38.9	82	311
Allison Bainbridge	150	34.0	43.0	38.9	82	231

VESTING OF LTIP AWARDS (audited)

The LTIP amount included in the 2021/22 single total figure of remuneration reflects the conditional share award granted in July 2019. Vesting of this award was dependent on earnings per share performance over the three years ended 31 March 2022, the achievement of a minimum return on average capital employed of 12% and continued service until July 2022.

As detailed in the Remuneration Committee Chairman's Statement on page 41, the Committee resolved to revise downwards the threshold EPS target applying to these awards to reflect updated expectations, but with the stretch target remaining unchanged from that originally set. A similar approach to adjusting the threshold target was taken in respect of other Group and divisional participants. The revised performance targets for this award, and actual performance against those targets, is set out below, with EPS of 77.50 pence and ROACE of 14.5% resulting in 24% of the awards vesting:

Metric	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	65.75 pence** EPS	115.56 pence EPS	77.50 pence EPS	24%
ROACE	12.0%	12.0%	14.5%	

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

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

** Revised downwards from 103.60 pence

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

	Number of shares at grant July 2019	Number of shares to vest July 2022	Grant date face value of vested shares	Estimated value of shares vesting
			£000	£000
Jeremy Pilkington	54,800	12,926	111	115
Neil Stothard	42,600	10,048	86	90
Allison Bainbridge	31,600	7,454	64	67

The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. The share price at the time of the award was £8.60. The value of shares vesting is estimated using a 3-month average share price to 10 May 2022 of £8.93. This value will be trued-up in next year's report to reflect the actual share on the date of vesting in July 2022.

SHARE SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (audited)

The following awards were granted to executive directors:

Executive	Scheme	Basis of award granted	Date of grant	Share price at date of grant £	Number of shares	Face value £000	Performance Period end date
Jeremy Pilkington							
	LTIP	100% of salary	2 July 2021	9.08	51,800	471	31 March 2024
Neil Stothard							
	LTIP	100% of salary	2 July 2021	9.08	41,900	380	31 March 2024
	SAYE	N/A	12 July 2021	6.93	519	4	N/A
Allison Bainbridge							
	LTIP	100% of salary	2 July 2021	9.08	31,150	283	31 March 2024

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

Noting the preferences of some shareholders, the Committee considered the prospective disclosure of the target range but has concluded that this is commercially sensitive information which would put the Company at a disadvantage. Full details will therefore continue to be disclosed retrospectively in the report detailing the vesting of these awards.

PAYMENTS TO PAST DIRECTORS AND FOR LOSS OF OFFICE

No payments were made to past directors or for loss of office in the year ended 31 March 2022.

OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of unvested share awards held by executive directors. Details of vested awards are shown in the statement of directors' shareholdings and share interests on page 52.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 31 Mar 2021	Granted during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2022	Exercise period	End of performance period
Jeremy Pilkington										
	Total LTIP	Various	Nil	165,800	51,800	-	43,600	174,000	July 2022 to July 2031	31 Mar 2022 to 31 Mar 2024
Neil Stothard										
	Total LTIP	Various	Nil	129,200	41,900	-	33,200	137,900	July 2022 to July 2031	31 Mar 2022 to 31 Mar 2024
	SAYE	2018	8.08	445	-	445	-	-	October 2021 to March 2022	N/A
	SAYE	2019	7.11	506	-	-	-	506	October 2022 to March 2023	N/A
	SAYE	2020	5.84	616	-	-	-	616	October 2023 to March 2024	N/A
	SAYE	2021	6.93	-	519	-	-	519	October 2024 to March 2025	N/A
	Total SAYE			**1,567**	**519**	**445**	**-**	**1,641**		
Allison Bainbridge										
	Total LTIP	Various	Nil	96,000	31,150	-	24,700	102,450	July 2022 to July 2031	31 Mar 2022 to 31 Mar 2024

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

Executive	Shareholding as % of salary at 31 Mar 2022	Shares beneficially owned at 31 Mar 2022	Shares beneficially owned at 31 Mar 2021	Options vested but not yet exercised 31 Mar 2022	Options vested but not yet exercised 31 Mar 2021	Unvested LTIP awards[1]	Unvested share matching awards[1]	Outstanding SAYE awards
Jeremy Pilkington	*	29,220	29,220	239,411	239,411	174,000	-	-
Neil Stothard	1844%	858,993	858,548	-	-	137,900	-	1,641
Allison Bainbridge	407%	141,078	141,078	-	-	102,450	-	-
Stephen Rogers	-	-	-	-	-	-	-	-
Phil White	-	-	-	-	-	-	-	-

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

The share price used to calculate the value of shares beneficially owned for the purposes of establishing shareholding as a percentage of salary is the share price as at 31 March 2022: £8.40.

*During the year Jeremy Pilkington was interested in shares owned by Ackers P Investment Company Limited. This company is ultimately controlled by a number of trusts of which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person. As at 31 March 2022 Ackers P Investment Company Limited owned 20,181,411 shares (2021: 20,181,411 shares).

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

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

There were no changes in the interests of the directors between 31 March 2022 and 8 June 2022.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2023 (unaudited)

A summary of how the directors' remuneration policy will be applied during the year ended 31 March 2023 is set out below.

BASE SALARY AND FEES

The Committee approved a 3% increase in base salary for Neil Stothard and Allison Bainbridge from 1 April 2022, in line with the average salary increase across the Group. No increases are proposed for the Executive Chairman, nor for the non-executive directors

	1 April 2022	1 April 2021	
	£000	£000	% increase
Jeremy Pilkington	471	471	**0%**
Neil Stothard	391	380	**3%**
Allison Bainbridge	291	283	**3%**
Stephen Rogers	45	45	**0%**
Phil White	45	45	**0%**

A salary increase averaging 3% across the Group was proposed at the annual 2022 pay review, effective from 1 April 2022.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2023 (unaudited) – continued

PENSION ARRANGEMENTS

In line with the Remuneration Policy, from 1 April 2022, Jeremy Pilkington's pension contribution will reduce by a further 5%, from 20% to 15% of base salary. Pension contributions for all current executive directors will then be in-line with the policy maximum of 15% of base salary.

ANNUAL BONUS

The maximum bonus potential will remain at 150% of base salary. Bonuses will be based on challenging growth targets for profit before tax, amortisation and exceptional items derived from the group's budget, with the maximum payout target set at a level which appropriately reflects the increase in maximum opportunity available.

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

LONG TERM INCENTIVES

The maximum LTIP award in 2022 will remain at 100% of salary for all executive directors. Consistent with past awards the extent to which any LTIP awards granted in 2022 will vest will be dependent upon the achievement of a challenging target growth in the Group's earnings per share, underpinned by Group ROACE. The Committee has again considered the prospective disclosure of the EPS target range but has concluded that this is commercially sensitive information which would put the company at a disadvantage. Full details will therefore be disclosed retrospectively in the report detailing the vesting of these awards.

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

PERFORMANCE GRAPH AND TABLE (unaudited)

The following graph charts the Total Shareholder Return of the Group and the FTSE Small Cap Index over the ten year period from 1 April 2012 to 31 March 2022.

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

Annual Report on Remuneration

PERFORMANCE GRAPH AND TABLE (unaudited) – continued

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

Year ending March	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single figure (£000)	1,795	2,042	2,259	1,613	1,580	1,498	1,770	919	915	1,098
Annual bonus % of maximum	84%	52%	100%	27%	72%	57%	94%	0%	75%	54%
LTIP vesting % of maximum	95%	100%	100%	100%	100%	100%	100%	71%	0%	24%

EXECUTIVE CHAIRMAN PAY RATIO (unaudited)

The table below provides the ratio between the Executive Chairman single figure total remuneration and total remuneration for all UK employees and the details of the salary and total remuneration for UK employees in 2021/22. We have chosen option B as our method for calculating the pay ratio for this report, consistent with the methodology for reporting of the gender pay gap.

			Pay Ratio			Remuneration		
	Year	Method	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Total remuneration	2022	B	49	41	29	£22,527	£26,880	£38,200
Salary	2022	B	21	18	14	£22,160	£26,000	£34,334
Total remuneration	2021	B	44	38	27	£20,554	£24,238	£33,366
Salary	2021	B	23	20	15	£20,466	£23,968	£30,905
Total remuneration	2020	B	44	37	27	£20,650	£24,624	£33,731
Salary	2020	B	23	20	15	£20,131	£23,915	£30,600

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

PERCENTAGE CHANGE IN ALL DIRECTORS REMUNERATION (unaudited)

The table below shows the percentage change in the Executive Chairman's salary, benefits and annual bonus between the financial year ended 31 March 2021 and 31 March 2022 compared to the percentage change for UK employees of the Group for each of these elements of pay.

	Executive Chairman % change		Chief Executive % change		FD % change		NEDS % change		UK employees % change	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Salary	(5%)	5%	(4%)	8%	(4%)	8%	(4%)	5%	1%	12%
Taxable Benefits	(33%)	1600%	(4%)	-	-	-	-	-	(7%)	5%
Annual Bonus*	(100%)	100%	(100%)	100%	(100%)	100%	-	-	(67%)	169%

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

*To be comparable to the data for the UK employees the annual bonus for the directors disclosed above is the bonus paid in the relevant tax year, which is the bonus in respect of the financial year ended 31 March 2021. The 100% increase is due to no bonus being paid in 2020.

The increase in directors salary reflects the 20% voluntary reduction in salary and fees between April and June 2020 and the 2% annual award to Neil Stothard and Allison Bainbridge with effect from 1 October 2020. The increase in Executive Chairman taxable benefits arises from the one of payment of medical expenses as described on page 42 in the Remuneration Committee Report Annual Statement.

RELATIVE IMPORTANCE OF SPEND ON PAY (unaudited)

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

		2021	2022	% change
Staff costs	£m	108.8	116.0	7%
Dividends	£m	9.9	14.3	44%

Dividend figures relate to amounts payable in respect of the relevant financial year. Due to the uncertainty caused by Covid 19 no interim dividend was paid in the financial year ended 31 March 2021.

Annual Report on Remuneration

REMUNERATION COMMITTEE (unaudited)

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

The primary role of the Committee is to:

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

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

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

- Phil White
- Stephen Rogers

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 34 and 36. The Remuneration Committee has access to independent advice where it considers appropriate. During 2021/22 the Committee sought external professional advice and is satisfied that the advice provided is independent and objective.

ANNUAL GENERAL MEETING VOTING OUTCOMES

The following table details votes for and against the 2020 directors' remuneration policy and the directors' remuneration report for 2020/21, along with the number of votes withheld. The Committee will continue to consider the views of shareholders when determining and reporting on remuneration arrangements.

	Directors' Remuneration Policy 2020		Directors' Remuneration Report 2020/21	
Votes for	29,022,433	(87.25%)	30,594,938	(89.05%)
Votes against	4,240,672	(12.75%)	3,762,316	(10.95%)
Votes withheld	8,713		14,142	

The Company's remuneration policy was approved by shareholders at the Annual General Meeting held on 23 July 2020 and applies for three years. The Remuneration Committee's Annual Report for 2020/21 was approved at the Company's Annual General Meeting held on 22 July 2021.

Directors' Report

The directors of Vp plc present their annual report and the audited financial statements of the Group and Parent Company for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

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

STRATEGIC REPORT

Pursuant to Sections S414C(11) Companies Act 2006, the business review has been replaced with a strategic report, which can be found on pages 1 to 33.

RESULTS AND DIVIDEND

Group profit after tax for the year was £25.5 million (2021: loss of £4.6 million). The directors recommend a final dividend of 25.5 pence per share. Subject to approval, the final dividend will be paid on 5 August 2022 to all shareholders on the register as at 24 June 2022.

DIRECTORS

Details of the directors of the Company who were in office during the year and up to the date of signing the financial statements are given on page 34. Details of directors' interests in shares are provided in the Directors' Remuneration Report on page 52. The directors' exposures to conduct and liability issues are mitigated by Directors and Officers insurance cover where applicable during the financial year.

SHARE CAPITAL

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

SUBSTANTIAL SHAREHOLDERS

As at 31 May 2022 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares
		%
Ackers P Investment Company Limited	20,181,411	50.26
Discretionary Unit Fund Managers Limited	2,000,000	4.98
Chelverton Asset Management	1,581,617	3.94
Canaccord Genuity Wealth Management	1,575,000	3.92
Invesco Asset Management Limited	1,542,611	3.84
Schroder Investment Management	1,530,750	3.81
Tellworth Investments	1,380,136	3.44

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

FINANCIAL RISK MANAGEMENT

Consideration of the financial risk management of the Group has been included in the Strategic Report on pages 31 to 33.

Directors' Report

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4.

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

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

EMPLOYEES

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

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

Further details regarding employees are provided in the Responsible Business Report on pages 14 to 26.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £61,000 (2021: £41,000). The donations made in the year principally relate to sponsorship of employee driven fund raising activities on behalf of local and national charities.

SUPPLIER PAYMENT POLICY

It is the Company's policy to make payment to suppliers on agreed terms. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The number of days purchases outstanding at 31 March 2022 was 41 days (2021: 46 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

TAXATION PRINCIPLES

We operate in accordance with our Tax Strategy, which can be found at: **www.vpplc.com/responsible-business**

In 2021/22 the Group paid £6.3 million (2021: £2.9 million) in corporate taxes. We are a responsible corporate tax payer and conduct our affairs to ensure compliance with all laws and relevant regulations in the countries in which we operate.

CONTRACTS

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

PURCHASE OF OWN SHARES

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

During the year ended 31 March 2022 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

Directors' Report

GOING CONCERN

The Group ended the financial year in a healthy financial position. The Group continues to generate strong cash flows. Net debt increased by only £8.7 million from £121.9 million at 31 March 2021 to £130.6 million at 31 March 2022. This was after funding the acquisition of M&S Hire Limited for £2.8 million and an increase in fleet capital investment of £19.6 million. EBITDA before exceptional items and IFRS 16 impact totalled £88.9 million which was 22% higher than prior year of £72.7 million due to the impact of Covid 19. The Business Review on pages 9 to 13 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond.

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

As at 31 March 2022 the Group had £183.0 million of debt capacity (2021: £200.0 million) comprising committed revolving credit facilities of £90.0 million and £93.0 million private placements which are subject to covenant testing. In addition to the committed facilities, the Group net overdraft facility at the year-end was 7.5 million (2021: £7.5 million).

£135.0 million of revolving credit facilities were due to mature in December 2021. Consequently in April 2021, the Group drew down a new £28.0 million seven year private placement under the existing agreement with PGIM, Inc. In June 2021, the Group also refinanced its £135.0 million committed revolving credit facilities with a new £90.0 million facility. The new revolving credit facility agreement also includes a £20.0m uncommitted accordion facility. Management are in regular dialogue with our lenders who continue to express their commitment to the business.

The Board has evaluated the facilities and covenants on the basis of the budget for 2022/23 (including 2023/24 long term forecast). All of which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. Stress scenarios have also been considered by the Board. Under these scenarios material revenue reductions have been applied for the financial year ended 31 March 2023 against the Group's original budget and extended to 30 June 2023. All scenarios retain adequate headroom against borrowing facilities and fall within the existing covenants.

Our most severe downside modelling, which reflects a 20% reduction in revenue levels demonstrates headroom over borrowing facilities and existing covenant levels throughout the forecast period to the end of June 2023.

On the basis of this testing, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis has been adopted in preparation of the consolidated financial statements. This is covered further in Note 1 Basis of Preparation on page 77, together with the Directors' consideration of the impact of the proposed sale of the Group.

GOVERNMENT SUPPORT

During the year, and where appropriate, the Group also took government support from tax deferrals on VAT and from Business Rates relief.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 35 to 37 forms part of the Directors' Report.

INDEPENDENT AUDITORS

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

By Order of the Board

Allison Bainbridge
Company Secretary
8 June 2022

Statement of Directors' Responsibilities

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Parent Company has also prepared financial statements in accordance with and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

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

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

Each of the directors, whose names and functions are listed in governance section of the annual report confirm that, to the best of their knowledge:

- The Group and Parent Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group and profit of the parent company; and
- The Business Review and Financial Review includes a fair review of the development and performance of the business and the position of the group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

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

Independent auditors' report to the members of Vp plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and parent company balance sheets as at 31 March 2022; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of changes in equity and the consolidated and parent company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in note 3, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the parent company's ability to continue as a going concern. On 28 April 2022, Vp plc (the 'Company') announced that its controlling shareholder, Ackers P Investment Company Limited (the "Controlling Shareholder" by virtue of its 50.26% holding in the issued share capital of the Company), had indicated to the Board its desire to explore opportunities to dispose of its entire shareholding in the Company. As a result, the Board unanimously concluded that it would be appropriate to investigate the sale of the Company and launched a formal sale process (the 'sale'). As at the date of this report the sale process is in its early stages and as a result the Directors do not have visibility of the Company's post sale ownership or funding structure, including the terms on which such funding will be provided. Therefore, in their considerations of the use of the going concern basis of accounting in the preparation of the financial statements of the group and parent company, the Directors are unable to overlay the impact of a change in control on the group and parent company's funding position, nor consider the mitigating actions they would take if any were needed. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Independent auditors' report to the members of Vp plc (continued)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements;
- Checking the mathematical accuracy of management's forecasts;
- Corroborating management's base case forecast to appropriate supporting documentation including board approved budgets and divisional budgets; and.
- Evaluating management's base case forecast and downside scenarios, challenging the underlying data and adequacy and appropriateness of the assumptions used in making their assessment. We also evaluated the directors' plans for future actions in relation to their going concern assessment, should these be required.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- The group is organised into 12 reporting units. The group financial statements are a consolidation of these reporting units.
- Of the 12 reporting units, we identified three which, in our view, required an audit of their complete financial information.
- The reporting units over which we performed audit procedures accounted for over 74% of the group's reported revenues and over 83% of the group's profit before tax, amortisation and exceptional items. These coverages are based on absolute values.

Key audit matters

- Material uncertainty related to going concern
- Existence of fleeted rental equipment (group and parent)
- Valuation of rental equipment (group and parent)
- Carrying value of goodwill and intangible assets (group)

Materiality

- Overall group materiality: £1,945,000 (2021: £1,944,000) based on 5% of profit before tax, amortisation and exceptional items.
- Overall parent company materiality: £3,000,000 (2021: £706,000) based on 1% of total assets.
- Performance materiality: £1,459,000 (2021: £1,458,000) (group) and £2,250,000 (2021: £530,000) (parent company).

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Independent auditors' report to the members of Vp plc (continued)

The scope of our audit

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

Key audit matters

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

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern is a new key audit matter this year. Covid-19, which was a key audit matter last year, is no longer included because of the group's performance in the year to date and the limited ongoing impact of Covid-19 on the group's financial performance and position. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Existence of fleeted rental equipment (group and parent) Refer to page 39 (Significant accounting issues) and note 9 in the financial statements. We focused on this area because the group and parent company hold a significant quantum and carrying amount of rental equipment in the normal course of their business. The net book value of fleeted assets was £163.8 million and £72.0 million as at 31 March 2022 (2021: £156.6 million and £74.9 million) for the group and parent company respectively. Given the volume of assets and the frequency of movement (through purchases,hires and sales) there is the potential for assets to go missing. This results in complexity in maintaining an accurate fixed asset register.	Our audit work in respect of the existence of fleeted assets included understanding and evaluating management's key controls in this area, confirming the correct recording of fleeted assets movements on the fixed asset register on a sample basis and substantively testing the existence of a sample of assets. For a sample of fleeted asset purchases in the year we agreed to invoice and capitalisation onto the fixed asset register, confirming the value and the appropriateness of capitalisation. We agreed the existence of a sample of fleeted assets out on hire at the year end to rental invoice and cash receipt or despatch note. We attended a sample of year end fleeted asset counts and: - • considered the design and implementation of count controls by understanding and observing the count procedures; and • counted a sample of assets and reconciled these to both management's count and the fixed asset register. For a sample of revenue resulting from the hire of fleeted assets to customers through the year we have also agreed to sales invoice and either a despatch note or cash receipt which provides us with evidence of existence over the underlying asset. We found, based on the results of our testing, that the amounts recorded, and disclosures made in the financial statements were consistent with the supporting evidence obtained.

Independent auditors' report to the members of Vp plc (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of rental equipment (group and parent) Refer to page 39 (Significant accounting issues), page 78 (Significant accounting policies) and note 9 in the financial statements. We focused on this area because there is significant management judgement involved in estimating the useful economic lives, residual values and any impairment of the rental assets.The utilisation of rental equipment is key to supporting its valuation, so if there were a downturn in the trading performance in a particular market or asset class, this would present an inherent impairment risk.	Our audit work in respect of the valuation of rental equipment comprised an assessment of the accuracy of estimates made by management in previous years, testing of utilisation statistics, integrity checks over the underlying fixed asset data and budgeted trading performance to determine the appropriateness of management's estimates.We tested the appropriateness of the useful economic lives and estimated residual values applied on a sample basis through consideration of any profits/losses on disposal of rental equipment and the level of fully written down assets still generating revenue, noting no evidence of systematic over or under depreciation of the assets. We tested the integrity of the data held within the fixed asset registers, given the reliance upon this information for management's impairment analysis. This comprised scanning the entire population of assets for inappropriate entries (such as assets with a useful economic life inconsistent with the type of asset) or evidence that the useful economic life assigned is not being applied correctly in the fixed asset register. We found, based on the results of our testing, that the amounts recorded, and disclosures made in the financial statements were consistent with the supporting evidence obtained.
Carrying value of goodwill and intangible assets (group) Refer to page 39 (Significant accounting issues) and note 10 in the financial statements for detailed group and parent company goodwill and intangible assets disclosures. The group has £44.9 million (2021: £43.8 million) of goodwill and £17.5 million (2021: £20.6 million) of acquired intangible assets as at 31 March 2022. The parent company has £9.2 million (2021: £9.5 million) of intangible assets as at 31 March 2022. The carrying value of goodwill is assessed by an annual impairment review with intangible assets at a group and parent company level reviewed for indicators of impairment and if needed an impairment review performed. The risk we have focused on is that the goodwill within the Brandon Hire Station CGU (Cash Generating Unit), which was partly impaired in the prior year, could be overstated and a further impairment charge may be required. We focused on this area because the determination of whether or not these non-current assets are impaired involves subjective judgements and estimates about the future results and cash flows of the business. On an annual basis, management calculate the amount of headroom between the value in use of the group's CGUs and their carrying value to determine whether there is a potential impairment of the goodwill and acquired intangibles relating to those CGUs. The values in use of the group's and parent company's CGUs are dependent on a number of key assumptions which include: • Forecast cash flows for the next five years; • A long-term (terminal) growth rate applied beyond the end of the five year forecast period; and • A discount rate applied to the model.	We understood and evaluated management's budgeting and forecasting process. We obtained the group impairment analysis and tested the reasonableness of the key assumptions, including the following: • We tested the mathematical accuracy of the impairment model and agreed the carrying value of non-current assets being assessed for impairment to the balance sheet; • We challenged management's calculated group weighted average cost of capital (WACC) used for discounting future cash flows within the impairment model, utilising valuation experts to assess the cost of capital for the group and comparable organisations; • We evaluated the historical accuracy of the budgeting process to assess the reliability of the data; and • We traced the forecast financial information within the model to the latest Board approved budgets and assessed the rationale for any variances between the two. We have reviewed the financial statement disclosures made with respect to the sensitivity of the WACC, cash flows and growth rates. In summary, we found, based on our audit work, the carrying value of goodwill and acquired intangibles to be acceptable. We also considered the disclosures made within the financial statements and considered these to be appropriate.

How we tailored the audit scope

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

The group's accounting process is structured around a group finance function at its head office in Harrogate which is responsible for the group's reporting units. The group is organised into 12 reporting units and the group financial statements are a consolidation of these reporting units. Of the 12 reporting units, we identified three which, in our view, required an audit of their complete financial information. The reporting units over which we performed audit procedures accounted for over 74% of the group's revenues and over 83% of the group's profit before tax, amortisation and exceptional items (calculated on an absolute value basis).

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

Materiality

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

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

	Financial statements - group	**Financial statements - parent company**
Overall materiality	£1,945,000 (2021: £1,944,000).	£3,000,000 (2021: £706,000).
How we determined it	5% of profit before tax, amortisation and exceptional items.	1% of total assets
Rationale for benchmark applied	We have chosen this as our benchmark as it is a key performance measure disclosed to users of the financial statements. This figure takes prominence in the Annual Report, as well as the communications to both the shareholders and the market. In the prior year we applied the same benchmark but to a three year average to provide a more reflective benchmark that considered the impact of the COVID-19 pandemic on the prior year results.	In the prior year we calculated materiality using 5% of a three year average of parent company profit before tax, amortisation and exceptional items. We have re-assessed our benchmark and determined the primary focus of users of these accounts to be the consolidated results of the Group rather than the individual results of the parent company. In the current year we have therefore used an asset based measure fpr the parent company, which is a generally accepted auditing benchmark. Where applicable, we have performed our testing to a lower, Group allocated, materiality for individual balances that contribute to the consolidated Group results.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £851,000 and £1,750,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £1,459,000 (2021: £1,458,000) for the group financial statements and £2,250,000 (2021: £530,000) for the parent company financial statements.

Independent auditors' report to the members of Vp plc (continued)

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £95,000 (group audit) (2021: £95,000) and £95,000 (parent company audit) (2021: £ 95,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;

Independent auditors' report to the members of Vp plc (continued)

- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the members of Vp plc (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Independent auditors' report to the members of Vp plc (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 15 October 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 March 2015 to 31 March 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
8 June 2022

Consolidated Income Statement

for the Year Ended 31 March 2022

	Note	2022 £000	2021 £000
Revenue	2	**350,915**	307,997
Cost of sales		**(263,950)**	(259,887)
Gross profit		**86,965**	48,110
Administrative expenses		**(43,968)**	(42,427)
Operating profit before amortisation and exceptional items	2	**46,299**	30,928
Amortisation and impairment	10	**(3,302)**	(10,373)
Exceptional items	4	**-**	(14,872)
Operating profit	3	**42,997**	5,683
Financial income	7	**2**	8
Financial expenses	7	**(7,355)**	(7,760)
Profit before taxation, amortisation and exceptional items		**38,946**	23,176
Amortisation and impairment	10	**(3,302)**	(10,373)
Exceptional items	4	**-**	(15,072)
Profit/(loss) before taxation		**35,644**	(2,269)
Income tax expense	8	**(10,109)**	(2,332)
Profit/(loss) attributable to owners of the parent		**25,535**	(4,601)
Basic earnings/(loss) per 5p ordinary share	22	**64.49p**	(11.62p)
Diluted earnings/(loss) per 5p ordinary share	22	**63.83p**	(11.62p)
Dividend per 5p ordinary share interim paid	21	**10.5p**	-
Dividend per 5p ordinary share special paid	21	**-**	22.0p
Dividend per 5p ordinary share final paid	21	**25.0p**	-

Consolidated Statement of Comprehensive Income

for the Year Ended 31 March 2022

	Note	2022 £000	2021 £000
Profit/(loss) for the year		**25,535**	(4,601)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension schemes	25	**693**	(795)
Tax on items taken to other comprehensive income	8	**(183)**	56
Impact of tax rate change	8	**110**	-
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation difference		**361**	439
Effective portion of changes in fair value of cash flow hedges		**221**	584
Total other comprehensive income		**1,202**	284
Total comprehensive income/(expense) for the year attributable to owners of the parent		**26,737**	(4,317)

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2022

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Foreign Currency Translation £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
Equity at 1 April 2020		**2,008**	**301**	**16,192**	**(805)**	**(1,825)**	**154,023**	**27**	**169,921**
Total comprehensive expense for the year (see page 70)		-	-	-	584	439	(5,340)	-	(4,317)
Tax movements to equity	8	-	-	-	-	-	165	-	165
Share option charge in the year		-	-	-	-	-	1,098	-	1,098
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(5,076)	-	(5,076)
Dividend to shareholders	21	-	-	-	-	-	(8,674)	-	(8,674)
Total change in equity during the year		-	-	-	584	439	(17,827)	-	(16,804)
Equity at 31 March 2021 and 1 April 2021		**2,008**	**301**	**16,192**	**(221)**	**(1,386)**	**136,196**	**27**	**153,117**
Total comprehensive income for the year (see page 70)		-	-	-	221	366	26,150	-	26,737
Tax movements to equity	8	-	-	-	-	-	90	-	90
Impact of tax rate change	8	-	-	-	-	-	(11)	-	(11)
Share option charge in the year		-	-	-	-	-	1,249	-	1,249
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(516)	-	(516)
Movement in minority interest		-	-	-	-	-	-	(27)	(27)
Dividend to shareholders	21	-	-	-	-	-	(14,054)	-	(14,054)
Total change in equity during the year		-	-	-	221	366	12,908	(27)	13,468
Equity as at 31 March 2022		**2,008**	**301**	**16,192**	**-**	**(1,020)**	**149,104**	**-**	**166,585**

Parent Company Statement of Changes in Equity

for the Year Ended 31 March 2022

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Hive Up Reserve £000	Retained Earnings £000	Total Equity £000
Equity at 1 April 2020		**2,008**	**301**	**16,192**	**(805)**	**8,156**	**28,307**	**54,159**
Total comprehensive income for the year		-	-	-	584	-	454	1,038
Tax movements to equity		-	-	-	-	-	165	165
Share option charge in the year		-	-	-	-	-	1,098	1,098
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(5,076)	(5,076)
Dividend to shareholders	21	-	-	-	-	-	(8,674)	(8,674)
Total change in equity during the year		-	-	-	584	-	(12,033)	(11,449)
Equity at 31 March 2021 and 1 April 2021		**2,008**	**301**	**16,192**	**(221)**	**8,156**	**16,274**	**42,710**
Total comprehensive income for the year		-	-	-	221	-	17,109	17,330
Tax movements to equity		-	-	-	-	-	90	90
Impact of tax rate change		-	-	-	-	-	(11)	(11)
Share option charge in the year		-	-	-	-	-	1,249	1,249
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(516)	(516)
Dividend to shareholders	21	-	-	-	-	-	(14,054)	(14,054)
Total change in equity during the year		-	-	-	221	-	3,867	4,088
Equity at 31 March 2022		**2,008**	**301**	**16,192**	**-**	**8,156**	**20,141**	**46,798**

Consolidated Balance Sheet

at 31 March 2022

			Restated*
		2022	2021
NET ASSETS	**Note**	**£000**	£000
Non-current assets			
Property, plant and equipment	9	**247,526**	233,912
Intangible assets	10	**62,422**	64,366
Right of use assets	11	**54,151**	56,795
Employee benefits	25	**2,738**	2,175
Total non-current assets		**366,837**	357,248
Current assets			
Inventories	13	**7,956**	7,342
Trade and other receivables	14	**76,057**	66,472
Income tax receivable		**-**	817
Cash and cash equivalents	15	**13,617**	15,917
Total current assets		**97,630**	90,548
Total assets		**464,467**	447,796
Current liabilities			
Interest-bearing loans and borrowings	16	**-**	(73,009)
Lease liabilities	11	**(14,147)**	(16,477)
Income tax payable		**(152)**	-
Trade and other payables	18	**(80,676)**	(83,490)
Total current liabilities		**(94,975)**	(172,976)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(144,221)**	(64,814)
Lease liabilities	11	**(43,496)**	(44,603)
Provisions		**(1,512)**	(1,892)
Deferred tax liabilities	19	**(13,678)**	(10,394)
Total non-current liabilities		**(202,907)**	(121,703)
Total liabilities		**(297,882)**	(294,679)
Net assets		**166,585**	153,117
EQUITY			
Issued share capital	20	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Foreign currency translation reserve		**(1,020)**	(1,386)
Hedging reserve		**-**	(221)
Retained earnings		**149,104**	136,196
Total equity attributable to equity holders of the parent		**166,585**	153,090
Non-controlling interest		**-**	27
Total equity		**166,585**	153,117

The financial statements on pages 69 to 115 were approved and authorised for issue by the Board of Directors on 8 June 2022 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

*The comparative figures have been restated to reclassify a number of balances between financial statement line items. See note 1 for further details.

Parent Company Balance Sheet

at 31 March 2022

NET ASSETS	Note	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	9	**114,327**	112,082
Intangible assets	10	**9,188**	9,547
Investments in subsidiaries	12	**68,775**	71,884
Right of use assets	11	**13,361**	11,255
Employee benefits	25	**3,068**	2,657
Trade and other receivables	14	**55,699**	47,473
Total non-current assets		**264,418**	254,898
Current assets			
Inventories	13	**1,893**	2,258
Trade and other receivables	14	**26,141**	19,279
Income tax receivable		**342**	642
Cash and cash equivalents	15	**2,537**	5,112
Total current assets		**30,913**	27,291
Total assets		**295,331**	282,189
Current liabilities			
Interest-bearing loans and borrowings	16	**-**	(72,951)
Lease liabilities	11	**(4,004)**	(4,246)
Trade and other payables	18	**(65,493)**	(61,438)
Total current liabilities		**(69,497)**	(138,635)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(144,221)**	(64,777)
Deferred tax liabilities	19	**(12,813)**	(9,708)
Lease liabilities	11	**(9,754)**	(7,662)
Trade and other payables	18	**(12,248)**	(18,697)
Total non-current liabilities		**(179,036)**	(100,844)
Total liabilities		**(248,533)**	(239,479)
Net assets		**46,798**	42,710
EQUITY			
Capital and reserves			
Issued share capital	20	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**-**	(221)
Hive up reserve		**8,156**	8,156
Retained earnings			
At the beginning of the year		**16,274**	28,307
Profit for the financial year		**16,597**	1,001
Other changes in retained earnings		**(12,730)**	(13,034)
At the end of the year		**20,141**	16,274
Total equity		**46,798**	42,710

The financial statements on pages 69 to 115 were approved and authorised for issue by the Board of Directors on 8 June 2022 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

Consolidated Statement of Cash Flows

for the Year Ended 31 March 2022

	Note	2022 £000	Restated* 2021 £000
Cash flows from operating activities			
Profit/(loss) before taxation		**35,644**	(2,269)
Adjustments for:			
Share based payment charges		**1,249**	1,098
Depreciation	9	**45,532**	44,980
Depreciation of right of use assets	11	**16,561**	20,752
Amortisation and impairment	10	**3,302**	10,373
Release of arrangement fees		**314**	215
Financial expense		**7,355**	7,760
Financial income		**(2)**	(8)
Profit on sale of property, plant and equipment		**(7,045)**	(4,263)
Operating cash flow before changes in working capital and provisions		**102,910**	78,638
(Increase)/decrease in inventories		**(614)**	1,731
(Increase)/decrease in trade and other receivables		**(9,133)**	17,717
(Decrease)/increase in trade and other payables		**(2,781)**	14,450
Cash generated from operations		**90,382**	112,536
Interest paid		**(4,456)**	(4,723)
Interest element of lease liability payments		**(2,940)**	(3,342)
Interest received		**2**	7
Income taxes paid		**(6,282)**	(2,867)
Net cash generated from operating activities		**76,706**	101,611
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**17,819**	17,536
Purchase of property, plant and equipment		**(68,679)**	(46,582)
Acquisition of businesses and subsidiaries (net of cash acquired)	26	**(2,693)**	-
Net cash used in investing activities		**(53,553)**	(29,046)
Cash flows from financing activities			
Purchase of own shares by Employee Trust		**(516)**	(5,076)
Repayment of borrowings		**(95,044)**	(53,000)
New loans		**102,044**	17,000
Arrangement fees		**(773)**	-
Capital element of lease liability payments		**(17,149)**	(20,803)
Dividends paid	21	**(14,054)**	(8,674)
Net cash used in financing activities		**(25,492)**	(70,553)
Net (decrease)/increase in cash and cash equivalents		**(2,339)**	2,012
Effect of exchange rate fluctuations on cash held		**39**	(242)
Cash and cash equivalents net of overdrafts as at the beginning of the year		**15,917**	14,147
Cash and cash equivalents net of overdrafts as at the end of the year	15	**13,617**	15,917

*The comparative figures have been restated to reclassify the interest on lease liabilities. See note 1 for further details.

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit before taxation		**21,730**	2,518
Adjustments for:			
Share based payment charges		**1,249**	1,098
Depreciation	9	**13,641**	13,640
Depreciation of right of use assets	11	**4,956**	7,454
Amortisation and impairment	10	**359**	829
Release of arrangement fees		**314**	215
Financial expense		**3,963**	3,552
Financial income		**(1)**	-
Profit on sale of property, plant and equipment		**(1,715)**	(989)
Operating cash flow before changes in working capital and provisions		**44,496**	28,317
Decrease in inventories		**365**	290
(Increase)/decrease in trade and other receivables		**(13,849)**	40,298
Increase in trade and other payables		**1,590**	5,874
Cash generated from operations		**32,602**	74,779
Interest paid		**(4,456)**	(4,723)
Interest element of lease liability payments		**(644)**	(757)
Interest received		**1**	-
Income taxes paid		**(1,840)**	(651)
Net cash generated from operating activities		**25,663**	68,648
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**6,252**	9,334
Purchase of property, plant and equipment		**(20,887)**	(15,376)
Net cash used in investing activities		**(14,635)**	(6,042)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		**(516)**	(5,076)
Repayment of borrowings		**(95,044)**	(53,000)
New loans		**102,044**	17,000
Arrangement fees		**(773)**	-
Capital element of lease liability payments		**(5,260)**	(7,808)
Dividends paid	21	**(14,054)**	(8,674)
Net cash used in financing activities		**(13,603)**	(57,558)
Net (decrease)/increase in cash and cash equivalents		**(2,575)**	5,048
Cash and cash equivalents net of overdrafts as at the beginning of the year		**5,112**	64
Cash and cash equivalents net of overdraft as at the end of the year	15	**2,537**	5,112

Notes

(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a public limited company (limited by shares) which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. These consolidated Financial Statements of Vp plc for the year ended 31 March 2022, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Vp plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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 derivative financial instruments 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 2022/23 (including 2023/24 long term forecast) and has performed sensitivity analysis on them. On the basis of this testing, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future.

On 28 April 2022, Vp plc (the 'Company') announced that its controlling shareholder, Ackers P Investment Company Limited (the "Controlling Shareholder" by virtue of its 50.26% holding in the issued share capital of the Company), had indicated to the Board its desire to explore opportunities to dispose of its entire shareholding in the Company. As a result, the Board unanimously concluded that it would be appropriate to investigate the sale of the Company and launched a formal sale process (the 'sale'). As at the date of this report the sale process is in its early stages and as a result the Directors do not have visibility of the Company's post sale ownership or funding structure, including the terms on which such funding will be provided. In addition, the Group's existing committed debt facilities contain change of control clauses which, upon completion of the sale process, could result in the existing committed debt facilities being withdrawn. Therefore, in their considerations of the use of the going concern basis of accounting in the preparation of the financial statements of the Group and parent company, the Directors are unable to overlay the impact of a change in control, nor consider the mitigating actions they would take if any were needed. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern.

Notwithstanding the above, the Directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these financial statements. The Directors have reviewed the Group's and parent company's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the Group and parent company financial statements on the going concern basis. 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 if required. 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. 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.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting policies and restatements

The Group's and Company's accounting policies are set out below and the accounting policies have been applied consistently to all periods presented in these consolidated Financial Statements. There were no changes to IFRSs or IFRSIC interpretations that have had a material impact on the Group for the year ended 31 March 2022.

Future standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 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:

- Onerous contracts; cost of fulfilling a contract – amendments to IAS 37;
- Annual improvements to IFRS standards 2018– 2020;
- Property, plant and equipment; proceeds before intended use – amendments to IAS 16;
- Reference to the Conceptual Framework – amendments to IFRS 3
- Disclosure of Accounting Policies – amendments to IAS 1;
- Classification of liabilities as current or non-current – amendments to IAS 1; and
- IFRS 17 Insurance Contracts – amendments to IFRS 17.

Basis of consolidation

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

Property, plant and equipment

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

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

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

Depreciation is provided by the Group to write off the cost or deemed cost less estimated residual value (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	–	25% 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

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

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

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

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

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

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

Other intangible assets

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

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

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

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 assets that have an indefinite useful life the recoverable amount is tested at each balance sheet date. A CGU is defined as the smallest identifiable group of assets that generates largely independent cash inflows.

Investments

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

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

Inventories

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

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

Trade and other receivables

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

Cash and cash equivalents

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest bearing loans and borrowings

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

Taxation

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

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

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

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

Trade and other payables

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

Employee benefits – pensions

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

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

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

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

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

Dividend

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

Share Capital

Ordinary shares are classified as equity.

Employee trust shares

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

Treasury shares

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

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

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

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

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

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

Financial guarantee contracts

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

Revenue

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

	2022			2021		
	UK	**International**	**Total**	UK	International	Total
	£000	**£000**	**£000**	£000	£000	£000
Equipment hire	**243,287**	**23,508**	**266,795**	211,515	20,043	231,558
Services	**52,891**	**5,820**	**58,711**	46,793	4,930	51,723
Sales of goods	**24,025**	**1,384**	**25,409**	23,001	1,715	24,716
Total revenue	**320,203**	**30,712**	**350,915**	281,309	26,688	307,997

1. SIGNIFICANT 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. Amendments to IFRS 2, "Share Based Payments", clarified the treatment of cancelled options, whereby if a grant of equity instruments is cancelled the Group shall account for the cancellation as an acceleration of vesting and shall recognise immediately the amount that would have been recognised over the remainder of the vesting period.

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

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

The Group's results are subject to fluctuations caused by the cash settled share options and national insurance costs on LTIPs and unapproved share options as these are required to be re-measured at each reporting date based on the Company share price. Changes in the Company's share price during the reporting period therefore impact the charge to the Income Statement for cash settled options and national insurance, including vested but not exercised options, as well as unvested options. A movement of 10 pence in share price would impact the charge to the Income Statement by £37,000 (2021: £36,000).

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.

Leases

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.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

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

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

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

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exceptional items

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

Government grants

Government grants for furlough income and similar income are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the income will be received. Government grants are recognised in the Consolidated Income Statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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 2022 have been reviewed and approved by the Audit Committee. The areas of principal accounting uncertainty that could have a significant impact in the next 12 months are estimated useful lives of rental assets, including residual values, and assumptions relating to pension costs. In addition the testing for impairment of goodwill and other intangibles requires significant estimates and judgements relating to cash flows, and the valuation of the fair value of acquired net assets also requires significant estimates and judgements.

The Group continually reviews depreciation rates and using its judgement adopts a best estimate policy in assessing estimated useful economic lives of fleet assets (see page 71). The rate of technological and legislative change is factored into the estimates, together with the diminution in value through use and time. The Group also takes account of the profit or loss it makes on the disposal of fixed assets in determining whether depreciation policies are appropriate.

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

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

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

Prior year restatements

Following a review of certain financial statement line items within the consolidated balance sheet and the consolidated statement of cash flows the directors identified a number of errors impacting the prior period, which have been adjusted in these financial statements, as follows:

1. Right of use assets and Lease liabilities

Certain leases entered into in the periods up to and including the financial year ended 31 March 2021 had not been previously captured in the accounting under IFRS 16. The impact of correcting this error on the balance sheet at 31 March 2021 was to increase right of use assets by £3.5 million, current lease liabilities by £0.8 million and non-current lease liabilities by £2.6 million. There was no impact on the Income Statement for the year ended 31 March 2021 or on the balance sheet at 1 April 2020 consequently there was no impact on opening reserves.

2. Classification of items within trade and other payables

Certain items previously classified within trade and other payables should have been classified into either lease liabilities or provisions on the balance sheet. The impact of correcting this error on the balance sheet at 31 March 2021 was to decrease trade and other payables by £2.7 million, increase provisions by £1.9m and increase current lease liabilities by £0.8 million. There was no impact on the Income Statement for the year ended 31 March 2021. If the same changes had been made at 1 April 2020, the impact would have been to decrease trade and other payables by £1.2 million, increase provisions by £0.8 million and increase current lease liabilities by £0.4 million. Consequently there was no impact on opening reserves.

The total impact of correcting the above errors on the balance sheet at 31 March 2021 was to increase right- of- use assets from £53.3 million to £56.8 million, current lease liabilities from £14.9 million to £16.5 million, non-current lease liabilities from £42.0 million to £44.6 million and provisions from nil to £ 1.9 million. Trade and other payables decreased from £86.2 million to £83.5 million.

3. Classification of interest in the consolidated statement of cash flows

Interest on lease liabilities had been included within 'Payments for lease liabilities' (now renamed to 'Capital element of lease liability payments') in the 'Cash flows from financing activities' section of the consolidated statement of cash flows, rather than within 'Interest element of lease liability payments' within the 'Cash flows from operating activities' section. The impact of this correction on the consolidated statement of cash flows for the year ended 31 March 2021 was to decrease 'Capital element of lease liability payments' by £3.3 million from £24.1 million to £20.8 million and increase 'Interest element of lease liability payments' from £nil to £3.3 million. 'Net cash generated from operating activities' for the year ended 31 March 2021 is therefore £3.3 million lower than as previously reported and 'Net cash used in financing activities' is lower by the same amount.

Notes

2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's reportable segments are the two units, UK and International. This has been determined on the way in which financial information is organised and reported to the Group Board who are responsible for the key operating decisions of the Group, allocating resources and assessing performance and hence are the chief operating decision makers. Total external revenue in 2022 was £350.9 million (2021: £308.0 million). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £25.4 million (2021: £24.7 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 £50.9 million (2021: £50.0 million), including overseas revenue generated by the UK based divisions. In the prior year, the Group had one operating branch of a UK registered company operating in another country within the EU, namely a branch of Hire Station Limited operating in the Netherlands. This branch was closed during 2020-21.

Business segments

	Revenue						Operating profit before amortisation and exceptional items	
	2022			2021			**2022**	2021
	External Revenue £000	**Internal Revenue £000**	**Total Revenue £000**	External Revenue £000	Internal Revenue £000	Total Revenue £000	**£000**	£000
UK	**320,203**	**5,576**	**325,779**	281,309	5,019	286,328	**44,704**	30,266
International	**30,712**	**-**	**30,712**	26,688	-	26,688	**1,595**	662
	350,915	**5,576**	**356,491**	307,997	5,019	313,016	**46,299**	30,928

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

	Assets		Liabilities		Net Assets	
		Restated*		Restated*		
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
UK	**425,382**	410,227	**286,524**	283,454	**138,858**	126,773
International	**39,085**	37,569	**11,358**	11,225	**27,727**	26,344
	464,467	447,796	**297,882**	294,679	**166,585**	153,117

	Acquired Assets		Capital Expenditure	
	2022 £000	2021 £000	**2022 £000**	2021 £000
UK	**1,647**	-	**63,011**	39,308
International	**-**	-	**5,023**	4,896
	1,647	**-**	**68,034**	44,204

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

Included within segmental assets above is goodwill and indefinite life intangibles in relation to the following segments: UK £42.7 million (2021: £41.7 million), International £2.2 million (2021: £2.1 million).

*The comparative figures have been restated to reclassify a number of balances between financial statement line items. See note 1 for further details.

Notes

3. OPERATING PROFIT

	2022	2021
	£000	£000
Operating profit is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	**3,302**	10,373
Depreciation of property, plant and equipment – owned	**45,532**	44,980
– leased	**16,561**	20,752
Profit on disposal of property, plant and equipment	**(7,045)**	(4,263)
Amounts paid to auditors:		
Audit fees – parent company annual accounts	**500**	500
– other group companies	**41**	70
– total group	**541**	570
Audit related assurance services	**1**	21

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

No furlough payments were received during the year. During the prior year, furlough payments of £8.6 million received from the Government were passed through to employees. These were treated as a credit against employee costs in the Income Statement.

Audit fees include £nil in 2022 (2021: £60,000) which relates to the 2020/21 audit due to the impact of Covid-19 on the audit.

4. EXCEPTIONAL ITEMS

During the year, the Group incurred no exceptional costs. The prior period costs are analysed as follows:

	2022	2021
	£000	£000
Regulatory review costs	**-**	7,519
Restructuring costs	**-**	7,353
Exceptional Items recognised in Operating Profit	**-**	14,872
Financing expense	**-**	200
Exceptional Items recognised in Net Financial Expense	**-**	200
Total Exceptional Items	**-**	15,072

During the year to 31 March 2021, the Group incurred £15.1 million of exceptional costs in relation to regulatory review costs, restructuring costs and Covid-19 covenant amendments.

The regulatory review costs related to an investigation by the Competition and Markets Authority which was concluded in February 2021.

Notes

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	
	2022	2021
Operations	**2,068**	2,183
Sales	**323**	363
Administration	**442**	431
	2,833	2,977

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	**103,667**	96,572
Social security costs	**9,065**	9,059
Other pension costs	**3,256**	3,136
Share option costs including associated social security costs - equity settled	**1,343**	1,355
- cash settled	**259**	606
	117,590	110,728

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	
	2022	2021
Operations	**388**	423
Sales	**118**	119
Administration	**169**	154
	675	696

Company

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	**30,449**	26,475
Social security costs	**3,235**	3,284
Other pension costs	**750**	674
Share option costs including associated social security costs - equity settled	**568**	1,040
- cash settled	**259**	606
	35,261	32,079

Notes

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:

	2022	2021
	£000	£000
Basic remuneration including bonus and benefits	**2,227**	2,031
Cash allowances/pension contributions	**192**	218
Share options	**272**	-
	2,691	2,249

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

7. FINANCIAL INCOME AND EXPENSES

	2022	2021
	£000	£000
Financial income:		
Bank and other interest receivable	**2**	8
Financial expenses:		
Bank loans, overdrafts and other interest	**(4,414)**	(4,405)
Finance charges payable in respect of finance leases and hire purchase contracts	**(15)**	(38)
Finance charges in respect of operating leases under IFRS 16	**(2,926)**	(3,317)
	(7,355)	(7,760)

8. INCOME TAX EXPENSE

	2022	2021
Current tax expense	**£000**	£000
UK Corporation tax charge at 19% (2021: 19%)	**6,097**	2,354
Overseas tax - current year	**764**	552
Adjustments in respect of prior years - UK	**13**	(78)
Adjustments in respect of prior years - Overseas	**218**	56
Total current tax	**7,092**	2,884
Deferred tax expense		
Current year deferred tax	**489**	(445)
Impact of tax rate change	**2,711**	-
Adjustments to deferred tax in respect of prior years	**(183)**	(107)
Total deferred tax	**3,017**	(552)
Total tax expense in income statement	**10,109**	2,332

8. INCOME TAX EXPENSE (continued)

Reconciliation of effective tax rate

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

	2022 %	2022 £000	2021 %	2021 £000
Profit/(loss) before tax		**35,644**		(2,269)
Profit/(loss) multiplied by standard rate of corporation tax	**19.0**	**6,772**	19.0	(431)
Effects of:				
Impact of tax rate changes	**7.6%**	**2,711**	-	-
Expenses not deductible for tax purposes	**0.3%**	**91**	(72.0%)	1,633
Non-qualifying depreciation and amortisation	**1.0%**	**367**	(11.6%)	263
Gains covered by exemption/losses	**(0.8%)**	**(268)**	16.1%	(365)
Overseas tax rate	**1.1%**	**388**	(12.5%)	285
Adjustments in respect of prior years	**0.1%**	**48**	5.6%	(129)
Impairment of intangible assets	**0%**	**-**	(47.4%)	1,076
Total tax charge for the year	**28.3%**	**10,109**	(102.8%)	2,332

Tax recognised in reserves	2022 £000	2021 £000
Other comprehensive income:		
Tax relating to actuarial gains/(losses) on defined benefit pension schemes	**132**	(151)
Tax relating to historic asset revaluations	**(1)**	(1)
Items recognised in reserves	**52**	96
Impact of tax rate change	**(110)**	-
	73	(56)
Direct to equity:		
Deferred tax relating to share based payments	**(160)**	(103)
Current tax relating to share based payments	**70**	(62)
Impact of tax rate change	**11**	-
	(79)	(165)
Total	**(6)**	(221)

The corporation tax rate for the year ended 31 March 2022 was 19% (2021: 19%).

In the Spring budget 2021, the UK Government proposed to change the rate of corporation tax from 19% to 25%. The rate was substantively enacted in May 2021. Therefore the deferred tax assets/liabilities are measured at the rate that will be substantively enacted on the date when the underlying temporary differences will unwind.

The main reconciling items are:

- 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
- Gains covered by exemptions/losses; primarily relates to chattels exemptions on the disposal proceeds of fleet items
- Overseas tax rates; due to higher overseas tax rates compared to the UK, particularly in Australia and Germany
- Adjustments in respect of prior years; reflects the differences between the tax calculation for accounts purposes and the final tax returns. The main areas were overseas taxes, disallowed expenses and chargeable gains
- Impact of tax rate change, as noted above

The effective tax rate before any prior year adjustments, tax rate change, impairment of intangibles and other exceptional items would be expected to be about 1.6% over the standard rate of tax.

The closing unremitted earnings of subsidiaries is approximately £172m. No deferred tax liability is recognised on investments in subsidiaries, branches, associates and interests in joint arrangements 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.

Notes

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2020	42,587	430,990	3,784	35,551	512,912
Additions	1,353	40,165	606	2,080	44,204
Disposals	(2,126)	(47,468)	(606)	(1,681)	(51,881)
Exchange rate differences	15	92	8	193	308
Transfer between categories	-	(5)	-	5	-
At 31 March 2021	41,829	423,774	3,792	36,148	505,543
Additions	3,367	59,809	2,184	2,674	68,034
Acquisitions	630	883	96	38	1,647
Disposals	(503)	(41,904)	(367)	(1,048)	(43,822)
Exchange rate differences	10	351	15	87	463
Transfer between categories	-	(5)	-	5	-
At 31 March 2022	45,333	442,908	5,720	37,904	531,865
Accumulated depreciation and impairment losses					
At 1 April 2020	22,827	212,852	2,293	27,179	265,151
Charge for year	1,386	39,760	467	3,367	44,980
On disposals	(1,769)	(34,868)	(580)	(1,391)	(38,608)
Exchange rate differences	21	(16)	(1)	104	108
Transfer between categories	-	(4)	-	4	-
At 31 March 2021	22,465	217,724	2,179	29,263	271,631
Charge for year	1,935	39,850	742	3,005	45,532
Acquisitions	-	-	-	-	-
On disposals	(357)	(31,428)	(269)	(994)	(33,048)
Exchange rate differences	11	143	11	59	224
Transfer between categories	-	(5)	-	5	-
At 31 March 2022	24,054	226,284	2,663	31,338	284,339
Net book value					
At 31 March 2022	**21,279**	**216,624**	**3,057**	**6,566**	**247,526**
At 31 March 2021	19,364	206,050	1,613	6,885	233,912
At 31 March 2020	19,760	218,138	1,491	8,372	247,761

Notes

9. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2020	17,785	188,211	2,145	13,559	221,700
Additions	467	10,765	395	1,111	12,738
Group transfers in	-	5,757	-	-	5,757
Group transfers out	-	(6,846)	-	-	(6,846)
Disposals	(148)	(12,118)	(580)	(280)	(13,126)
Transfer between categories	-	(2)	-	2	-
At 31 March 2021	18,104	185,767	1,960	14,392	220,223
Additions	667	16,123	50	1,435	18,275
Group transfers in	630	2,898	-	-	3,528
Group transfers out	-	(4,198)	-	-	(4,198)
Disposals	(220)	(7,923)	(209)	(920)	(9,272)
At 31 March 2022	19,181	192,667	1,801	14,907	228,556
Accumulated depreciation and impairment losses					
At 1 April 2020	6,312	85,812	1,497	9,441	103,062
Charge for year	514	11,539	220	1,367	13,640
Group transfers in	-	3,033	-	-	3,033
Group transfers out	-	(3,001)	-	-	(3,001)
On disposals	(134)	(7,615)	(570)	(274)	(8,593)
Transfer between categories	-	(1)	-	1	-
At 31 March 2021	6,692	89,767	1,147	10,535	108,141
Charge for year	526	11,598	184	1,333	13,641
Group transfers in	-	1,379	-	-	1,379
Group transfers out	-	(2,324)	-	-	(2,324)
On disposals	(158)	(5,366)	(201)	(883)	(6,608)
At 31 March 2022	7,060	95,054	1,130	10,985	114,229
Net book value					
At 31 March 2022	**12,121**	**97,613**	**671**	**3,922**	**114,327**
At 31 March 2021	11,412	96,000	813	3,857	112,082
At 31 March 2020	11,473	102,399	648	4,118	118,638

The cost or deemed cost of land and buildings for the Group and the Company includes £3,204,000 (2021: £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 £000
Cost or deemed cost					
At 1 April 2020	14,169	26,222	4,989	71,806	117,186
Exchange rate differences	180	161	-	248	589
At 31 March 2021	14,349	26,383	4,989	72,054	117,775
Acquired through business combinations	-	191	-	1,051	1,242
Exchange rate differences	56	57	-	79	192
At 31 March 2022	14,405	26,631	4,989	73,184	119,209
Accumulated amortisation and impairment					
At 1 April 2020	5,317	11,443	4,989	21,170	42,919
Exchange rate differences	69	48	-	-	117
Amortisation	1,224	2,080	-	-	3,304
Impairment	-	-	-	7,069	7,069
At 31 March 2021	6,610	13,571	4,989	28,239	53,409
Exchange rate differences	40	36	-	-	76
Amortisation	1,221	2,081	-	-	3,302
At 31 March 2022	7,871	15,688	4,989	28,239	56,787
Carrying amount					
At 31 March 2022	**6,534**	**10,943**	**-**	**44,945**	**62,422**
At 31 March 2021	7,739	12,812	-	43,815	64,366
At 31 March 2020	8,852	14,779	-	50,636	74,267

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

	Goodwill	
	2022	2021
	£000	£000
Groundforce/TPA	**7,632**	7,632
Hire Station	**35,117**	34,066
TR	**2,196**	2,117
	44,945	43,815

10. INTANGIBLE ASSETS (continued)

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

The carrying value of intangibles and goodwill has been assessed for impairment by reference to its value in use as this is higher than the potential fair value on disposal. Values have been estimated using cash flow projections over a period of 5 years derived from the approved budget for the coming year. The key assumptions within the cash flow projections are those regarding revenue, margin and level of capital spend required to support the business. These assumptions have been based on past experience, market conditions, terminal year growth and the size of the fleet. The Group tests goodwill annually for impairment or more frequently if there are any indications that goodwill might be impaired.

In the prior year, goodwill attached to CGUs within the Hire Station and Groundforce/TPA divisions was written off as we no longer trade from the acquired locations. In addition, part of the goodwill associated with the acquisition of Brandon Hire was written off as a result of the restructuring during the year. These impairments along with amortisation were charged to cost of sales. The charges relate to the CGUs shown on page 91 and were all goodwill (£7,068,000).

The pre tax discount rate applied to all CGUs was 11% (2021: 11%), an estimate based on the Group's weighted cost of capital. A long term growth rate factor of 2% (2021: 2%) was applied when assessing impairment. Based on this testing the directors do not consider any of the goodwill or intangible assets carried forward at the year end to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate.

COMPANY	**Trade Names**	**Customer Relationships**	**Supply Agreements**	**Goodwill**	**Total**
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2020, 31 March 2021 and 31 March 2022	2,482	5,548	394	25,163	33,587
Accumulated amortisation and impairment					
At 1 April 2020	1,986	3,623	394	17,208	23,211
Amortisation charge	137	223	-	-	360
Impairment	-	-	-	469	469
At 31 March 2021	2,123	3,846	394	17,677	24,040
Amortisation charge	72	287	-	-	359
At 31 March 2022	2,195	4,133	394	17,677	24,399
Carrying amount					
At 31 March 2022	**287**	**1,415**	**-**	**7,486**	**9,188**
At 31 March 2021	359	1,702	-	7,486	9,547
At 31 March 2020	496	1,925	-	7,955	10,376

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.

11. LEASES

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

(a) Amounts recognised in the balance sheet

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

	Group		Company	
		Restated*		
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Property	**40,497**	41,363	**5,982**	4,785
Equipment	**6,016**	5,472	**5,027**	3,752
Vehicles	**7,638**	9,960	**2,352**	2,718
Total right of use assets	**54,151**	56,795	**13,361**	11,255

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

	Group		Company	
		Restated*		
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Property	**44,067**	45,654	**6,273**	5,213
Equipment	**6,222**	5,716	**5,227**	4,002
Vehicles	**7,354**	9,710	**2,257**	2,693
Total lease liabilities	**57,643**	61,080	**13,757**	11,908
Of which are:				
Current lease liabilities	**14,147**	16,477	**4,004**	4,246
Non-current lease liabilities	**43,496**	44,603	**9,754**	7,662
	57,643	61,080	**13,758**	11,908

Additions to the right of use assets during the current financial year for the Group was £13.1 million (2021: £5.4 million) Company: £5.4 million (2021: £2.5 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 2022:

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Depreciation charge on right-of-use assets				
Property	**7,810**	9,034	**827**	1,109
Equipment	**3,788**	6,076	**2,535**	4,424
Vehicles	**4,963**	5,642	**1,594**	1,921
	16,561	20,752	**4,956**	7,454
Interest expense (included in finance expenses)	**2,925**	3,304	**634**	725
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	**2,661**	332	**225**	7
Expenses relating to low-value assets that are not shown above as short-term leases (included in administrative expenses)	**6**	237	**3**	78

The total cash outflow for leases in 2022 for the Group was £19.5 million (2021: £23.9 million) Company: £5.5 million (2021: £8.2 million).

*The comparative figures have been restated to reclassify a number of balances between financial statement line items. See note 1 for further details.

Notes

11. LEASES (continued)

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

Basic earnings per share before the amortisation of intangibles and exceptional items increased by 0.04 pence for the period to 31 March 2022 if results were presented without the impact of IFRS 16. The financial impact of IFRS 16 on the Group's Consolidated Income Statement and EBITDA for the year ended 31 March 2022 and 2021 is set out below:

For the year ended 31 March 2022

	Excluding IFRS 16 £000	IFRS 16 Impact £000	**Reported £000**
Operating profit before amortisation and exceptional items	43,333	2,966	**46,299**
Operating profit	40,031	2,966	**42,997**
EBITDA	88,868	19,525	**108,393**
Net financial expense before exceptional items	(4,428)	(2,925)	**(7,353)**
Profit before taxation, amortisation and exceptional items	38,905	41	**38,946**
Profit before taxation	35,603	41	**35,644**

For the year ended 31 March 2021

	Excluding IFRS 16 £000	IFRS 16 Impact £000	**Reported £000**
Operating profit before amortisation and exceptional items	27,721	3,207	**30,928**
Operating profit	2,476	3,207	**5,683**
EBITDA	72,701	23,959	**96,660**
Net financial expense	(4,448)	(3,304)	**(7,752)**
Profit before taxation, amortisation and exceptional items	23,273	(97)	**23,176**
Loss before taxation	(2,172)	(97)	**(2,269)**

Operating profit before amortisation and exceptional items, segment assets and segment liabilities would all decrease if the impact of IFRS 16 was reversed. Pre IFRS 16 figures each segment for the year ending 31 March 2022 and 2021 are as follows:

	For the year ended 31 March 2022			At 31 March 2022					
	Operating Profit Before Amortisation and Exceptional Items			**Assets**			**Liabilities**		
	Pre IFRS 16 £000	IFRS 16 Adjustment £000	**Per Note 2 £000**	Pre IFRS 16 £000	IFRS 16 Adjustment £000	**Per Note 2 £000**	Pre IFRS 16 £000	IFRS 16 Adjustment £000	**Per Note 2 £000**
UK	41,829	2,875	**44,704**	377,471	47,911	**425,382**	236,444	50,080	**286,524**
International	1,504	91	**1,595**	36,538	2,547	**39,085**	8,587	2,771	**11,358**
	43,333	2,966	**46,299**	414,009	50,458	**464,467**	245,031	52,851	**297,882**

	For the year ended 31 March 2021			At 31 March 2021					
	Operating Profit Before Amortisation and Exceptional Items			**Assets** (restated)			**Liabilities** (restated)		
	Pre IFRS 16 £000	IFRS 16 Adjustment £000	**Per Note 2 £000**	Pre IFRS 16 £000	IFRS 16 Adjustment £000	**Per Note 2 £000**	Pre IFRS 16 £000	IFRS 16 Adjustment £000	**Per Note 2 £000**
UK	27,156	3,110	**30,266**	359,326	50,901	**410,227**	229,151	54,303	**283,454**
International	565	97	**662**	35,158	2,411	**37,569**	8,639	2,586	**11,225**
	27,721	3,207	**30,928**	394,484	53,312	**447,796**	237,790	56,889	**294,679**

Notes

12. INVESTMENTS IN SUBSIDIARIES

COMPANY

Cost	**£000**
At 1 April 2020 and 31 March 2021	73,571
Strike off of dormant companies	(4,796)
At 31 March 2022	68,775
Impairment	
At 1 April 2020 and 31 March 2021	1,687
Strike off of dormant companies	(1,687)
At 31 March 2022	-
Carrying amount	
At 31 March 2022	**68,775**
At 31 March 2021	71,884
At 31 March 2020	71,884

See note 31 for details of subsidiary undertakings.

13. INVENTORIES

	Group		**Company**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Raw materials and consumables	**3,237**	3,811	**1,389**	1,502
Goods for resale	**4,719**	3,531	**504**	756
	7,956	7,342	**1,893**	2,258

During the year, as a result of the year end assessment of inventory, there was a £13,000 increase in the Group provision for impairment of inventories (2021: £3,000 decrease) and a £55,000 increase for Company (2021: £154,000 decrease). The provision reflects the Group's best estimate of potential inventory obsolescence. The cost of goods for resale expensed during the year was £20.0 million (2021: £22.2 million). Due to the nature of the spares expenditure and the approach to accounting for spares, it is not possible to provide the value of spares inventory expensed.

14. TRADE AND OTHER RECEIVABLES

Current assets	Group 2022 £000	Group Restated* 2021 £000	Company 2022 £000	Company 2021 £000
Gross trade receivables	**72,841**	68,503	**21,107**	18,330
Trade receivables provisions	**(5,203)**	(7,242)	**(1,221)**	(1,277)
Amounts owed by subsidiary undertakings	**-**	-	**2,715**	-
Other receivables	**2,125**	568	**756**	318
Prepayments and accrued income	**6,294**	4,643	**2,784**	1,908
	76,057	66,472	**26,141**	19,279

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as shown above. The Group does not hold any collateral as security. Receivables acquired as part of the acquisitions in the year were £378,000 (2021: £nil) being the fair value of receivables.

During the year there was a decrease in the provisions for impairment of trade receivables of £2,039,000 (2021: £2,978,000 increase). The valuation of the provision reflects the Group's best estimates of likely impairment as a result of the aging of the debt, expected credit losses and its knowledge of the debtors. The Group has a reasonable spread of credit risk with the top 25 customers accounting for significantly less than 50% of gross trade debtors. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	2022 £000	2021 £000
Not overdue	**55,207**	50,594
0 - 30 days overdue	**5,138**	5,102
31 - 90 days overdue	**4,427**	2,082
More than 90 days overdue	**2,866**	3,483
	67,638	61,261

On this basis there are £12.4 million (2021: £10.7 million) of trade receivables that are overdue at the balance sheet date that have not been provided against. There is no indication as at 31 March 2022 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.

Non-current assets	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts owed by subsidiary undertakings	**-**	-	**55,699**	47,473

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

*The comparative figures have been restated to reclassify a number of balances between financial statement line items. See note 1 for further details.

15. CASH AND CASH EQUIVALENTS

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank balances	**13,617**	15,917	**2,537**	5,112
Cash and cash equivalents as per cash flow statement	**13,617**	15,917	**2,537**	5,112

16. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
		Restated*		
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Current liabilities				
Secured bank loans	**-**	73,000	**-**	73,000
Arrangement fees	**-**	(97)	**-**	(97)
Obligations under finance leases	**-**	106	**-**	48
Lease liabilities	**14,147**	16,477	**4,004**	4,246
	14,147	89,486	**4,004**	77,197
Non-current liabilities				
Secured bank loans	**52,000**	-	**52,000**	-
Secured private placement loan	**93,000**	65,000	**93,000**	65,000
Arrangement fees	**(779)**	(223)	**(779)**	(223)
Obligations under finance leases	**-**	37	**-**	-
Lease liabilities	**43,496**	44,603	**9,754**	7,662
	187,717	109,417	**153,975**	72,439

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

Group	As at 31 Mar 2021 Restated*	Cash movements	Non-cash movements	**As at 31 Mar 2022**
	£000	£000	£000	**£000**
Secured loans	138,143	6,857	-	**145,000**
Arrangement fees	(320)	(773)	314	**(779)**
Cash and cash equivalents	(15,917)	2,339	(39)	**(13,617)**
Net debt excluding lease liabilities	121,906	8,423	275	**130,604**
Lease liabilities	61,080	(17,149)	13,712	**57,643**
Net debt including lease liabilities	182,986	(8,726)	13,987	**188,247**

The repayment schedule of the carrying amount of the non-current borrowings as at 31 March 2022 is:

	Group		Company	
		Restated*		
	2022	2021	**2022**	2021
Due in less than one year:	**£000**	£000	**£000**	£000
Secured bank loans	**-**	73,000	**-**	73,000
Obligations under finance leases	**-**	106	**-**	48
Lease liabilities	**14,147**	16,477	**4,004**	4,246
Total	**14,147**	89,583	**4,004**	77,294
Due in more than one year but not more than two years:				
Obligations under finance leases	**-**	37	**-**	-
Lease liabilities	**10,898**	12,334	**2,712**	2,901
Total	**10,898**	12,371	**2,712**	2,901
Due in more than two years but not more than five years:				
Secured bank loans	**52,000**	-	**52,000**	-
Secured private placement loan	**65,000**	-	**65,000**	-
Lease liabilities	**20,365**	19,936	**4,702**	3,558
Total	**137,365**	19,936	**121,702**	3,558
Due in more than five years:				
Secured private placement loan	**28,000**	65,000	**28,000**	65,000
Lease liabilities	**12,233**	12,333	**2,340**	1,203
Total	**40,233**	77,333	**30,340**	66,203

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 2022 were £38 million (2021: £62 million). In January 2020, the Group refinanced £65.0 million of secured bank loans held with Lloyds Bank plc and HSBC Bank plc with a private placement with PGIM, Inc. at a value of £65.0 million maturing in January 2027 at a fixed interest rate payable semi-annually. In April 2021, the Group drew down a new £28 million seven year private placement under the existing agreement with PGIM, Inc. In June 2021, the

16. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Group also refinanced its £135 million committed revolving credit facilities with a new £90 million facility. The new revolving credit facility agreement also includes a £20 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 27 to 29, the Risk Management Report on pages 31 to 33 and the Directors' Report within going concern on page 58. The loans are subject to covenants and these have been fulfilled at all times during the year.

Liquidity Risk

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

GROUP	**Carrying value**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
31 March 2022	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Secured loans	145,000	166,438	4,217	4,228	129,205	28,788
Lease liabilities	57,643	68,519	17,650	13,259	23,599	14,010
Trade and other payables	38,039	38,039	38,039	-	-	-
	240,682	272,996	59,906	17,487	152,804	42,798
31 March 2021 (as restated*)						
Secured loans	138,000	149,884	76,224	1,819	71,841	-
Finance leases	143	153	115	35	3	-
Lease liabilities	61,080	80,847	21,539	15,546	26,077	17,685
Trade and other payables	43,635	43,635	43,635	-	-	-
	242,858	274,519	141,513	17,400	97,921	17,685

COMPANY	**Carrying value**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
31 March 2022	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Secured loans	145,000	166,438	4,217	4,228	129,205	28,788
Lease liabilities	13,758	16,663	4,826	3,230	5,701	2,906
Trade and other payables	57,622	57,622	45,374	-	-	12,248
	216,380	240,723	54,417	7,458	134,906	43,942
31 March 2021						
Secured loans	138,000	149,884	76,224	1,819	71,841	-
Finance leases	48	54	54	-	-	-
Lease liabilities	11,908	15,958	5,287	3,703	4,656	2,311
Trade and other payables	58,664	58,664	39,967	-	-	18,697
	208,715	224,659	121,593	5,557	76,500	21,008

*The comparative figures have been restated to reclassify a number of balances between financial statement line items. See note 1 for further details.

Notes

17. FINANCIAL INSTRUMENTS

At the start of the year, the Group had seven interest rate swaps to fix interest rates on a proportion of the revolving credit facility. Details are as follows:

Start date	Original finish date	Notional Debt value	Fixed margin
April 2018	April 2021	12,000,000	1.154%
May 2018	May 2021	5,000,000	0.930%
September 2018	September 2021	5,000,000	0.980%
December 2018	December 2021	7,500,000	1.209%
August 2019	August 2022	5,000,000	0.890%
August 2019	August 2022	5,000,000	0.884%
October 2019	October 2022	5,000,000	0.485%

In June 2021, the Group terminated all of these interest rate swaps as part of the refinancing undertaken. At 31 March 2022, the Group has no interest rate swaps.

In the prior year, the Group had 2 foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US dollars and Sterling. All the exchange rate hedges were effective cash flow hedges and movements in fair value were taken to equity. The foreign exchange hedges ended during the year and have not been replaced.

An analysis of fair values by hierarchy level for the prior year is provided below:

Liabilities measured at fair value:	31 March 2021
	Total
	£000
Financial liabilities at fair value:	
Interest rate swaps	251
Forward exchange rate agreements	(30)
	221

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

The movements in liabilities are reconciled below:

	31 March 2022		
	Interest rate swaps £000	**Forward exchange rate agreements £000**	**Total £000**
Opening liability as at 1 April 2021	**251**	**(30)**	**221**
Other comprehensive income	**(251)**	**30**	**(221)**
Closing liability as at 31 March 2022	**-**	**-**	**-**

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

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Capital Structure and Treasury section of the Financial Review on pages 28 and 29 and the Principal Risks and Uncertainties on pages 32 and 33, as are the risks relating to credit and currency management and the capital management of the Group.

Financial Instrument Sensitivity Analysis

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

	Equity and Profit/(Loss)	
	2022	2021
10% strengthening of Sterling against:	**£000**	£000
US Dollar	**75**	116
Australian Dollar	**(110)**	34
Singapore Dollar	**1**	(4)
Euro	**79**	28
10% weakening of Sterling against:		
US Dollar	**(91)**	(142)
Australian Dollar	**135**	(41)
Singapore Dollar	**(2)**	5
Euro	**(96)**	(34)
10% movement in Sterling interest rates:		
Increase in interest rates	**(14)**	(122)
Decrease in interest rates	**14**	122

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

Notes

18. TRADE AND OTHER PAYABLES

Current liabilities	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Trade payables	**30,326**	26,935	**5,705**	7,330
Amounts owed to subsidiary undertakings	**-**	-	**38,551**	32,361
Other taxes and social security	**6,779**	14,982	**3,176**	5,137
Other payables	**6,681**	16,700	**86**	276
Accruals and deferred income	**36,890**	24,873	**17,975**	16,334
	80,676	83,490	**65,493**	61,438

Within Group and Company other payables is £nil (2021: £0.2 million) in relation to interest rate swaps and foreign exchange rate agreements which are valued at fair value. In addition within accruals is £2.6 million (2021: £2.3 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. Payables acquired as part of the acquisitions in the year were £0.1 million (2021: £nil) being the fair value of payables.

Non-current liabilities	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Amounts owed to subsidiary undertakings	**-**	-	**12,248**	18,697

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

GROUP	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2020		7,756	5,575	(822)	(1,321)	11,188
Reclassification		369	(428)	97	(38)	-
Recognised in income statement		29	(863)	347	(65)	(552)
Recognised in reserves		(1)	-	(151)	-	(152)
Recognised in equity	8	-	-	(103)	-	(103)
Foreign exchange		44	65	(39)	(57)	13
At 31 March 2021		8,197	4,349	(671)	(1,481)	10,394
Reclassification		-	-	-	-	-
Recognised on acquisition		343	36	-	-	379
Recognised in income statement		3,568	330	7	(888)	3,017
Recognised in reserves		12	-	9	-	21
Recognised in equity	8	-	-	(149)	-	(149)
Foreign exchange		63	12	(14)	(45)	16
At 31 March 2022		**12,183**	**4,727**	**(818)**	**(2,414)**	**13,678**

Of the deferred tax liability above, the amount expected to unwind within 12 months is £3.2 million (2021: £2.3 million).

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2020		9,712	725	(331)	(355)	9,751
Recognised in income statement		(161)	(50)	434	(33)	190
Recognised in reserves		(1)	-	(129)	-	(130)
Recognised in equity		-	-	(103)	-	(103)
At 31 March 2021		9,550	675	(129)	(388)	9,708
Recognised on acquisition		-	-	-	-	-
Recognised in income statement		3,139	98	(22)	49	3,264
Recognised in reserves		12	-	(22)	-	(10)
Recognised in equity		-	-	(149)	-	(149)
At 31 March 2022		**12,701**	**773**	**(322)**	**(339)**	**12,813**

Of the deferred tax liability above, the amount expected to unwind within 12 months is £2.6 million (2021: £2.3 million).

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

Notes

20. CAPITAL AND RESERVES

Ordinary share capital	2022 £000	2021 £000
Allotted, called up and fully paid		
40,154,253 Ordinary shares of 5 pence each (2021: 40,154,253)	**2,008**	2,008

The company articles authorise 60,000,000 shares (2021: 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 71 and 72.

Own shares held

Deducted from retained earnings (Group and Company) is £4,478,000 (2021: £4,419,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 510,000 shares (2021: 554,000) with a market value at 31 March 2022 of £4,285,000 (2021: £4,508,000).

21. DIVIDENDS

	2022 £000	2021 £000
Amounts recognised as distributions to equity holders of the Parent in the year:		
Ordinary shares:		
Final paid 25.0p (2021: 0.0p) per share	**9,897**	-
Special paid 0.0p (2021: 22.0p) per share	**-**	8,674
Interim paid 10.5p (2021: 0.0p) per share	**4,157**	-
	14,054	8,674

The dividend paid in the year is after dividends were waived to the value of £201,000 (2021: £160,000) 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 25.5p per share which will absorb an estimated £10.1 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.

22. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share of 64.49 pence (2021: (11.62) pence) was based on the profit attributable to equity holders of the Parent of £25,535,000 (2021: £(4,601,000)) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2022 of 39,597,000 (2021: 39,595,000), calculated as follows:

	2022 Shares 000s	2021 Shares 000s
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(557)**	(559)
Weighted average number of ordinary shares	**39,597**	39,595

Basic earnings per share before the amortisation of intangibles and exceptional items was 71.24 pence (2021: 46.56 pence) and is based on an after tax add back of £2,675,000 (2021: £23,037,000) in respect of the amortisation of intangibles and exceptional items.

22. EARNINGS PER SHARE (continued)

Diluted earnings per share

The calculation of diluted earnings per share of 63.83 pence (2021: (11.62) pence) was based on profit/(loss) attributable to equity holders of the Parent of £25,535,000 (2021: £(4,601,000)) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2022 of 40,009,000 (2021: 40,218,000), calculated as follows:

	2022 Shares 000s	2021 Shares 000s
Weighted average number of ordinary shares	**39,597**	39,595
Effect of share options	**412**	623
Weighted average number of ordinary shares (diluted)	**40,009**	40,218

The calculation of diluted earnings per share in the prior year does not assume conversion, exercise or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Diluted earnings per share before the amortisation of intangibles and exceptional items was 70.51 pence (2021: 45.84 pence).

23. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 361,189 shares were granted under the SAYE scheme at a price of 693 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
July 2018	808p	9,045
July 2019	711p	199,264
July 2020	584p	321,930
July 2021	693p	325,377
		855,616

All the options are exercisable between 3 and 3.5 years. At 31 March 2022 there were 957 employees saving an average £161 per month (2021: 1,022 employees saving £57 per month) in respect of options under the SAYE scheme. The only SAYE scheme condition is continuous employment over the term of the option.

Approved Share Option Scheme

Options over a further 104,600 shares were granted during the year at a price of 908 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2012	266.5p	7,000
July 2013	389.0p	4,200
July 2014	680.0p	9,350
July 2015	770.0p	25,350
July 2016	657.0p	21,750
July 2017	870.0p	52,185
July 2019	860.0p	93,500
July 2020	698.0p	184,800
July 2021	908.0p	102,750
		500,885

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2019 to 2021 are subject to achievement of performance targets over a three year period. The awards for 2017 and prior are vested, but not yet exercised.

Notes

23. SHARE OPTION SCHEMES (continued)

Unapproved Share Option Scheme

Options over 724,900 shares were granted during the year at a price of 908 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2012	266.5p	19,750
July 2013	389.0p	27,200
July 2014	680.0p	48,600
July 2015	770.0p	64,850
July 2016	657.0p	152,650
July 2017	870.0p	163,371
July 2019	860.0p	356,500
July 2020	698.0p	491,700
July 2021	908.0p	699,750
		2,024,371

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2019 to 2021 are subject to achievement of performance targets over a three year period. The awards for 2017 and prior are vested, but not yet exercised.

Long-Term Incentive Plan

Awards were made during the year in relation to a further 309,200 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	284,000
July 2020	384,400
July 2021	309,200
	1,268,496

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2019 to 2021 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 50. The awards for 2017 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
August 2013	1,750
July 2014	2,500
August 2015	2,400
August 2016	2,200
	8,850

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 2022 was 840 pence (2021: 814 pence), the highest market value in the year to 31 March 2022 was 1060 pence (2021: 888 pence) and the lowest 826 pence (2021: 604 pence). The average share price during the year was 937 pence (2021: 720 pence).

Notes

23. SHARE OPTION SCHEMES (continued)

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

	2022		2021	
	Weighted average exercise price	**Number of options 000s**	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	**553p**	**4,511**	529p	4,145
Lapsed during the year	**681p**	**(1,035)**	695p	(622)
Exercised during the year	**667p**	**(318)**	113p	(632)
Granted during the year	**669p**	**1,500**	498p	1,620
Outstanding at the end of the year	**554p**	**4,658**	553p	4,511
Exercisable at the year end	**484p**	**905**	567p	924

The options outstanding at 31 March 2022 have an exercise price in the range of 0.0p to 908.0p and have a weighted average life of 2.0 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:

	2022	2021
Weighted average fair value per share	**298.5p**	293.4p
Share price at date of grant	**866.0p to 908.0p**	698.0p to 729.0p
Exercise price (details provided above)	**0.0p to 908.0p**	0.0p to 698.0p
Expected volatility	**37.4%**	35.3% to 35.4%
Option life	**3 to 10 years**	3 to 10 years
Expected divided yield	**2.8% to 2.9%**	1.2%
Risk free rate	**0.10%**	0.10%

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 £2,550,000 (2021: £2,301,000). £2,314,000 of this liability had vested at the year end (2021: £2,218,000).

24. CAPITAL COMMITMENTS

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

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Contracted	**14,523**	15,676	**10,764**	5,954

25. EMPLOYEE BENEFITS

Defined benefit schemes

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

The Group has two defined benefit pension schemes, the main scheme is the Vp pension scheme with a net present value surplus of £3.1 million (2021: £2.7 million). In addition, Torrent Trackside participate in a small section of the Railways Pension Scheme with a net present value obligation of £0.3 million (2021: £0.5 million). The two schemes are considered below.

Vp pension scheme

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

There are two categories of pension scheme member:

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases in deferment linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined benefit obligation as at 31 March 2022 was 11 years (2021: 11 years).

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 March 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 2022. 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.

25. EMPLOYEE BENEFITS (continued)

Torrent Railways pension scheme

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

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

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to the CPI inflation. The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Section's defined obligation as at 31 March 2022 was 20 years.

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

The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2019. 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 Company expects to pay around £15,000 to the Section during the accounting year beginning 1 April 2022. 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 2019.

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

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

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

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

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

Present value of net surplus	**Group**		**Company**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Present value of defined benefit obligation	**(9,531)**	(10,600)	**(7,706)**	(8,737)
Fair value of scheme assets	**12,269**	12,775	**10,774**	11,394
Present value of net surplus	**2,738**	2,175	**3,068**	2,657

Notes

25. EMPLOYEE BENEFITS (continued)

The movement in the defined benefit surplus is as follows:

Group

	2022 Present value of obligation £000	2022 Fair value of assets £000	2022 Total £000	2021 Present value of obligation £000	2021 Fair value of assets £000	2021 Total £000
At beginning of year	**(10,600)**	**12,775**	**2,175**	(9,812)	12,830	3,018
Service costs	**(37)**	**(145)**	**(182)**	(28)	(103)	(131)
Interest (cost)/income	**(177)**	**212**	**35**	(220)	288	68
Re-measurements						
Actuarial (losses)/gains: change in demographic assumptions	**(108)**	**-**	**(108)**	20	-	20
Actuarial gains/(losses): change in financial assumptions	**911**	**-**	**911**	(1,053)	-	(1,053)
Actuarial (losses)/gains: experience differing from that assumed	**(11)**	**-**	**(11)**	15	-	15
Actuarial (losses)/gains: actual return on assets	**-**	**(98)**	**(98)**	-	223	223
Contributions: employer	**-**	**16**	**16**	-	15	15
Contributions: employees	**(7)**	**7**	**-**	(7)	7	-
Benefits paid	**498**	**(498)**	**-**	485	(485)	-
	(9,531)	**12,269**	**2,738**	(10,600)	12,775	2,175

Company

	2022 Present value of obligation £000	2022 Fair value of assets £000	2022 Total £000	2021 Present value of obligation £000	2021 Fair value of assets £000	2021 Total £000
At beginning of year	**(8,737)**	**11,394**	**2,657**	(8,312)	11,665	3,353
Service costs	**-**	**(136)**	**(136)**	-	(91)	(91)
Interest (cost)/income	**(145)**	**189**	**44**	(185)	261	76
Re-measurements						
Actuarial (losses)/gains: change in demographic assumptions	**(86)**	**-**	**(86)**	16	-	16
Actuarial gains/(losses): change in financial assumptions	**765**	**-**	**765**	(724)	-	(724)
Actuarial gains: experience differing from that assumed	**26**	**-**	**26**	-	-	-
Actuarial (losses)/gains: actual return on assets	**-**	**(202)**	**(202)**	-	27	27
Benefits paid	**471**	**(471)**	**-**	468	(468)	-
	(7,706)	**10,774**	**3,068**	(8,737)	11,394	2,657

Expense/(income) recognised in the Income Statement	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Service costs	**182**	131	**136**	91
Net interest	**(35)**	(68)	**(44)**	(76)
	147	63	**92**	15

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cost of sales	**182**	131	**136**	91
Administrative expenses	**(35)**	(68)	**(44)**	(76)
	147	63	**92**	15

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25. EMPLOYEE BENEFITS (continued)

Amount recognised in other comprehensive income	**Group**		**Company**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Actuarial gains/(losses) on defined benefit obligation	**792**	(1,018)	**705**	(708)
Actual return on assets less interest	**(99)**	223	**(202)**	27
Amount recognised in other comprehensive income	**693**	(795)	**503**	(681)

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 gain of £428,000 (2021: loss of £265,000), Company gain of £146,000 (2021: loss of £357,000).

Scheme assets and returns

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

	Group		**Company**	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Fair value of assets				
Diversified growth funds	**4,145**	3,968	**4,145**	3,968
Equities and other growth assets	**1,088**	1,127	**-**	-
Bonds and cash	**5,385**	5,882	**4,978**	5,628
Liability driven investments (LDI)	**1,651**	1,798	**1,651**	1,798
	12,269	12,775	**10,774**	11,394
Returns				
Actual return on scheme assets	**114**	511	**(13)**	288

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 a quoted unit price. The market value for the purposes of the accounts was provided by LGIM and was the bid-value of the funds at the accounting date.

Principal actuarial assumptions

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

	Group and Company	
	2022	2021
Inflation	**4.2%**	3.5%
Discount rate at 31 March	**2.7%**	1.7%
Expected future salary increases	**2.1%**	2.0%
Expected future pension increases	**3.9%**	3.4%
Revaluation of deferred pensions	**3.6%**	2.8%

Mortality rate assumptions adopted at 31 March 2022, based on S2PA CMI Model 2019, imply the following life expectations on retirement at age 65 for:

	2022	2021
Male currently aged 45	**23 years**	23 years
Female currently aged 45	**26 years**	25 years
Male currently aged 65	**22 years**	22 years
Female currently aged 65	**24 years**	24 years

25. EMPLOYEE BENEFITS (continued)

History of schemes

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

Group	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Present value of defined benefit obligation	**(9,531)**	(10,600)	(9,812)	(10,187)	(10,388)
Fair value of plan assets	**12,269**	12,775	12,830	12,919	12,618
Present value of net surplus	**2,738**	2,175	3,018	2,732	2,230

Company	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Present value of defined benefit obligation	**(7,706)**	(8,737)	(8,312)	(8,591)	(8,902)
Fair value of plan assets	**10,774**	11,394	11,665	11,757	11,523
Present value of net surplus	**3,068**	2,657	3,353	3,166	2,621

(Losses)/gains recognised in statement of comprehensive income

Group	2022	2021	2020	2019	2018
Difference between expected and actual return on scheme assets:					
Amount (£000)	**(98)**	223	178	468	(25)
Percentage of scheme assets	**(0.8%)**	1.7%	1.4%	3.6%	(0.2%)
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**(11)**	15	(8)	205	(13)
Percentage of present value of scheme liabilities	**(0.1%)**	0.1%	(0.1%)	2.0%	(0.1%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**803**	(1,033)	198	(95)	313
Percentage of present value of scheme liabilities	**8.4%**	(9.7%)	2.0%	(0.9%)	3.0%
Recognition of Railways pension scheme					
Amount (£000)	**-**	-	-	-	-
Percentage of present value of scheme liabilities	**(0.0%)**	(0.0%)	(0.0%)	(0.0%)	(0.0%)
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**693**	(795)	368	536	275
Percentage of present value of scheme liabilities	**7.3%**	(7.5%)	3.8%	5.3%	2.6%

Company	2022	2021	2020	2019	2018
Difference between expected and actual return on scheme assets:					
Amount (£000)	**(202)**	27	201	426	(78)
Percentage of scheme assets	**(1.9%)**	0.2%	1.7%	3.6%	(0.7%)
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**26**	-	-	192	(12)
Percentage of present value of scheme liabilities	**0.3%**	0.0%	0.0%	2.2%	(0.1%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**679**	(708)	33	(30)	246
Percentage of present value of scheme liabilities	**8.8%**	(8.1%)	0.4%	(0.3%)	2.8%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**503**	(681)	234	546	156
Percentage of present value of scheme liabilities	**6.5%**	(7.8%)	2.8%	6.4%	1.8%

Notes

25. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

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

Vp plc scheme

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

Torrent Railways scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-9%/+10%
CPI inflation	+/- 0.5% pa	+7%/-7%
Assumed life expectancy	+ 1 year	+4%

All of these are consistent with the prior year except Assumed Life Expectancy which was +4% compared to 5%.

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

Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £1,945,000 (2021: £1,917,000) in the year.

Notes

26. BUSINESS COMBINATIONS

The Group acquired the following businesses from 1 April 2020 to 31 March 2022:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
M. & S. Hire Limited	16 November 2021	Share purchase (100% equity)	Hire Station Limited

Details of the acquisition are provided below:

	Group	
	2022 Total £000	2021 Total £000
Property, plant and equipment	**1,647**	-
Cash	**107**	-
Other current assets	**387**	-
Tax, trade and other payables	**(196)**	-
Deferred tax	**(351)**	-
Fair value of net assets	**1,594**	-
Fair value adjustments		
Intangibles on acquisition	**191**	-
Deferred tax on intangibles	**(36)**	-
Fair value of intangible assets acquired	**155**	-
Goodwill on acquisition	**1,051**	-
Cost of acquisitions	**2,800**	-
Satisfied by		
Cash consideration	**2,800**	-
Analysis of cash flow for acquisitions		
Cash consideration	**2,800**	-
Net cash in acquisitions	**(107)**	-
	2,693	-

The fair value of net assets generally reflect the book value of assets in the acquired company/business. The acquisition was made to grow market share and expand the product range. Intangibles identified in relation to the acquisition relate to customer lists. The amortisation periods for these intangibles are set out in note 1. The goodwill arising on acquisition is primarily attributable to the expected operational synergies within the Group's businesses. The acquisition costs expensed in the year ended 31 March 2022 in relation to the acquisition were £56,500 (2021: £Nil).

The acquired business' trade and assets were hived up into Hire Station Limited at 1 December 2021. The acquired business contributed revenues of £91,000 and net profit of £37,000 to the group for the period 16 November 2021 to 30 November 2021.

If the acquisition had occurred on 1 April 2021, consolidated pro-forma revenue and profit for the year ended 31 March 2022 would have been £1,320,000 and £176,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged using the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2021, together with the consequential tax effects.

Notes

27. RELATED PARTIES

Material transactions with key management (being the directors of the Group) mainly constitute remuneration including share based payments, details of which are included in the Remuneration Report on pages 41 to 55 and in note 6 to the Financial Statements.

Trading transactions with subsidiaries – Group

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

Trading transactions with subsidiaries – Parent Company

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

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

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

The amount outstanding from subsidiary undertakings to the Company at 31 March 2022 totalled £58,414,000 (2021: £47,473,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2022 totalled £50,799,000 (2021: £51,058,000).

The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans, private placement loans and overdrafts to the Company. The total value of such borrowings at 31 March 2022 was £145.0 million (2021: £138.0 million).

28. CONTINGENT LIABILITIES

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

29. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company Limited which is the ultimate parent company incorporated in United Kingdom and registered at Central House, Beckwith Knowle, Otley Road, Harrogate, HG3 1UD. Consolidated accounts are prepared for this company. Ackers P Investment Company Limited is ultimately controlled by a number of Trusts of which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person.

30. SUBSEQUENT EVENTS

On 28 April 2022, Vp plc (the 'Company') announced that its controlling shareholder, Ackers P Investment Company Limited (the "Controlling Shareholder" by virtue of its 50.26% holding in the issued share capital of the Company), had indicated to the Board its desire to explore opportunities to dispose of its entire shareholding in the Company. As a result, the Board unanimously concluded that it would be appropriate to investigate the sale of the Company and launched a formal sale process (the 'sale'). As at the date of this report the sale process is in its early stages.

Notes

31. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings as at 31 March 2022 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%
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%
Vidcom New Zealand Limited	New Zealand	Equipment hire	New Zealand	Ordinary shares 100%

Notes

31. SUBSIDIARY UNDERTAKINGS (continued)

The full list of the dormant subsidiary undertakings is:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Stoppers Specialists Limited	England	Dormant	n/a	Ordinary shares 100%
Trench Shore Limited	England	Dormant	n/a	Ordinary shares 100%
UK Training Limited*	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Investments Limited	England	Dormant	n/a	Ordinary shares 100%
Bukom General Oilfield Services Limited	England	Dormant	n/a	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	n/a	Ordinary shares 100%
Domindo Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Instant Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
The Handi Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Datum Survey Products Limited*	England	Dormant	n/a	Ordinary shares 100%
Power Tool Supplies Limited*	England	Dormant	n/a	Ordinary shares 100%
Hire & Sales (Canterbury) Limited	England	Dormant	n/a	Ordinary shares 100%
Cool Customers Limited*	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	n/a	Ordinary shares 100%
Vibrobet Limited*	England	Dormant	n/a	Ordinary shares 90%
UM (Holdings) Limited	England	Dormant	n/a	Ordinary shares 100%
Power Rental Services Limited*	England	Dormant	n/a	Ordinary shares 100%
Rapid Response (Barriers) Limited*	England	Dormant	n/a	Ordinary shares 100%
U-Mole Limited	England	Dormant	n/a	Ordinary shares 100%
727 Plant Limited	England	Dormant	n/a	Ordinary shares 100%
Cannon Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
M.E.P. Hire Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	n/a	Ordinary shares 100%
Saville - Hire Limited*	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Limited	England	Dormant	n/a	Ordinary shares 100%
Mechanical Electrical Pressfittings Limited*	Scotland	Dormant	n/a	Ordinary shares 100%
Mr Cropper Limited	England	Dormant	n/a	Ordinary shares 100%
Direct Instrument Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Higher Access Limited	England	Dormant	n/a	Ordinary shares 100%
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 wind up the companies marked with *.

31. SUBSIDIARY UNDERTAKINGS (continued)

The registered offices of the companies are:

Country of Registration	Registered Office Address
England	Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD
Scotland	Tofthills Avenue, Midmill Business Park, Kintore, Aberdeenshire AB51 0QP
Singapore	9 Pioneer Sector 2, Singapore 628371
Curacao	Brionplein 4, Curacao, Netherlands Antilles
Sharjah	SAIF Office P8-13-10, PO Box 121378, Sharjah, United Arab Emirates
Australia	18 Joseph Street, Blackburn North, Victoria 3130
Germany	Lurgiallee 6-8, 60439 Frankfurt
Ireland	70 Sir John Rogerson's Quay, Dublin 2
Malaysia	Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Dami Ehsan
New Zealand	27 Exmouth Street, Eden Terrace, Auckland 101

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

Company	Registered number
M.E.P. Hire Limited	SC162952
727 Plant Limited	2448801
M. & S. Hire Limited	1858587

Five Year Summary

	2018 £000	2019 £000	2020 £000	2021 £000	**2022 £000**
Revenue	303,639	382,830	362,927	307,997	**350,915**
Operating profit before amortisation and exceptionals	44,018	51,571	55,480	30,928	**46,299**
Profit before amortisation, taxation and exceptionals	40,597	46,829	46,640	23,176	**38,946**
Profit/(Loss) before taxation	30,814	33,581	28,366	(2,269)	**35,644**
Taxation	(6,448)	(7,759)	(9,779)	(2,332)	**(10,109)**
Profit/(Loss) after taxation	24,366	25,822	18,587	(4,601)	**25,535**
Dividends*	(8,983)	(10,853)	(12,055)	(8,674)	**(14,054)**
Share capital	2,008	2,008	2,008	2,008	**2,008**
Capital redemption reserve	301	301	301	301	**301**
Reserves	152,110	166,549	167,585	150,781	**164,276**
Total equity before non-controlling interest	154,419	168,858	169,894	153,090	**166,585**
Share Statistics					
Asset value	385p	421p	423p	381p	**415p**
Earnings (pre amortisation)	84.91p	95.14p	90.21p	46.56p	**71.24p**
Dividend**	26.00p	30.20p	30.45p	25.00p	**36.0p**
Times covered (pre amortisation)	3.27	3.15	3.0	1.9	**2.0**

* 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.

Directors and Advisors

Executive Directors

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

Non-Executive Directors

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

Secretary

Allison M Bainbridge

Registered Office

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

Independent Auditors

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

Solicitors

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

Registrars and Transfer Office

Link Asset Services, The Registry, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Bankers

HSBC Bank plc
Natwest Bank plc

Merchant Bankers

N M Rothschild & Sons Limited

Stockbrokers

N +1 Singer
Berenberg

Public Relations

Buchanan Communications

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