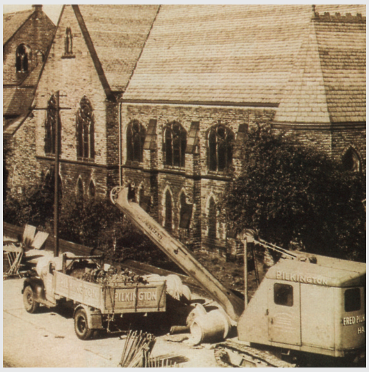
ANNUAL REPORT AND ACCOUNTS 2015

Equipment Rental since 1954



60 YEARS

Equipment Rental since 1954

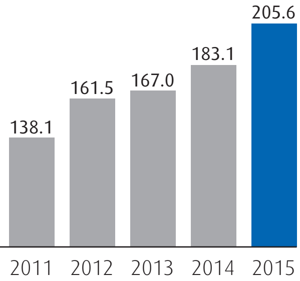
www.vpplc.com

In This Report

Financial Highlights

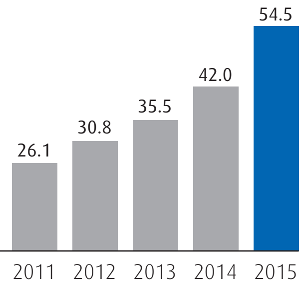
GROUP REVENUE

£205.6m
+12.3%



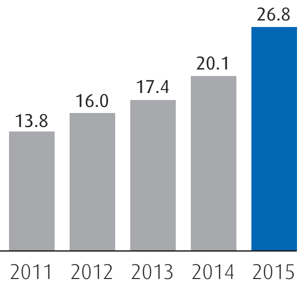
BASIC EARNINGS PER SHARE (PRE AMORTISATION)

54.5p
+29.7%



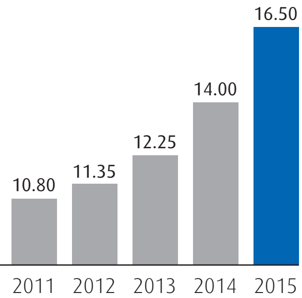
PROFIT BEFORE TAX AND AMORTISATION

£26.8m
+33.4%



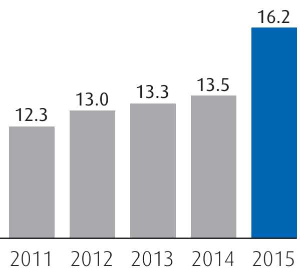
DIVIDENDS PER SHARE

16.50p
+17.9%



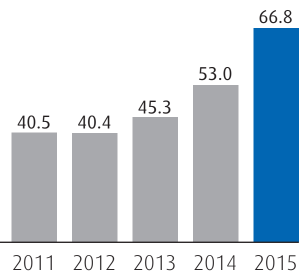
RETURN ON AVERAGE CAPITAL EMPLOYED

16.2%
+20.0%



NET DEBT

£66.8m
+25.9%



About Us

Vp is a specialist rental business.

Our objective is to deliver sustainable, quality returns on behalf of our shareholders by providing products and services to a diverse range of end markets including rail, transmission, water, civil engineering, construction, housebuilding and oil and gas. The Group comprises six specialist market leading divisions operating in the UK and overseas.

Group Businesses

The Group comprises of the following divisions:

Hire Station

Tools for Industry, Construction & DIY

Hire Station is a major national provider of small tools, climate, lifting, safety, survey and pressfitting equipment to industry, construction and homeowners throughout the UK.

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 and project contractors.

Groundforce

Specialist Construction Solutions

Groundforce is the market leading rental provider of excavation support, piling, pipe stoppers, air pressure testing, pumps, trenchless technology and temporary bridges. The division operates throughout the UK and Ireland and also in mainland Europe, out of its operational hubs in Germany.

Group Businesses

UK Forks
Materials Handling Specialists

UK Forks has established itself as the UK's leading specialist hirer of telescopic handlers and associated equipment. We work closely with our customers to identify opportunities to improve safety and productivity on building sites. We have a fleet of over a thousand machines, controlled by a centralised hire desk, promoting efficient fleet management and supporting a range of targeted market sectors.

Airpac Bukom
Oilfield Services

Airpac Bukom Oilfield Services holds a market leading position in the provision of specialist compressed air and steam generation services. The business supports industry segments as diverse as well testing, offshore fabric maintenance, product transfer, cuttings transportation and LNG fabrication in most oil provinces across the globe. Our equipment spreads are mobilised from an unrivalled network of service facilities located in the UK, Singapore, Australia, U.A.E. and Latin America.

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 unrivalled equipment rental and installation of portable roadways, walkways and stairways, to customers in the transmission, construction, rail and outdoor events markets.

Celebrating 60 Years

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

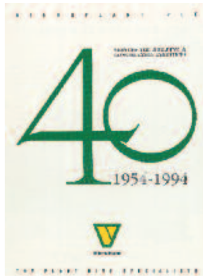
In 2000, the Company exited its historically core general plant business to focus on higher return specialist activities. At the same time it changed its name to Vp plc.

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

1954
Vibratory Roller & Plant Hire (Northern) Limited founded

1973
Floated on main market Vibroplant plc

1980
Shoring division established



1982
US powered access business established

1996
Tool Hire: Cannon Tool Hire acquired in 1996

1954 — 1973 — 1980 — 1990

1975
First move into specialist - Airpac

1990
Groundforce acquired from SGB

1996
Exit from USA; UK specialist businesses expanded

1997
Rail: Torrent Trackside acquired

Turnover	1970: £2m	1980: £14m	1990: £70m

2000
UK Forks division created

2001
Hire Station formed through merger of five regional tool businesses

2001
Renamed Vp plc

2002-2004
Shoring expansion through acquisition of Mechplant, Trenchshore & Eve Shorco

2005
TPA and ESS acquired

2006
Acquisition of Bukom Oilfield Services (Airpac Bukom formed)

2007-2009
Continuing growth in specialist areas via acquisitions of MEP and UMole

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

2011
Mainland Europe - Groundforce

2013
Acquisition of "Mr Cropper"

2014
Vp plc celebrates its 60th Anniversary

Equipment Rental since 1954

2006 2013 2015

2000: £55m 2010: £129m 2015: £206m

Our Business Model and Strategy

Our aim is to generate sustainable value creation for shareholders and other stakeholders through our expertise in asset management, by exceeding customer expectations, maintaining and utilising our financial strength and retaining and attracting the best people.

Serving diverse markets in the UK and overseas including rail, transmission, water, civil engineering, construction, house building, oil and gas.

HOW WE MEASURE SUCCESS (KEY PERFORMANCE INDICATORS)

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

*shown in CSR report

Chairman's Statement

It gives me great pleasure to report to shareholders on another excellent, indeed record breaking, year for the Group. Our relentless focus on exceeding and redefining customer expectations provides the foundation for these results. We only promise what we can deliver and we deliver what we promise.

Chairman: Jeremy Pilkington

Strategic Report
Governance
Financial Statements
Shareholder Information

Profits before tax and amortisation improved by 33% to £26.8 million (2014: £20.1 million) on revenues ahead by 12% at £205.6 million (2014: £183.1 million). This result exceeds, by a considerable margin, our previous best year in 2009 when the Group reported profits of £21.7 million.

All of our key financial metrics have improved significantly. Margins increased to 13% (2014: 11%); return on average capital employed improved by 20% to 16.2% (2014: 13.5%) and basic earnings per share pre-amortisation grew 30% to 54.5 pence per share.

The quality of the Group's earnings is demonstrated by our ability to generate strong and improving cash flows. EBITDA increased by over 21% to £53.8 million. Capital investment in hire fleet of £49.3 million (2014: £38.2 million) was deployed to support growing demand and market share gain across a broad range of sectors. Net debt at the year-end was £66.8 million (2014: £53.0 million).

In view of this outstanding set of results, the Board is recommending a final dividend of 11.5 pence per share making a total for the year of 16.5 pence per share, an increase of 18%. Subject to shareholders' approval at our Annual General Meeting on 21 July 2015, it is proposed to pay the final dividend on 7 August 2015 to members registered as of 10 July 2015.

We see the next few years as offering great opportunities for the Group assisted by the unambiguous General Election result. We are able and determined to take the fullest possible advantage of these opportunities.

As always, on behalf of our shareholders and the Board, it is my great pleasure to thank employees throughout the Group for their loyalty and dedication upon whose efforts these outstanding results rest.

Jeremy Pilkington
Chairman
4 June 2015

Business Review

Group Managing Director: Neil Stothard

Overview

Vp plc is a specialist rental business. Our objective is to deliver sustainable, quality returns on behalf of shareholders by providing products and services to a diverse range of end markets including rail, transmission, water, civil engineering, construction, housebuilding and oil and gas. The Group comprises six specialist market leading divisions operating in the UK and overseas.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£205.6 million	£183.1 million
Operating profit before amortisation	£28.8 million	£21.8 million
Operating margin	14.0%	11.9%
Investment in rental fleet	£49.3 million	£38.2 million
ROACE	16.2%	13.5%

I am very pleased to report on another year of substantial progress for the Group with revenues improving to £205.6 million, a 12% increase on the prior year. This growth was primarily organic.

Operating profits reached a record £28.8 million, a 32% increase on the prior year, with operating margins advancing strongly to 14.0% (2014: 11.9%). We maintain a clear focus on the quality of the returns generated from the assets employed in the business. It is therefore very pleasing to note that we made significant progress in the year as return on average capital employed (ROACE) increased to an excellent 16.2% (2014: 13.5%).

Whilst markets have generally been supportive, we have experienced some variance within individual sectors. Housebuilding, construction and elements of infrastructure have generated strong demand in the period. By contrast the oil and gas sector, primarily driven by the oil price fall in the latter half of 2014, and the UK transmission sector have been quieter.

The strongly cash generative nature of the Group was once again highlighted by EBITDA, which grew to £53.8 million (2014: £44.3 million).

Investment in rental fleet increased to £49.3 million (2014: £38.2 million) as demand for our services increased, particularly in those divisions supporting the general construction and housebuilding markets. As previously reported, the Group acquired the trackside plant and equipment rental business of Balfour Beatty Rail Ltd in July 2014 for a consideration of £5.5 million. Proceeds from fleet disposals continue to be a key element of capital investment considerations and they increased to £12.0 million (2014: £8.6 million) generating profit on disposal of £3.3 million (2014: £2.9 million).

The Board's view of the markets into the new financial year is broadly in line with 2014/15. We anticipate construction and housebuilding will carry on at similar levels, though we expect some recovery in transmission, balanced by a quieter year for the UK water sector as the new AMP6 programme enters its typically low spending first year. Whilst there has been some recovery in the oil price since late 2014, we expect this market to continue to be tough but with opportunity.

The results for the year further endorse the Group's strategy to focus on specialist equipment rental providing valued expertise to our customers across a wide range of end markets, both in the UK and overseas.

Business Review

UK Forks
Materials Handling Specialists

Rough terrain material handling equipment for industry, residential and general construction.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£18.2 million	£16.3 million
Operating profit before amortisation	£4.0 million	£2.5 million
Investment in rental fleet	£11.2 million	£7.0 million

UK Forks made further substantial progress in the year with profits increasing by 62% to £4.0 million (2014: £2.5 million). Increased demand was experienced from both the general construction and housebuilding sectors and as a result, revenues grew by 12% to £18.2 million (2014: £16.3 million).

UK Forks has developed an excellent reputation for quality throughout its customer base and this attribute continues to underpin the business's position as the UK market leader and supplier of choice in the housebuilding sector. Gains in the construction and infrastructure sectors have further strengthened UK Forks' position in the telehandler rental market.

A healthy level of business growth led to capital investment in rental fleet increasing to £11.2 million (2014: £7.0 million). Successful disposal of retiring fleet remains an element of the business, and net of machine sales, the average fleet numbers increased by 13% during the year.

A strong platform has been established through quality revenue gains and robust management of the cost base, which positions UK Forks well for further expansion across all its market sectors.

Business Review

Groundforce
Specialist Construction Solutions

Excavation support systems, specialist piling equipment and trenchless technology for the water, gas, civil engineering and construction industries in the UK and mainland Europe.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£44.4 million	£42.3 million
Operating profit before amortisation	£8.9 million	£7.9 million
Investment in rental fleet	£5.7 million	£8.0 million

Groundforce reported another excellent result with profits increasing to £8.9 million (2014: £7.9 million) on revenues 5% ahead of prior year at £44.4 million.

Within the UK, demand from the Water Industry (AMP5) was maintained throughout the year, as contracts were closed-out prior to the commencement of the next investment programme (AMP6). Housing offered extra opportunity, as new sites were opened and demand also filtered through from the commercial property sector, where groundworks for fresh developments began, particularly in the South East. New depot openings in Aberdeen and East Anglia have widened the distribution network for the UK during the year.

Piletec progressed well, completing the integration of Mr Cropper which relocated into enhanced operational locations. U Mole delivered improvement with new products being introduced. The markets in Ireland remain weaker, but the business grew revenues, as it leveraged the two depots opened at the end of last year.

The operation in Germany remains relatively small as the business seeks to gain market share. It has however provided the platform to undertake a number of major contracts throughout Europe, including a basement car park in Paris and major harbour work in Bremerhaven. It also acted as the facilitator to a high profile contract in Qatar for an existing European client, which was commenced during Q4. Whilst technically challenging, this project readily illustrated the quality of solutions offered by the Groundforce engineered products.

Capital investment on rental equipment was £5.7 million (2014: £8.0 million).

We anticipate that trading levels in the coming year will be stable as improved construction demand balances the challenge presented by the slowdown during the transition between AMP cycles in the water sector. However, with Groundforce trading across a broad customer base, in a variety of sectors, it is well placed for further progress.

Business Review

Airpac Bukom
Oilfield Services

Equipment and service providers to the international oil and gas exploration and development markets.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£21.5 million	£20.2 million
Operating profit before amortisation	£2.8 million	£2.0 million
Investment in rental fleet	£5.3 million	£5.8 million

Airpac Bukom reported improved results with profits increasing to £2.8 million (2014: £2.0 million) on revenues 6% ahead at £21.5 million (2014: £20.2 million). The division's result was achieved against an increasingly challenging market environment, driven by the deterioration in the price of oil in the latter part of 2014. As a consequence, revenues in the second half softened.

The LNG (Liquified Natural Gas) sector continued to offer opportunities in the Asia Pacific region. Services were provided in South East Asia for the testing of the manufactured modules for two major LNG contracts in Australia, APLNG and Ichthys. Manufacture of the former completed during the financial year although our engagement in the project has continued with the testing of the installation phase on Curtis Island in Australia. Progress was also made on the installation phases of the QCLNG and GLNG contracts, also on Curtis Island.

Rentals to the well testing market generally suffered in the second half, as the impact of the oil price drop took hold. Airpac Bukom secured a number of long term contracts which have provided some resilience and the division has maintained a presence in some early production projects in the Middle East. However, most geographical regions were affected by reductions in capital investment by the major oil companies.

Capital expenditure on equipment was £5.3 million (2014: £5.8 million) as the division continued to update the rental fleet to meet customer demand. There is little doubt that the oil and gas industry is experiencing extremely testing conditions which are likely to remain in the immediate term. Volumes and prices are being affected across most sub-sectors and management has reshaped the business to suit. As a consequence, the year ahead will be challenging, but we remain confident that opportunities will continue to be available, albeit reduced in number.

Business Review

Hire Station

Tools for Industry, Construction & DIY

Small tools and specialist equipment for industry and construction.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£77.0 million	£66.2 million
Operating profit before amortisation	£8.7 million	£4.8 million
Investment in rental fleet	£20.1 million	£13.4 million

Hire Station continued to enjoy increasingly supportive markets throughout the year and this enabled the business to once again deliver record revenues of £77.0 million up 16.0% on the prior year. Profits increased strongly to £8.7 million (2014: £4.8 million).

The tools business made further excellent progress delivering double digit revenue growth and a strong increase in profitability. New locations were opened in London to support growing activity in this region and we have relocated a number of provincial depots to larger premises. Our focus on availability, quality and compliance ensures that our customers continue to get a first class service. This philosophy has generated loyalty and a greater share of wallet from our customer base.

ESS Safeforce had another record year with growth in all of its key revenue streams. The depots at Port Talbot, Exeter and Dublin, which opened in the previous year, all flourished and delivered profits well ahead of schedule. Our trading branch in Rotterdam got off to a satisfactory start with a number of significant contract wins, which provided the backdrop for accelerated investment in both resource and fleet.

The MEP business, which supplies specialist press fitting and electro fusion equipment, also has the largest fleet of low level access machines in Europe. Servicing predominantly the M&E sector, the business has been very busy during the year expanding its footprint with new locations in London, where the greatest demand for product exists, as well as investing in established locations to support new customer wins. During the year, we supplied to projects in Finland and the Netherlands, supporting UK contractors, with further opportunities going forward.

A positive construction sector, together with secured opportunities, led to the business increasing investment in the fleet to £20.1 million (2014: £13.4 million). Hire Station continues to have one of the youngest fleets in the market. This investment, together with our efficient workshop procedures, has meant that product availability has given us a competitive advantage as demand has increased.

These record results together with significant investment in the branch network give Hire Station a strong platform for further profitable growth in the coming year.

Business Review

TPA
Portable Roadways

Rental and installation of portable roadways throughout the UK and mainland Europe.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£14.6 million	£15.8 million
Operating profit before amortisation	£1.0 million	£1.8 million
Investment in rental fleet	£2.3 million	£1.0 million

TPA experienced a mixed year, as revenues decreased by 8% to £14.6 million, with profits reducing to £1.0 million (2014: £1.8 million).

In the UK, demand from the construction and rail markets in particular showed upside, but this could not offset the contract delays and reductions in the transmission sector following the break-up of the Electricity Alliances. This, together with an unseasonally dry winter, served to create a market spike in product availability depressing prices and utilisation.

In Europe, the business progressed on two fronts. Firstly, growth from an increased customer base provided greater revenue stability and secondly, the development of a more robust management structure in Germany, which will underpin future growth prospects for the region.

Capital expenditure in rental fleet increased to £2.3 million (2014: £1.0 million), including investment in new products specific to targeted markets.

The outlook for TPA for the coming year is improved, with an anticipated uplift from the transmission sectors in the UK and further positive development of the European activity.

Business Review

Torrent Trackside

Railway Plant. Railway People.

Suppliers of rail infrastructure portable plant and specialist rail services to Network Rail, London Underground and their respective contractor base.

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue	£29.9 million	£22.3 million
Operating profit before amortisation	£3.4 million	£2.8 million
Investment in rental fleet	£4.7 million	£3.0 million

Torrent Trackside made further good progress in the year with revenues of £29.9 million, up 34% on the prior year, generating profits of £3.4 million (2014: £2.8 million).

Torrent experienced a year of high demand with the division busy on track renewals, rail projects and track maintenance activities. In addition, activity was busy on the London Underground infrastructure programme. During the year the UK rail industry embarked on Control Spend Period 5 (CP5), which is now well underway after a slow start in the early months of the year. This is a five year funded plan for the maintenance, enhancement and renewal of track on the UK national rail network.

During the course of the year Torrent acquired the plant assets, depots and staff of the track plant and equipment division of Balfour Beatty Rail. The acquisition also enhanced Torrent's depot network in the South East where there is the greatest density of track, and as a result new locations were secured at Romford, Ashford, Eastleigh and Ruislip.

Investment in fleet increased to £4.7 million (2014: £3.0 million) both to refresh the fleet and also in support of new growth opportunities.

The rail market continues to be well funded, buoyant and challenging. The industry maintains its focus on delivering improved productivity, efficiency gains and unit price reductions. Torrent's market leadership places it well to meet those demands whilst continuing to deliver service excellence to both existing and new customers.

Business Review

Prospects

The year ended 31 March 2015 generated the best ever financial results for Vp plc.

Moving into the new financial year, the constituent business units are well positioned to reap the benefits of sustained market demand particularly in general construction, housebuilding and large elements of the infrastructure sector. Oil and gas presents some shorter term challenges, but overall the Group continues to be well positioned in markets which are generally supportive.

We expect to actively invest in the infrastructure of the Group in the coming year, recruiting more talent, expanding the branch network and investing strongly in fleet. This will ensure that the Group is fit and ready to deliver further incremental growth.

Trading into the new financial year has started well and the Board is confident of making further positive progress for shareholders this year.

Neil Stothard
Group Managing Director
4 June 2015

Financial Review

Group revenues increased by 12% to £205.6 million (2014: £183.1 million). Profit before tax and amortisation rose by 33% to £26.8 million (2014: £20.1 million) with PBTA margins increasing to 13% (2014: 11%). The return on average capital employed improved strongly on prior year at 16.2% (2014: 13.5%).

Group Finance Director: Allison Bainbridge

EARNINGS PER SHARE, DIVIDEND AND SHARES

Basic earnings per share before the amortisation of intangibles increased from 41.97 pence to 54.45 pence, an increase of 29.7%. Basic earnings per share after the amortisation of intangibles was 51.03 pence (2014: 39.78 pence).

It is proposed to increase the final dividend to 11.5 pence per share. If approved, the full year dividend would be increased by 2.5 pence (18%) to 16.5 pence with a dividend cover of 3.3 times (2014: 3.0 times) based on earnings per share before amortisation. The final dividend will be paid on 7 August 2015 to all shareholders on the register on 10 July 2015.

At 31 March 2015, 40.2 million shares were in issue and 1.3 million shares were held by the Employee Trust.

The average number of shares in issue during the year was 38.9 million (2014: 39.5 million) after adjusting for shares held by the Employee Trust.

CAPITAL EXPENDITURE, DISPOSAL AND DEPRECIATION

Total capital expenditure was £56.3 million (2014: £41.1 million) of which £49.3 million (2014: £38.2 million) related to equipment for hire. The increased expenditure on rental fleet reflects continued strengthening of customer demand in key market segments. Proceeds from disposals of assets amounted to £12.0 million (2014: £8.6 million) resulting in total net capital expenditure of £44.3 million (2014: £32.5 million). The disposal of hire fleet during the year produced profit of £3.3 million (2014: £2.9 million) reflecting prudent depreciation policies and good asset management. The depreciation charge for the year was £25.0 million (2014: £22.5 million), with £22.4 million (2014: £20.0 million) relating to rental equipment.

ACQUISITION

In July 2014 the Group acquired the business and assets of the trackside plant and equipment rental business of Balfour Beatty Rail Limited for a consideration of £5.5 million and this has been successfully integrated into Torrent Trackside. The acquisition has been consolidated into these results.

CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows. Cash generated from operations totalled £54.5 million (2014: £47.3 million). Accordingly, after funding significant capital expenditure and the acquisition from Balfour Beatty, net debt only increased from £53.0 million at 31 March 2014 to £66.8 million at 31 March 2015.

After adjusting for movements in capital creditors, cashflows in respect of capital expenditure were £52.9 million (2014: £39.5 million). The cash cost of acquisitions in the year was £5.4 million (2014: £4.5 million), dividend payments to shareholders totalled £6.0 million (2014: £5.0 million), and cash investment in own shares on behalf of the Employee Benefit Trust during the year was £11.1 million (2014: £8.6 million).

Net interest expense for the year totalled £2.0 million (2014: £1.8 million). Interest cover before amortisation was 14.2 times (2014: 12.3 times) and Net Debt/EBITDA was 1.24 (2014: 1.20), both comfortably within our banking covenants of greater than 3 times and lower than 2.5 times respectively. Gearing calculated as net debt divided by total equity was 60% (2014: 49%).

BALANCE SHEET

Total net assets were £111.8 million (2014: £108.0 million), representing net assets per share of 278 pence (2014: 269 pence). The net book value of property, plant and equipment was £147.8 million (2014: £124.8 million) of which rental equipment represents 89% (2014: 90%).

Gross trade debtors were £41.2 million at 31 March 2015 (2014: £37.0 million). Bad debt and credit note provisions totalled £5.0 million (2014: £3.6 million) equivalent to 12.2% (2014: 9.9%) of gross debtors. Debtor days were broadly unchanged at 58 days (2014: 57 days).

With no impairments, the Group carried forward £7.5 million (2014: £5.5 million) of intangible assets and £35.9 million (2014: £35.9 million) goodwill at year end. The movement in the year reflects additions of £3.7 million less amortisation of intangibles of £1.7 million. Intangible assets are recognised in relation to trade names, customer lists or relationships and supply agreements. Taking into account current and budgeted financial performance the Board remains satisfied with the carrying value of these assets.

Financial Review

CAPITAL STRUCTURE AND TREASURY

The Group finances its operations through a combination of shareholders' funds, bank borrowings 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 2015 the Group had £85 million (2014: £65 million) of committed revolving credit facilities comprising: a £35 million three year facility expiring May 2016, a £30 million four and a half year facility expiring in October 2017 and a £20 million facility also expiring in October 2017. On 11 May 2015 the £35 million revolving facility due to expire in May 2016 was replaced with a new 5 year £45 million revolving credit facility expiring in May 2020. The Group therefore now has committed facilities of £95 million, an uncommitted step up facility of £20 million and an overdraft facility of £5 million (2014: £5 million). These facilities are with Lloyds Bank plc and HSBC Bank plc.

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a margin. The Group has ten interest rate swaps which are held to hedge the risk of exposure to changes in interest rates on the Group's secured bank loans. These swaps were taken out in four tranches and they all have a life of three years. The first tranche of three swaps, all of which are for £7.5 million of debt, had start dates in September 2012, December 2012 and August 2013. They fix interest rates net of bank margin at between 1.26% and 1.32%. The second tranche of two swaps was taken out in October and November 2013, they are both for £2.5 million of debt and fix interest rates net of bank margin at 0.98%. The third tranche of two swaps was taken out in April 2014, they are both for £1.5 million of debt and fix interest rates net of bank margin at 1.39% and 1.40%. The final tranche was taken out in March 2015 and comprises three swaps: £5.0 million commencing June 2015, £5 million commencing 1 September 2015 and £7.5 million commencing 1 December 2015. This final tranche fix net interest rates at between 1.045% and 1.2%.

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. During the year the Group had thirteen foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2015. It also has a further twelve foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2015 to 30 June 2016. In addition to the US dollar hedges the Group also had Australian dollar and Singapore dollar hedges in the year and has taken out hedges for the next financial year in Australian dollars and Singapore dollars.

TAXATION

The overall tax charge on profit before tax was £5.2 million (2014: £3.2 million), an effective rate of 20.8% (2014: 17.1%). The current year tax charge was increased by £36,000 (2014: £127,000 reduction) in respect of adjustments relating to prior years. The underlying tax rate was 20.7% (2014: 17.7%) before prior year adjustments. In the prior year the effective tax rate was reduced by 5.7% (£1.1 million) as a result of a reduction in the deferred tax liability due to the reduction in the future standard tax rate in the UK to 20%. There was no equivalent adjustment in 2014/15. A more detailed reconciliation of factors affecting the tax charge is shown in note 7 to the Financial Statements.

SHARE PRICE

During the year the Company's share price increased by 4% from 634.5 pence to 659 pence, compared to a 1% decrease in the FTSE small cap index excluding investment trusts. The Company's shares ranged in price from 565 pence to 689.5 pence and averaged 626.3 pence during the year.

Allison Bainbridge
Group Finance Director
4 June 2015

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

Our approach identifies risks arising in all parts of the Group, using both a top down and a bottom up approach. Once identified, the impact and probability of risks are determined and scored at both a gross (before mitigation) and net (after mitigation) basis. These risk scores are documented in risk registers which are maintained at a divisional and Group level. The risk registers change as new risks emerge and others diminish. Risk registers are subject to ongoing review based upon business activity.

The risk profile for each division is used to determine the programme of work carried out by Internal Audit. The risk assessments are captured in consistent reporting formats, enabling Internal Audit to consolidate the risk information and summarise the key risk in the form of a Group risk profile. Mitigation action plans against each risk continue to be monitored on a regular basis. Further information is provided on page 21 on our principal risks and mitigating activities to address them.

Our risk reporting framework is set out below:

Board
- Sets the Group strategy
- Establishes the policy to reduce risk
- Ensures appropriate financial and operational controls are in place
- Regularly monitors Group risks

Divisional Boards
- Determine appropriate control procedures are in place
- Reviews performance against budget and forecasts
- Identifies, mitigates, monitors and reviews risks

Audit Committee
- Monitors the integrity of the Group's financial reporting process
- Approves the annual audit programme
- Reviews work of Internal Audit
- Reviews the effectiveness of internal controls
- Monitors the statutory audit

Internal Audit
- Risk based programme of internal audit project work
- Compliance testing and assurance
- Production of KPI data on the Group's key risks
- Maintenance of Group Risk Register
- High level risk review
- Annual assurance reviews

Risk Management

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2014
Market risk A downturn in economic recovery 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/Product Management In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	Vp has well established processes to manage its fleet from investment decision to disposal. The Groups return on average capital employed was a healthy 16.2% in 2014/15. 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 and our induction and training programmes reinforce these policies. 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.	At the year end the Group had a revolving credit facility of £85 million and maintains strong relationships with all banking contacts. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, with growing EBITDA, which allows us to invest into opportunities. Our treasury policy requires a tangible proportion of debt to be at fixed interest rates and we facilitate this through interest rate swaps. We have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days were broadly unchanged at 58 at the year end and bad debts as a percentage of turnover remained low at 0.3% (2014: 0.6%).	→

↓ Decreased risk ↑ Increased risk → No change

Corporate and Social Responsibility

The Group has always attempted to conduct its business responsibly and ethically. Corporate and social responsibility forms an integral part of our business strategy and is focused on employees, health and safety, the environment and the wider community.

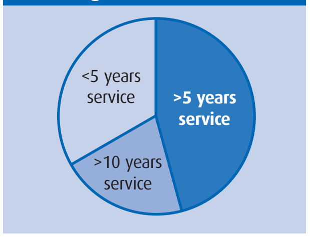
OUR EMPLOYEES

Our continued business success is founded upon the skills and commitment of our talented and diverse global workforce. In a competitive market, retaining and attracting the best people is key to delivering our business objectives. We continue to attract new talent to the Group as well as promoting talent from within the business. To facilitate recruitment we have launched an online Recruit Service, providing managers with guidance on recruiting the right candidate.

The Group is an equal opportunity employer committed to providing the same level of opportunity to all, regardless of creed, colour, age, sex, disability or sexual orientation. We believe that a diverse workforce promotes innovation and business success. At 31 March 2015 the Group's workforce of 1,753 comprised 280 females and 1,473 males. Of these 56 were senior managers, 9 being female and 47 male. One member of our Board of five is female.

Our policies and procedures are reviewed regularly and our line managers are kept up to date with changes to employment legislation. Policies are applied fairly and consistently with the aim of making the Group an employer of choice who maintains a good relationship with its employees and encourages them to balance work requirements with both social and family needs. We take our duty of care to our employees seriously, and we give our employees access to an Employee Assistance Programme where they can obtain confidential advice and support on issues such as health, relationship problems and financial problems. We regularly communicate with our staff by making extensive use of our intranet as well as employee conferences and our biannual newsletter ViewPoint.

Long service is valued



Long service is recognised and celebrated by the business and this continuity is a strong contributing factor to our success in delivering service excellence to our customers. As a Group 46% of our employees have in excess of 5 years' service and a further 21% have more than ten years' service, some in excess of 35 years of service.

We sponsor pension plans for employees. Details of the Group's principal pension schemes are set out in note 24 of the financial statements.

The Company supports employee share ownership and, where practical offers the opportunity to participate in share schemes. At 31 March 2015, approximately 41% (2014: 37%) of UK employees were participating in the Save As You Earn scheme.

Retaining talented people is vital to our continued success and we therefore operate an extensive training programme that commences with a detailed induction programme and moves on to cover all the technical skills that our employees require to carry out their roles. E learning and blended learning programmes are now used to deliver this training. Management development programmes are run for all individuals new to management roles and we actively encourage and sponsor individuals to develop themselves through further education programmes. Throughout this process we try to ensure that our people fulfil their potential to the benefit of both the individual and the Group. Our employee turnover was 18% in the year (2014: 13%).

Vp recognises the need to train the engineers of the future and has successfully run apprentice schemes for a number of years and many of our current employees started with us as apprentices. We work closely with the Construction Industry Training Board to recruit and support our apprentices in plant maintenance and repair. We currently have 39 apprentices, 16 are just completing their first year and 13 completing their second year and 10 will complete their apprenticeship this year. We are recruiting a further 16 apprentices to start in September 2015.

The Class of 2014

Corporate and Social Responsibility

HEALTH AND SAFETY

Health and Safety is a fundamental part of our business. The Group is committed to developing a culture where all employees pay appropriate attention to health and safety risks to ensure that accidents and dangerous occurrences are prevented wherever possible. Health and safety training is provided as part of the induction process for all new employees and ongoing health and safety training is provided to all employees as appropriate for their roles.

All Group sites operate in accordance with the Group's Health and Safety and Environmental policies and procedures. These policies and procedures are designed to ensure that the health and safety of all our employees, customers and anyone else who is affected by our activities is appropriately safeguarded.

We ended the year with an Accident Frequency Rate of 0.26, an improvement on our 2014 rate of 0.48. 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 in the month. Reportable accidents under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 1995 also fell to 9 in the year (2014: 16).

In addition to internal activities all Group locations are subject to regular health and safety audits by an independent company with appropriate reporting at both local and Group level. The same company also provides independent advice on health and safety issues and new legislation.

During the year Hire Station achieved the accolade of Hire Association Europe (HAE) Company of the Year. Independently judged, the awards recognise excellence throughout the Hire Industry. The award submission looked at health and safety, and environment along with workforce development and training. Hire Station was also the winner in the Depot Manager of the Year category, this success was partly attributed to the winner's vital contributions to the Safety Guardians initiative which develops Safety Guardians in a supporting role to the branch manager, offering a second pair of eyes to spot potential hazards.

TPA Germany was awarded the Safety Checklist Contractors (SCC) certificate, a management system operating in Germany for the certification of contractor companies and their personnel with regard to safe working practices, including health, safety and the environment.

In the year ended 31 March 2015 Groundforce opened a new purpose built training facility to help improve health and safety standards, and to raise awareness on the dangers of excavation construction. The training centre includes an outdoor training area, which will provide delegates with the opportunity to gain hands-on experience of installing ground support systems in a live environment. All of the courses run will examine why excavations can fail and how this can be eliminated by using best practice. With an increase in basement construction, from large residential schemes and private houses to major infrastructure projects, the training ensures best practice and safety is paramount.

THE ENVIRONMENT

We are aware of the potential impact our operations may have on the environment. It is the Group's policy to ensure that our operations are carried out in such a manner so as to minimise any adverse impact on the environment.

Each division aims to minimise their carbon footprint. Initiatives included energy efficient buildings, the increased use of video conferences to reduce travel between locations and the use of trackers in the commercial fleet across our divisions to reduce fuel usage. The data from the trackers is used to monitor the driving performance of each driver, scoring them for fuel efficiency and safety. Acceleration, braking and cornering are all correlated to fuel usage by importing actual fuel consumption data. Drivers can then be educated on improving their driving performance increasing safety and reducing the impact on the environment.

Corporate and Social Responsibility

In March 2015 the Group renewed its electricity contract with a new 'green' product that is recognised as a zero-carbon electricity source.

Greenhouse gas emissions data for the year is set out below. Whilst this year absolute CO_2 emissions have increased, adjusted for higher activity levels normalised CO_2 emissions have reduced by 9% from 110.57 tonnes per £1 million of revenue to 100.92 tonnes per £1 million of revenue reflecting the initiatives outlined above.

Global GHG emissions data for year

Emissions from	Absolute Tonnes of CO_2 **2015**	Absolute Tonnes of CO_2 2014	Movement	Normalised Tonnes of CO_2 per £m revenue **2015**	Normalised Tonnes of CO_2 per £m revenue 2014
Scope 1: Combustion of fuel and operation of facility	**13,091**	12,789	302	**63.67**	69.86
Scope 2: Electricity, heat, steam and cooling for own use	**2,770**	2,689	81	**13.47**	14.68
Scope 3: Emissions associated with road freight	**4,890**	4,766	124	**23.78**	26.03
Total	**20,751**	**20,244**	**507**	**100.92**	**110.57**

CO_2 per activity

	Absolute Tonnes of CO_2 **2015**	Absolute Tonnes of CO_2 2014	Movement	Normalised Tonnes of CO_2 per £m revenue **2015**	Normalised Tonnes of CO_2 per £m revenue 2014
Company owned/leased vehicles	**12,279**	12,014	265	**59.72**	65.63
Third party deliveries	**4,890**	4,766	124	**23.78**	26.03
Electricity	**2,770**	2,689	81	**13.47**	14.68
Heating	**812**	775	37	**3.95**	4.23
Total	**20,751**	**20,244**	**507**	**100.92**	**110.57**

GHG Emissions Report Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The method we have used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from Defra.

Limitations to data collection

Waste disposal, waste recycling and business travel have not been included as the data has not been collected.

Scopes

The GHG Protocol Corporate Accounting and Reporting Standard (revised edition) requires reporting of GHG emissions by scopes 1, 2 and 3.

Scope 1

Includes direct GHG emissions from sources that are owned or controlled by the company such as natural gas combustion and company owned vehicles.

Scope 2

Accounts for GHG emissions from the off-site generation of purchased electricity, heat and steam.

Scope 3

Includes other major indirect emissions, namely external haulage.

Reporting of scope 3 activities is optional, however, these activities contribute a significant portion of overall emissions and therefore we have reported these.

Corporate and Social Responsibility

We have a number of initiatives across the Group to use recycled rainwater to wash and clean our fleet saving water and energy. We continue to ensure that we are in full compliance with all current waste management legislation through internal review, working with specialist waste disposal companies and external consultants. In this regard most divisions are registered under environmental standard ISO 14001.

COMMUNITY

We aim to have a positive impact on communities in which we operate. As a business 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 Group matches monies raised by employees.

During the year ended 31 March 2015 we donated over £28,000 (2014: £15,000) to charities. This included donations in support of employees participating in fund raising activities.

This year Vp plc has reached its Diamond Jubilee, as part of the celebrations we have been running a Diamond Jubilee Charity Challenge aiming to raise £30,000 (to be matched by the Group) between November 2014 and July 2015.

Alongside Group led events our employees proactively support charities. Family and friends of a UK Forks employee completed a 12 hour sponsored "Swimathon" raising £3,000 for Leeds Children's Hospital. A depot manager at Torrent Trackside in Glasgow triumphed at the Tough Mudder Challenge. He took on this challenge in aid of the MacMillan Cancer Support charity and raised over £1,000. Another UK Forks employee raised more than £400 for "The Kiltwalk" charity for disadvantaged children by walking in excess of 50 miles. Two ESS Safeforce teams raced to the top of Helvellyn, in the Lake District, to raise money for the NSPCC, raising in excess of £400 for the charity.

Other employees donate their time to volunteering initiatives. Members of Hire Station Stoke joined a local "volunteer force" which has been set up by one of their customers. This included joining a team painting new fencing at Smallthorne Primary School in Stoke on Trent.

Hire Station Manchester supported The Lancashire Wildlife Trust Community Project in the historical Kirkless area of Wigan, known locally as "Rabbit Rocks". As the ex-industrial landscape is notoriously difficult to excavate, the Lancashire Wildlife Trust volunteers were thrilled when Hire Station Manchester donated to the project the use of a 'demolition hammer'. This equipment was able to break down the substrate, allowing the signage, which informs visitors of the views and landmarks across the Wigan townscape, to be installed.

STRATEGIC REPORT

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

Neil Stothard
Group Managing Director
4 June 2015

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
Group Managing Director

Appointment
Appointed to the board as Finance Director in 1997 and became Group Managing Director in 2004.

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 and was previously a non executive director of Scarborough Building Society.

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.

Committee membership
None

Steve Rogers BSc, FCA, JP
Non-executive Director

Appointment
Appointed to the board in October 2008.

Experience
Steve retired as a senior partner of PricewaterhouseCoopers in 2007. He is a non-executive director of Arran Isle Group (formerly Heywood Williams Plc). He is a trustee and treasurer of the Leeds Community Foundation.

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

Phil White B Com, FCA, CBE
Non-executive Director

Appointment
Appointed to the board in April 2013.

Experience
Phil is a chartered accountant and has extensive experience within both listed and private companies. He is Chairman of Kier Group Plc, Lookers Plc and Unite Group Plc as well as a non-executive director of Stagecoach Group Plc.

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

Governance

INTRODUCTION FROM THE CHAIRMAN

As a Board, we believe that good governance rests upon principles of fairness, integrity and respect for others. We believe these principles underpin the long term success of the Company, helping us to deliver our strategic and growth objectives.

The Corporate Governance Report is set out on pages 27 to 32. This section of the annual report sets out how we manage the Group and how we comply with the provisions of the UK Corporate Governance Code. The revised Code included a new provision C.3.7. in relation to audit tendering and during the year the Company complied with this provision, as detailed in the Audit Committee Report on pages 31 to 32. This year activity has also included a review and update of the schedule of matters reserved for board approval, and the terms of reference of board committees.

I am pleased to report that we have complied in full with the provisions of June 2010 and September 2012 codes. Our Statement of Compliance is set out below.

We are mindful of the ethical foundation of good governance and as a Board we are committed to acting responsibly and with integrity towards all our stakeholders.

Jeremy Pilkington
Chairman
4 June 2015

CORPORATE GOVERNANCE

The Board has prepared this report with reference to the Codes issued by the Financial Reporting Council ("FRC") in June 2010 and September 2012 (the "Codes"). We have also had regard to the FRC guidance on Board Effectiveness (March 2011) and FRC guidance on Audit Committees (September 2012). We are also cognisant of the 2014 update to the Codes which is effective for year ends from 1 October 2014. The Board confirms that throughout the year ended 31 March 2015 the Company has been in compliance with all of the provisions of the Codes. The following paragraphs explain how the Company has applied good governance and the relevant principles of the Codes.

LEADERSHIP

The role of the Board is to provide entrepreneurial leadership of the Company, whilst maintaining good corporate governance, standards of behaviour and managing risk. The Board reviews its progress against this objective on a regular basis. The Board exercises control over the performance of each operating company within the Group, principally by monitoring performance against agreed budgetary targets. The names and biographic details of the members of the board are set out on page 26.

Length of service of director	31 March 2015
One to two years	1
Two to three years	-
Four to six years	1
More than six years	3

Balance of directors	31 March 2015
Gender	
Male	4
Female	1

Balance of directors	31 March 2015
Role	
Executive Chairman	1
Executives	2
Non executives	2

Governance

The Board has a clearly documented schedule of matters reserved for its approval, including strategy, annual budgets, major capital expenditure, significant investments or disposals and treasury policy. In certain areas, specific responsibility is delegated to committees of the Board within defined terms of reference.

The roles of the Chairman and Group Managing Director 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 Managing Director, Neil Stothard, has operational responsibility for the management of the Group's business and for implementation of the strategy as agreed by the Board.

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

Details of Directors' shareholdings are provided on page 42 of the Remuneration Report.

EFFECTIVENESS

Committees

The board has established three principal Board committees to which it has delegated certain responsibilities. They are the audit committee, remuneration committee and nominations committee. The roles, membership and activities of these committees are described in more detail below.

Meetings

In the year ended 31 March 2015, the Board met five times. The Board also met on an ad hoc basis to deal with urgent business including the consideration and approval of major transactions. The table below lists the directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2015.

	Board	Audit	Remuneration
Number of meetings held	**5**	**3**	**2**
Executive directors			
Jeremy Pilkington	5	-	-
Neil Stothard	5	-	-
Allison Bainbridge	5	-	-
Non-executive directors			
Steve Rogers	5	3	2
Phil White	5	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.

The non-executive directors provide a strong and independent monitor on the performance of both the Group and its executive management.

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

Independence
The Board considers the non-executive directors to be independent under the provisions of the Codes on the basis that they are not members of management and are free of any business or other relationships that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement.

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 Nominations Committee has written terms of reference, which are available on the Company's website at **www.vpplc.com**

Induction, development and support
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. The Board calendar is planned to ensure that directors are briefed on a wide range of topics throughout the year and are given the opportunity to visit sites and discuss aspects of the business with employees. The Board recognises the importance of continued training for the individual directors and they are encouraged to attend external seminars and briefings appropriate to their role on the Board.

To enable the Board to function effectively and assist directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including latest available management accounts, regular business progress reports and discussion documents regarding specific matters. In addition, senior managers are regularly invited to Board meetings and make business presentations to the Board. During Board meetings, the non-executives routinely interrogate the performance of the business and seek further information as necessary on specific topics.

Whilst the Board generally meets at the Group head office in Harrogate, some meetings are held at other Group locations giving the directors the opportunity to review the operations and to meet local management. During the year one of the five Board meetings was held at another Group location.

There is an agreed procedure for directors to take independent professional advice at the Company's expense if deemed necessary for the correct performance of their duties. The Company Secretary, Allison Bainbridge, who is also the Group Finance Director, is available to all directors to provide advice and she is responsible for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. 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.

Performance evaluation
The evaluation of the Chairman, the Board and its committees in 2015 was conducted by way of a questionnaire completed by all of the directors, the results of which were collated by the Company Secretary and presented to the entire Board. Based upon this evaluation, the Board concluded that performance in the past year had been good. The results from the evaluation will be used to make further improvements where appropriate, to ensure the performance of the Board continues to be optimised.

Re-election

From 2015 all directors will retire at each Annual General Meeting ('AGM') and may offer themselves for re-election by shareholders. Accordingly, all the directors will retire at the AGM in July 2015 and their details are provided on page 26.

Accountability

The directors and auditor set out their respective responsibilities for preparing and reviewing the financial statements in the statement of directors' responsibilities on page 49 and the independent auditors' report on pages 50 to 52.

RELATIONS WITH SHAREHOLDERS

The Board actively seeks and encourages engagement with major institutional shareholders and other stakeholders. The executive directors present the Group's interim and full year results to brokers and analysts and also meet fund managers, brokers, analysts and the media on a regular basis to discuss business strategy, results and other issues. Presentation material used in these briefings is published on the Company's website www.vpplc.com

While the non-executive directors do not ordinarily attend these meetings, they are available if required by stakeholders. Feedback from these meetings, collated by N+1 Singer and Abchurch Communications, is reviewed by the Board as a whole.

The Board encourages all shareholders to attend and ask questions at the Annual General Meeting which is attended by all directors. The Board also actively encourages communication with employees and details of this are noted in the Directors' Report.

Audit Committee Report

Steve Rogers

STATEMENT FROM STEVE ROGERS, CHAIRMAN OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year ended 31 March 2015, the purpose of which is to give an overview of the scope of work of the Committee and to report on its activities undertaken in the past year.

There were three Audit Committee meetings during the year, all of which were attended by both members of the Committee. In addition the Chairman, the Group Managing Director, the Group Finance Director and the Head of Internal Audit attended and received papers for each meeting. The Group Financial Controller attended two of the meetings; and also the external auditor was invited to, and attended two meetings.

The Committee meets the Code requirements that at least one member has significant, recent and relevant financial experience.

ROLES AND RESPONSIBILITIES

The primary role of the Audit Committee is to keep under review the Group's financial and other systems and controls and its financial reporting procedures. In fulfilling this role, the Committee receives and reviews work carried out by the internal and external auditors. The Company's internal audit function works to an annual programme developed in consultation with the Committee, as well as covering specific matters arising during the year. The Committee keeps the scope and cost effectiveness of both the internal and external audit functions under review. This includes a regular review of the effectiveness of the external auditor.

During the year and prior to the publication of the Group's results for 2015 the Audit Committee reviewed the half yearly financial report, the 2015 Annual Report and Accounts, the 2015 annual results press release and the reports from the external auditors, PwC on the outcomes of their half year review and audit relating to 2015.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

The Audit Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements by reviewing reporting from both internal teams and the external auditors.

In particular, the Committee discussed the following areas of judgement in the current year; the existence and carrying value of fleet assets. The committee concluded that it was satisfied with the existence and carrying value of fleet assets.

After careful consideration of the advice of the Committee the Board has concluded that the 2014/15 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's risks, performance, business model and strategy.

EXTERNAL AUDIT

KPMG had been the Group's external auditors since 1995 and were responsible for the audit of the Group's Financial Statements ended 31 March 2014. In line with the new provision introduced in the 2012 Code and the report of the UK Competition Commission which required listed companies to tender the external audit at least once every ten years, during 2014 the Board accepted a recommendation from the Committee that such a tender be carried out. A formal Invitation to Tender was issued to three audit firms determined by the Committee to have the appropriate expertise and resources to carry out effectively the external audit for the Group. Since the Committee had been completely satisfied with KPMG's work, they were also invited to tender.

Detailed responses to the Invitation to Tender were assessed and reviewed against agreed criteria and each of the audit firms made presentations in September 2014. The Committee subsequently recommended to the Board that PwC be appointed as external auditors in succession to KPMG. The appointment was duly notified to the shareholders and the Financial Reporting Council and became effective on 15 October 2014. PwC's fees for the audit for the year ended 31 March 2015 were considered and agreed by the Committee as part of the tender process.

Audit Committee Report

The Group has policies and procedures in place to ensure that independence and objectivity of the external auditor is not impaired. These include restrictions on the types of services that they can provide, in line with APB Ethical Standards on Auditing. As part of the tender process it was determined that PwC would not provide tax services and that these would remain with KPMG for 2014/15. PwC also provides confirmation to the Committee on the arrangements and safeguards it has in place to maintain its independence and objectivity. The Committee continues to be satisfied with their independence.

The total fees payable to PwC for the year ended 31 March 2015 (together with a comparison to the fees paid to KPMG in the year ended 31 March 2014) can be found in note 3 to the consolidated financial statements. The non-audit services related to the half year review and overseas accountants reports.

INTERNAL AUDIT

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

During the year the Chairman of the Committee met privately with the Head of Internal Audit on two occasions. 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.

RISK MANAGEMENT

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 and accords with Turnbull guidance. Risk Management Reports, prepared by the operating divisions supported by Internal Audit, were submitted to the Committee at its meeting in July 2014. 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 that the Group is prepared to accept. The Committee is given regular updates on risk.

INTERNAL CONTROLS

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

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

The Committee is of the view that the Group has a well-designed and embedded system of internal control.

WHISTLEBLOWING AND FRAUD

The Committee monitors the Group's whistleblowing policy. The Committee is pleased to report that there were no whistleblowing or fraud reports during the year.

At the 2015 AGM, I shall be available to respond to any questions shareholders may raise on this report or any of the Committee's activities.

Steve Rogers
Chairman of the Audit Committee
4 June 2015

Remuneration Report Annual Statement

Phil White

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 31 March 2015. This has been prepared in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Remuneration Committee (the Committee) aims to operate and demonstrate good practice in the area of executive remuneration and disclosure and I hope that our report demonstrates clarity and transparency.

Our report has three sections as follows:

- this annual statement, which summarises and explains any major decisions and changes in respect of directors' remuneration;
- our directors' remuneration policy; this was approved by our shareholders at the 2014 AGM and will be subject to a binding vote every three years (or sooner if changes are made to the policy); and
- the annual report on remuneration, providing details of the remuneration earned by the directors in the year ended 31 March 2015 and how the policy for 2015/16 will operate. The annual report on remuneration will be subject to an advisory shareholder vote at the AGM to be held on 21 July 2015.

REMUNERATION POLICY AND IMPLEMENTATION 2014/15

The Committee's view is that the base salary, performance related bonus scheme, long term incentives and pension allowances are appropriate.

As set out in the annual report on remuneration, the Group has performed very well against our key simple and transparent measures of growth in profit before tax and amortisation and EPS, whilst continuing to exceed our minimum ROACE target of 12%. Our bonus and long-term incentive structures are based on challenging targets, which we believe are in line with market best practice. The Committee believes that the current year pay outcomes accurately reflect the current year's performance.

In 2014/15 profit before taxation and amortisation at £26.8 million grew by 33% on the previous year. Consequently, executive directors will qualify for bonuses of 100% of base salary, out of a maximum of 100%, in line with the strong performance of the Group against the challenging targets we set as a business.

Our 2011 LTIP award, which was based upon earnings per share growth, vested in July 2014 at 100% of the total award reflecting the excellent financial performance of the Group in the challenging market conditions of 2011 to 2014. Our 2012 LTIP award is due to vest at 100% in July 2015, again as a result of strong compound annual growth performance in EPS of 18.8% per annum between 2012 and 2015 (calculated using fixed assumptions on tax rate and number of shares in issue).

REMUNERATION POLICY FOR 2015/16

The Committee has reviewed the senior executive remuneration policy to ensure that it will continue to motivate and retain quality executives who are key to delivering earnings growth and shareholder returns. The Committee believes that the existing directors' remuneration policy as approved by shareholders remains appropriate and should continue to operate in 2015/16 without changes.

ALIGNMENT WITH SHAREHOLDERS

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

We are proud of the support we have received in the past from our shareholders, with 98.3% approval for our remuneration policy and 99.8% approval for our Remuneration Report last year. We hope that we will continue to receive your support at the forthcoming AGM.

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

Phil White
Chairman Remuneration Committee
4 June 2015

Directors' Remuneration Policy (unaudited)

Consistent with current legislation, the directors' remuneration policy report, which has operated from 1 April 2014, was put to a binding shareholder vote and became formally effective at the 2014 AGM.

POLICY OVERVIEW

The Group aims to balance the need to attract, retain and motivate executive directors of an appropriate calibre with the need to be cost effective, whilst at the same time rewarding exceptional 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.

In addition to the above, the remuneration policy for the executive directors is based on the following key principles:

- A significant proportion of remuneration should be tied to the achievement of specific and stretching performance conditions that align remuneration with the creation of shareholder value and the delivery of the Group's strategic plan.
- There should be a focus on sustained long term performance measured over clearly specified timescales, encouraging executives to take action in line with the Group's strategic plan.
- Individuals should be rewarded for success but steps should be taken, within contractual obligations, to prevent rewards for failure.

SUMMARY REMUNERATION POLICY

The table below summarises the directors' remuneration policy for 2014 onwards:

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 effective from 1 April in the financial year.	There is no prescribed maximum annual increase. The Committee also considers average increases across the Group. Current salary levels are set out on page 42.	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 executive chairman receives a cash equivalent pension contribution of 25% of salary, benefits and bonus. Other executive directors receive a pension contribution ranging between 15% and 17.5% of base salary or an equivalent cash allowance.	None.
Taxable Benefits	To provide market consistent benefits.	Cost of providing benefits paid monthly or as required for one off events.	Car allowance, health insurance and other benefits paid from time to time.	None.

Directors' Remuneration Policy (unaudited)

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Annual Bonus	To incentivise achievement of demanding performance targets.	Annual bonuses are generally paid three months after the end of the financial year to which they relate. Clawback provisions apply in the event of a material misstatement of the results.	Up to 100% of base salary.	Growth in profit before tax and amortisation.
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. Clawback provisions apply in the event of a material misstatement of the results.	Normal grant limit of 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.	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.	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 and the long term incentive are commercially sensitive and that it would be detrimental to the interests of the Group to disclose them before the start of the financial year. The targets will be discussed after the end of the relevant financial year in that year's remuneration report.

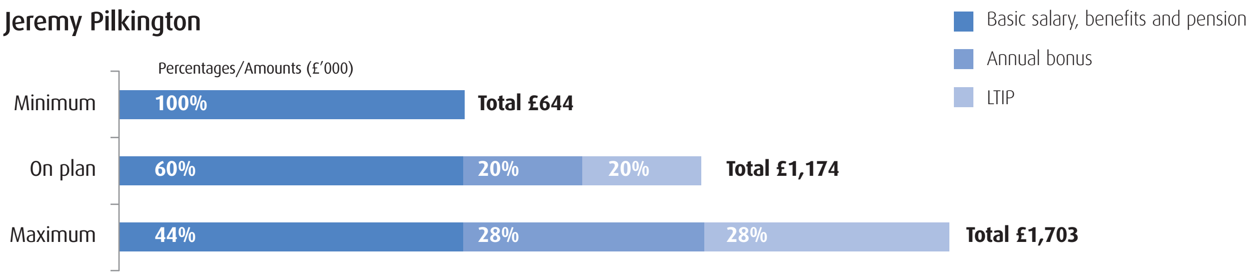
Directors’ Remuneration Policy (unaudited)

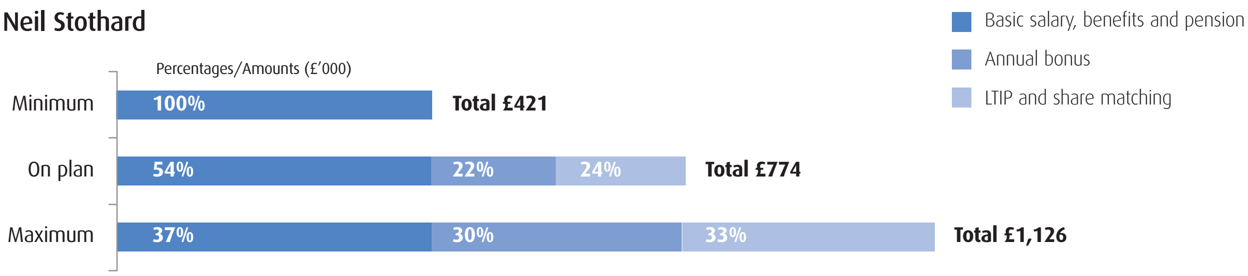
CHANGES TO REMUNERATION POLICY FROM THAT OPERATING IN 2013/14

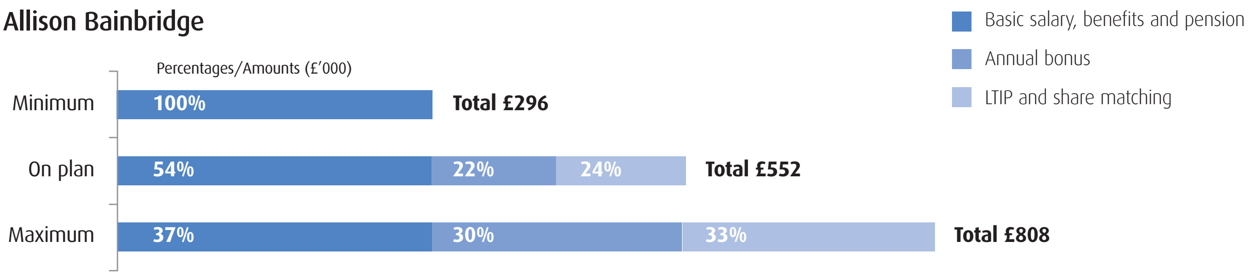
There have been no changes to the remuneration policy from that operating in 2013/14.

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The chart below illustrates the total remuneration for each executive director that could result from the proposed remuneration policy in 2015/16 under three different performance scenarios.







The value of base salary for 2015/16 is set out in the Base Salary table on page 42.

The value of taxable benefits in 2015/16 is taken to be the value of taxable benefits received in 2014/15 as shown in the single total figure of remuneration table set out on page 39. On plan performance assumes bonus payout of 50% of salary and LTIP and share matching scheme vesting at 50% of maximum award. Maximum performance assumes 100% payout of all incentives. Share price appreciation has not been included in the calculation.

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.

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

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

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

APPROACH TO RECRUITMENT

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

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

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

Directors' Remuneration Policy (unaudited)

DATE OF DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENT

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

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

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

APPROACH TO LEAVERS

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

In the event an executive leaves for any reason, non vested LTIP and share matching awards will normally lapse.

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

CONSIDERATION OF SHAREHOLDER VIEWS

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

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

Details of votes cast for and against the resolution to approve last year's remuneration report are set out on page 45 of the annual report on remuneration.

Annual Report on Remuneration

SINGLE TOTAL FIGURE OF REMUNERATION (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2015 together with the comparative figures for 2014.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	LTIP	Share matching	Total
		£000	£000	£000	£000	£000	£000	£000
Executive directors								
Jeremy Pilkington	2015	464	44	243	464	1,044	-	2,259
	2014	452	44	183	235	1,128	-	2,042
Neil Stothard	2015	331	26	58	331	749	75	1,570
	2014	323	26	57	168	804	78	1,456
Allison Bainbridge	2015	240	16	36	240	503	50	1,085
	2014	218	16	33	114	544	52	977
Non-executive directors								
Steve Rogers	2015	38	-	-	-	-	-	38
	2014	38	-	-	-	-	-	38
Phil White	2015	38	-	-	-	-	-	38
	2014	37	-	-	-	-	-	37
Peter Parkin	2015	-	-	-	-	-	-	-
	2014	12	-	-	-	-	-	12

TAXABLE BENEFITS

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

PENSION BENEFITS

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

ANNUAL BONUS PAYMENTS

The annual bonus outturn presented in the table was based on performance against growth in Group profit before tax and amortisation targets as measured over the 2015 financial year.

	Maximum (% of salary)	Growth in PBTA required for threshold bonus	Growth in PBTA required for maximum bonus	Actual growth in PBTA	Actual % of salary	Actual bonus £000
	%	%	%	%	%	£000
Jeremy Pilkington	100	10	30	33	100	464
Neil Stothard	100	10	30	33	100	331
Allison Bainbridge	100	10	30	33	100	240

No changes have been made to the maximum opportunity available under the 2015/16 bonus scheme.

Annual Report on Remuneration

VESTING OF LTIP AND SHARE MATCHING AWARDS (audited)

The LTIP and share matching amount included in the 2014/15 single total figure of remuneration is in respect of the conditional share award granted in June 2012. Vesting is dependent on earnings per share performance over the three years ended 31 March 2015, achievement of a minimum return on average capital employed of 12% and continued service until June 2015.

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

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	Normalised EPS compound annual growth rate of 4.1% pa (0% vesting) 9.6% pa (100% vesting) actual 18.8% pa	28.06 pence EPS	32.74 pence EPS	41.86 pence EPS	100
ROACE	Minimum of 12.0%	12.0%	N/A	16.2%	see above

*EPS is measured on a net basis, in accordance with International Financial Reporting Standards, but assuming a fixed corporation tax charge on profits currently at the rate of 28% 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 46.185 million shares.

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

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

	Number of shares at grant	Number of shares to vest	Estimated value of shares vesting*
			£000
Jeremy Pilkington	166,000	166,000	1,044
Neil Stothard	119,000	119,000	749
Allison Bainbridge	80,000	80,000	503

*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 £2.665. As the awards have not yet vested the weighted average share price for the last three months of the financial year 2014/15 of £6.29 has been used to estimate the value at vesting.

The share matching awards for executive directors are therefore as follows:

	Number of shares at grant	Number of shares to vest	Estimated value of shares vesting*
			£000
Jeremy Pilkington	N/A	N/A	N/A
Neil Stothard	12,000	12,000	75
Allison Bainbridge	8,000	8,000	50

*As the awards have not yet vested the weighted average share price for the last three months of the financial year 2014/15 of £6.29 has been used to estimate the value at vesting.

Annual Report on Remuneration

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	9 July 2014	6.80	68,200	464	31 March 2017
Neil Stothard							
	LTIP	100% of salary	9 July 2014	6.80	48,700	331	31 March 2017
	Share matching	10% of salary	30 July 2014	6.41	5,000	32	31 March 2017
	SAYE	N/A	16 July 2014	6.62	679	4	N/A
Allison Bainbridge							
	LTIP	100% of salary	9 July 2014	6.80	35,300	240	31 March 2017
	Share matching	10% of salary	30 July 2014	6.41	3,500	22	31 March 2017
	SAYE	N/A	16 July 2014	6.62	679	4	N/A

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

PAYMENTS TO PAST DIRECTORS AND FOR LOSS OF OFFICE

No payments were made to past directors or for loss of office in the year ended 31 March 2015.

OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of outstanding share awards held by executive directors. Details of vested awards are shown in the statement of directors' shareholdings and share interests on page 42.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 31 Mar 2014	Granted during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2015	Exercise period	End of performance period
Jeremy Pilkington										
	Total LTIP	Various	Nil	456,200	68,200	174,000	-	524,400	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2017
Neil Stothard										
	Total LTIP	Various	Nil	326,000	48,700	124,000	-	250,700	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2017
	Total Share Matching	Various	Nil	32,500	5,000	12,000	-	25,500	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2017
	SAYE	2011	2.00	1,805	-	1,805	-	-		N/A
	SAYE	2012	1.97	1,827	-	-	-	1,827	October 2015 to March 2016	N/A
	SAYE	2013	2.82	638	-	-	-	638	October 2016 to March 2017	N/A
	SAYE	2014	5.30	-	679	-	-	679	October 2017 to March 2018	N/A
	Total SAYE			4,270	679	1,805	-	3,144		
Allison Bainbridge										
	Total LTIP	Various	Nil	220,100	35,300	84,000	-	171,400	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2017
	Total Share Matching	Various	Nil	21,500	3,500	8,000	-	17,000	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2017
	SAYE	2013	2.82	1,276	-	-	-	1,276	October 2016 to March 2017	N/A
	SAYE	2014	5.30	-	679	-	-	679	October 2017 to March 2018	N/A
	Total SAYE			1,276	679	-	-	1,955		

Annual Report on Remuneration

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

Executive	Shareholding as % of salary at 31 Mar 2015	Shares beneficially owned at 31 Mar 2015	Shares beneficially owned at 31 Mar 2014	Options vested but not yet exercised 31 Mar 2015	Options vested but not yet exercised 31 Mar 2014	Outstanding LTIP awards[1]	Outstanding share matching awards[1]	Outstanding SAYE awards
Jeremy Pilkington	*	27,220	27,220	174,000	-	524,400	-	-
Neil Stothard	1583%	794,921	776,116	-	-	250,700	25,500	3,144
Allison Bainbridge	91%	33,000	21,500	-	-	171,400	17,000	1,955
Steve Rogers	-	-	-	-	-	-	-	-
Phil White	-	-	-	-	-	-	-	-

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

The share price used to calculate the value of shares beneficially owned for the purposes of establishing shareholding as a percentage of salary is the share price as at 31 March 2015: £6.59.

*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 2015 Ackers P Investment Company Limited owned 20,181,411 shares (2014: 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. Allison Bainbridge was only appointed a director in 2011; she has five years to build up to this required shareholding.

There were no changes in the interests of the directors between 31 March 2015 and 4 June 2015.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2016 (unaudited)

A summary of how the directors' remuneration policy will be applied during the year ended 31 March 2016 is set out below.

BASE SALARY

The Committee approved a 2.5% increase in base salary for Jeremy Pilkington and Neil Stothard and 10% for Allison Bainbridge from 1 April 2014 and the following base salary increases with effect from 1 April 2015:

	2016	2015	
	£000	£000	% increase
Jeremy Pilkington	471	464	**1.5%**
Neil Stothard	336	331	**1.5%**
Allison Bainbridge	244	240	**1.5%**
Steve Rogers	38	38	**0%**
Phil White	38	38	**0%**

A salary increase averaging 2.0% across the Group was awarded at the annual pay review, effective from 1 April 2015.

During the year Neil Stothard served as a non executive director of Wykeland Group and received a fee of £16,000 for his services.

Annual Report on Remuneration

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2016 (unaudited) – continued

PENSION ARRANGEMENTS

There are no proposed changes to pension arrangements for the executive directors.

ANNUAL BONUS

The maximum bonus potential for the year ending 31 March 2016 will remain at 100% of salary for all executive directors. Awards will be based upon the achievement of a challenging growth target in profit before tax and amortisation.

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

LONG TERM INCENTIVES

Consistent with past awards the extent to which any LTIP awards granted in 2015 will vest will be dependent upon the achievement of a challenging target growth in the Group's earnings per share.

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 six year period from 31 March 2009 to 31 March 2015.

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:

	2010	2011	2012	2013	2014	2015
Single figure (£000)	614	1,080	1,919	1,795	2,042	2,259
Annual bonus % of maximum	20%	100%	100%	84%	52%	100%
LTIP vesting % of maximum	0%	44.6%	82%	95.1%	100%	100%

The maximum annual bonus as a percentage of salary was increased from 50% to 100% in 2013/14.

PERCENTAGE CHANGE IN EXECUTIVE CHAIRMAN'S REMUNERATION (unaudited)

The table below shows the percentage change in the Executive Chairman's salary, benefits and annual bonus between the financial year ended 31 March 2014 and 31 March 2015 compared to the percentage change for UK employees of the Group for each of these elements of pay.

	Jeremy Pilkington 2014	Jeremy Pilkington 2015	% change	UK employees % change
	£000	£000		
Salary	452	464	2.5%	4%
Taxable Benefits	44	44	-%	6%
Annual Bonus*	186	235	26%	40%

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

*To be comparable to the data for the UK employees the annual bonus for Jeremy Pilkington disclosed above is the bonus paid in the relevant tax year.

RELATIVE IMPORTANCE OF SPEND ON PAY (unaudited)

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

		2014	2015	% change
Staff costs	£m	62.3	68.4	10
Dividends	£m	5.5	6.4	17

*Dividend figures relate to amounts payable in respect of the relevant financial year and includes proposed final dividend of 11.5 pence.

Annual Report on Remuneration

REMUNERATION COMMITTEE (unaudited)

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

The primary role of the Committee is to:

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

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

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

- Phil White
- Steve Rogers

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 26 and 28. The Remuneration Committee has access to independent advice where it considers appropriate. No advice has been sought during 2014/15.

STATEMENT OF VOTING AT GENERAL MEETING

At the last AGM held on 22 July 2014 the voting results in respect of the remuneration report were as follows:

	Remuneration Report		Remuneration Policy	
Votes cast in favour	32,482,262	99.8%	32,002,854	98.3%
Votes cast against	75,357	0.2%	554,765	1.7%
Total votes cast	32,557,619	100%	32,557,619	100%
Abstentions	43,194		43,194	

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 2015.

PRINCIPAL ACTIVITIES

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

STRATEGIC REPORT

Pursuant to Sections 414 A – D Companies Act 2006, the business review has been replaced with a strategic report, which can be found on pages 2 to 25.

RESULTS AND DIVIDEND

Group profit after tax for the year was £19.9 million (2014: £15.7 million). The directors recommend a final dividend of 11.5 pence per share.

The final dividend will be paid on 7 August 2015 to all shareholders on the register as at 10 July 2015.

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 26. Details of directors’ interests in shares are provided in the Directors’ Remuneration Report on page 42. The directors’ exposures to conduct and liability issues are mitigated by Directors and Officers insurance cover where applicable.

SHARE CAPITAL

Details of the Company’s share capital structure are shown in note 18 to the accounts. All shares have the same voting rights.

SUBSTANTIAL SHAREHOLDERS

As at 4 June 2015 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	2,250,000	5.60
Schroders plc	2,151,648	5.36
Unicorn Asset Management Limited	2,050,000	5.11
Vp Employee Trust	1,290,726	3.21

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

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.

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £28,000 (2014: £15,000). 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 2015 was 32 days (2014: 24 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

CONTRACTS

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

ANNUAL GENERAL MEETING

A resolution is to be proposed to authorise the Company to purchase its own shares, subject to certain specific limits. This resolution is in accordance with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds and 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 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.

The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares provided that the number so held did not at any time exceed 10% of the Company's issued share capital. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. During the year ended 31 March 2015 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

GOING CONCERN

The Business Review on pages 10 to 17 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond. This is supported by the Financial Review on pages 18 and 19 which sets out the Group's current financial position, including its cashflows, net debt and borrowing facilities and also outlines the Group's treasury management objectives, policies and processes.

Notes 14 and 15 ('Interest Bearing Loans and Borrowings' and 'Financial Instruments') to the financial statements give further information on the Group's borrowings, financial instruments and liquidity risk.

Directors' Report

The Group is in a healthy financial position. At the year end the Group had total banking facilities of £90 million which are subject to bank covenant testing together with a step up facility of £5 million.

The Board has evaluated the facilities and covenants on the basis of the budget for 2015/16 which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. On the basis of this testing and taking into account the increase in the facilities in May 2015, as set out in the Financial Review, 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 the preparation of the financial statements.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 27 to 30 forms part of the Directors' Report.

RESPONSIBILITY STATEMENT OF THE DIRECTORS

The directors whose names appear on page 26 confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole: and
- The Business Review and Financial Review which form part of the Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face.

INDEPENDENT AUDITOR

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and all directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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
Group Finance Director
4 June 2015

Statement of Directors’ Responsibilities

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, the Directors’ Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

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

Independent Auditors’ Report

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF Vp plc

Report on the financial statements

Our 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 2015 and of the Group’s profit and the Group’s and the Parent Company’s cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

Vp plc’s financial statements comprise:

- the Consolidated and Parent Company Balance Sheets as at 31 March 2015;
- the Consolidated Income Statement and Statements of Comprehensive Income for the year then ended;
- the Consolidated and Parent Company Statement of Cash Flows for the year then ended;
- the Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview

- Overall group materiality: £1,260,000 which represents 5% of profit before tax.

- We conducted audit work at all in scope Group accounting locations. These locations accounted for 96% of Group revenues and 95% of Group profit before tax.

- Existence of rental equipment.
- Valuation of rental equipment.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as “areas of focus” in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Existence of rental equipment *Refer to page 31, page 60 (accounting policy) and page 69 (financial disclosures)* We focused on this area because the Group holds a significant quantum and carrying amount of rental equipment in the normal course of their business. The net book value of rental equipment is £131.6 million. Given the volume of assets and the frequency of movement (through purchases, hires and sales) there is a complexity in maintaining an accurate fixed asset register.	Our audit work in respect of the existence of rental equipment comprised a combination of understanding and evaluating management’s key controls in this area, verifying the correct recording of rental asset movements on the fixed asset register, as well as substantively testing the existence of a sample of assets. Our work in respect of this area of focus is considered in more detail below. We tested the design and effectiveness of controls in place over the accurate recording of rental equipment purchases and disposals within the fleet asset register. For a sample of rental equipment purchases in the year we agreed to invoice and capitalisation onto the fleet asset register in terms of value and date purchased. For a sample of rental equipment disposed of in the year, we agreed to disposal documentation, sales invoices where appropriate and removal from the fleet asset register. We agreed a sample of rental equipment out on hire to signed delivery notes. We did not identify any material exceptions from this work. We attended a sample of year end rental equipment counts undertaken by management and: • tested the design and effectiveness of count controls by understanding the count procedures; and • counted a sample of assets and reconciled these to both management’s count and the fixed asset register. Our testing supported the existence of rental equipment assets included in the financial statements.

Area of focus	How our audit addressed the area of focus
Valuation of rental equipment *Refer to page 31, page 60 (accounting policy) and page 69 (financial disclosures)* We focused on this area because in respect of the Group's rental equipment portfolio, there is significant management judgement involved in selecting and applying accounting policies with regards to useful economic lives, estimated residual values, and impairment assessments. The utilisation of rental equipment is key to supporting their valuation and as such a downturn in the trading performance in a particular market or division presents an inherent impairment risk.	Our audit work in respect of the valuation of rental equipment comprised a combination of an assessment of the accuracy of previous years' estimates, integrity checks over the underlying fixed asset data and performing an impairment review. We considered the appropriateness of depreciation rates and estimated residual values applied through consideration of any profits/losses achieved on disposal of rental equipment and the level of fully written down assets still generating revenue, noting no issues. We tested the integrity of the data held within the fleet asset registers, given the reliance upon this information for our impairment analysis, inspecting the entire population of assets for inappropriate entries (such as assets with negative cost) and indications of inappropriate accounting policies such as assets with a useful economic life outside Group policy or evidence that the useful economic life assigned is not being applied correctly in the fixed asset register. We did not identify any material exceptions from this work. We also considered the disclosures made in note 8 to the financial statements and determined that they are consistent with the requirements of accounting standards.

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 geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

The Group's accounting process is structured around a group finance function at its head office in Harrogate. Within the head office, a supporting finance function exists in the form of a shared service centre utilised for five of the six divisions which operate in the UK and overseas. The Group also maintains local finance teams for each of its six divisions.

The Group's operating reporting units vary significantly in size and we identified 14 reporting units, 4 of which, in our view, required an audit of their complete financial information, due to their size or risk characteristics.

In establishing the overall approach to the Group audit, we determined that all work could be performed by us, the Group audit team, in respect of the Group audit. No interoffice reporting from overseas audit teams was required. Our work also included, in this our first year as the Group's auditors, a review of the predecessor auditor working papers.

Together, the reporting units subject to audit procedures were responsible for 96% of Group revenues and 95% of Group profit before tax.

Further specific audit procedures over central functions and areas of significant judgement, including taxation, goodwill, pension obligations and share based payments, were performed at the Group's Head Office.

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 and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

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

Overall group materiality	£1,260,000
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We applied this benchmark because, in our view, this is the most relevant metric against which the performance of the Group is most commonly measured.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on pages 47 and 48, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on page 27 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• Information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.

Independent Auditors' Report

ISAs (UK & Ireland) reporting (continued)

• the statement given by the directors on page 31, in accordance with provision C.1.1 of the Code, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 31, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Parent Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the parent company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the 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.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Steve Denison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
4 June 2015

Consolidated Income Statement

for the Year Ended 31 March 2015

	Note	2015 £000	2014 £000
Revenue	2	**205,602**	183,064
Cost of sales		**(148,773)**	(133,470)
Gross profit		**56,829**	49,594
Administrative expenses		**(29,733)**	(28,883)
Operating profit before amortisation	2	**28,780**	21,831
Amortisation	9	**(1,684)**	(1,120)
Operating profit	3	**27,096**	20,711
Financial income	6	**1**	12
Financial expenses	6	**(2,024)**	(1,790)
Profit before taxation and amortisation		**26,757**	20,053
Amortisation	9	**(1,684)**	(1,120)
Profit before taxation		**25,073**	18,933
Income tax expense	7	**(5,202)**	(3,238)
Profit attributable to owners of the parent		**19,871**	15,695
Basic earnings per 5p ordinary share	20	**51.03p**	39.78p
Diluted earnings per 5p ordinary share	20	**47.01p**	36.31p
Dividend per 5p ordinary share interim paid and final proposed	19	**16.50p**	14.00p

Strategic Report

Governance

Financial Statements

Shareholder Information

Statements of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2015

	Note	2015 £000	2014 £000
Profit for the year		**19,871**	15,695
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	24	**(55)**	233
Tax on items taken to Other Comprehensive Income	7	**12**	(53)
Impact of tax rate change	7	**-**	(118)
Foreign exchange translation difference		**(1,028)**	(181)
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**(1,011)**	704
Total other comprehensive (expense)/income		**(2,082)**	585
Total comprehensive income for the year attributable to owners of the parent		**17,789**	16,280

Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2015

	Note	2015 £000	2014 £000
Profit for the year		**13,576**	8,668
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	24	**(55)**	233
Tax on items taken to Other Comprehensive Income	7	**12**	(53)
Impact of tax rate change	7	**-**	(118)
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**(1,011)**	704
Total other comprehensive (expense)/income		**(1,054)**	766
Total comprehensive income for the year		**12,522**	9,434

Statements of Changes in Equity

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2015

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
Equity at 1 April 2013		**2,008**	**301**	**16,192**	**(794)**	**83,188**	**27**	**100,922**
Total comprehensive income for the year		-	-	-	704	15,576	-	16,280
Tax movements to equity	7	-	-	-	-	2,876	-	2,876
Impact of tax rate change	7	-	-	-	-	(274)	-	(274)
Share option charge in the year		-	-	-	-	1,735	-	1,735
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(8,593)	-	(8,593)
Dividend to shareholders	19	-	-	-	-	(4,962)	-	(4,962)
Total change in equity during the year		-	-	-	704	6,358	-	7,062
Equity at 31 March 2014		**2,008**	**301**	**16,192**	**(90)**	**89,546**	**27**	**107,984**
Total comprehensive income for the year		-	-	-	(1,011)	18,800	-	17,789
Tax movements to equity	7	-	-	-	-	1,145	-	1,145
Share option charge in the year		-	-	-	-	1,894	-	1,894
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(11,059)	-	(11,059)
Dividend to shareholders	19	-	-	-	-	(5,986)	-	(5,986)
Total change in equity during the year		-	-	-	(1,011)	4,794	-	3,783
Equity as at 31 March 2015		**2,008**	**301**	**16,192**	**(1,101)**	**94,340**	**27**	**111,767**

Parent Company Statement of Changes in Equity for the Year Ended 31 March 2015

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Equity at 1 April 2013		**2,008**	**301**	**16,192**	**(794)**	**36,340**	**54,047**
Total comprehensive income for the year		-	-	-	704	8,730	9,434
Tax movements to equity	7	-	-	-	-	2,876	2,876
Impact of tax rate change	7	-	-	-	-	(274)	(274)
Share option charge in the year		-	-	-	-	1,735	1,735
Net movement relating to shares held Vp Employee Trust		-	-	-	-	(8,593)	(8,593)
Dividend to shareholders	19	-	-	-	-	(4,962)	(4,962)
Total change in equity during the year		-	-	-	704	(488)	216
Equity at 31 March 2014		**2,008**	**301**	**16,192**	**(90)**	**35,852**	**54,263**
Total comprehensive income for the year		-	-	-	(1,011)	13,533	12,522
Tax movements to equity	7	-	-	-	-	1,145	1,145
Share option charge in the year		-	-	-	-	1,894	1,894
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(11,059)	(11,059)
Dividend to shareholders	19	-	-	-	-	(5,986)	(5,986)
Total change in equity during the year		-	-	-	(1,011)	(473)	(1,484)
Equity at 31 March 2015		**2,008**	**301**	**16,192**	**(1,101)**	**35,379**	**52,779**

Consolidated Balance Sheet

at 31 March 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	8	**147,817**	124,834
Intangible assets	9	**43,394**	41,351
Employee benefits	24	**1,043**	689
Total non-current assets		**192,254**	166,874
Current assets			
Inventories	11	**6,495**	5,352
Trade and other receivables	12	**41,102**	38,356
Cash and cash equivalents	13	**5,236**	8,978
Total current assets		**52,833**	52,686
Total assets		**245,087**	219,560
Current liabilities			
Interest-bearing loans and borrowings	14	**-**	(17)
Income tax payable		**(1,948)**	(632)
Trade and other payables	16	**(54,988)**	(44,396)
Total current liabilities		**(56,936)**	(45,045)
Non-current liabilities			
Interest-bearing loans and borrowings	14	**(72,000)**	(62,000)
Deferred tax liabilities	17	**(4,384)**	(4,531)
Total non-current liabilities		**(76,384)**	(66,531)
Total liabilities		**(133,320)**	(111,576)
Net assets		**111,767**	107,984
Equity			
Issued share capital	18	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(1,101)**	(90)
Retained earnings		**94,340**	89,546
Total equity attributable to equity holders of the parent		**111,740**	107,957
Non-controlling interest		**27**	27
Total equity		**111,767**	107,984

The financial statements on pages 53 to 86 were approved and authorised for issue by the Board of Directors on 4 June 2015 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

Parent Company Balance Sheet

at 31 March 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	8	**78,679**	67,518
Intangible assets	9	**17,150**	17,720
Investments in subsidiaries	10	**25,830**	25,830
Employee benefits	24	**1,043**	689
Total non-current assets		**122,702**	111,757
Current assets			
Inventories	11	**1,951**	1,464
Trade and other receivables	12	**51,155**	54,186
Cash and cash equivalents	13	**1,555**	1,473
Total current assets		**54,661**	57,123
Total assets		**177,363**	168,880
Current liabilities			
Interest-bearing loans and borrowings	14	**(4,263)**	(17)
Income tax payable		**(672)**	(236)
Trade and other payables	16	**(44,992)**	(49,912)
Total current liabilities		**(49,927)**	(50,165)
Non-current liabilities			
Interest-bearing loans and borrowings	14	**(72,000)**	(62,000)
Deferred tax liabilities	17	**(2,657)**	(2,452)
Total non-current liabilities		**(74,657)**	(64,452)
Total liabilities		**(124,584)**	(114,617)
Net assets		**52,779**	54,263
Equity			
Issued share capital	18	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(1,101)**	(90)
Retained earnings		**35,379**	35,852
Total equity		**52,779**	54,263

The financial statements on pages 53 to 86 were approved and authorised for issue by the Board of Directors on 4 June 2015 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 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit before taxation		**25,073**	18,933
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		**(409)**	(376)
Share based payment charges		**1,894**	1,735
Depreciation	8	**25,023**	22,507
Amortisation	9	**1,684**	1,120
Financial expense		**2,024**	1,790
Financial income		**(1)**	(12)
Profit on sale of property, plant and equipment		**(3,277)**	(2,862)
Operating cash flow before changes in working capital and provisions		**52,011**	42,835
(Increase)/decrease in inventories		**(854)**	364
Increase in trade and other receivables		**(2,746)**	(3,525)
Increase in trade and other payables		**6,114**	7,581
Cash generated from operations		**54,525**	47,255
Interest paid		**(2,016)**	(1,848)
Interest element of finance lease rental payments		**(2)**	(5)
Interest received		**1**	12
Income taxes paid		**(2,873)**	(3,949)
Net cash generated from operating activities		**49,635**	41,465
Investing activities			
Proceeds from sale of property, plant and equipment		**11,982**	8,554
Purchase of property, plant and equipment		**(52,887)**	(39,535)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	**(5,405)**	(4,498)
Net cash used in investing activities		**(46,310)**	(35,479)
Cash flows from financing activities			
Purchase of own shares by Employee Trust		**(11,059)**	(8,593)
Repayment of borrowings		**(10,000)**	(54,000)
New loans		**20,000**	62,000
Payment of finance lease liabilities		**(17)**	(36)
Dividend paid	19	**(5,986)**	(4,962)
Net cash used in financing activities		**(7,062)**	(5,591)
Net (decrease)/increase in cash and cash equivalents		**(3,737)**	395
Effect of exchange rate fluctuations on cash held		**(5)**	(129)
Cash and cash equivalents as at the beginning of the year		**8,978**	8,712
Cash and cash equivalents as at the end of the year		**5,236**	8,978

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit before taxation		**16,209**	10,295
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		**(409)**	(376)
Share based payment charges		**1,894**	1,735
Depreciation	8	**11,585**	10,476
Amortisation	9	**570**	504
Financial expense		**2,034**	1,790
Financial income		**(1)**	(12)
Profit on sale of property, plant and equipment		**(2,259)**	(1,297)
Operating cash flow before changes in working capital and provisions		**29,623**	23,115
(Increase)/decrease in inventories		**(487)**	443
Decrease in trade and other receivables		**3,031**	3,507
(Decrease)/increase in trade and other payables		**(7,519)**	4,896
Cash generated from operations		**24,648**	31,961
Interest paid		**(2,015)**	(1,848)
Interest element of finance lease rental payments		**(2)**	(5)
Interest received		**1**	12
Income taxes paid		**(835)**	(1,797)
Net cash generated from operating activities		**21,797**	28,323
Investing activities			
Proceeds from sale of property, plant and equipment		**7,300**	4,656
Purchase of property, plant and equipment		**(26,216)**	(21,049)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	**-**	(4,498)
Net cash used in investing activities		**(18,916)**	(20,891)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		**(11,059)**	(8,593)
Repayment of borrowings		**(10,000)**	(54,000)
New loans		**20,000**	62,000
Payment of finance lease liabilities		**(17)**	(36)
Dividend paid	19	**(5,986)**	(4,962)
Net cash used in financing activities		**(7,062)**	(5,591)
Net (decrease)/increase in cash and cash equivalents		**(4,181)**	1,841
Cash and cash equivalents as at the beginning of the year		**1,473**	(368)
Cash and cash equivalents net of overdraft as at the end of the year		**(2,708)**	1,473

Notes

(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a public limited company which is listed on the London Stock Exchange and incorporated and domiciled in Great Britain. These consolidated Financial Statements of Vp plc for the year ended 31 March 2015, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

Basis of preparation

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

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

Accounting policies and restatements

The Group's accounting policies are set out below and have been applied consistently to all periods presented in these consolidated Financial Statements. There were no changes to IFRSs or IFRS IC interpretations that have had a material impact on the Group for the year ended 31 March 2015.

Future standards

At the date of approval of these financial statements the following standards and interpretations were in issue but not yet effective:

- IFRS 9 'Financial instruments' (effective for accounting periods commencing on or after 1 January 2018).
- IFRS 15 'Revenue from contracts with customers' (effective for accounting periods commencing on or after 1 January 2017). This standard is still subject to EU endorsement.

The adoption of these Standards and Interpretations is not expected to have a material impact on the financial statements of the Group or Parent Company.

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.

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

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

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

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

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 related intangibles	–	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 exceeds its recoverable amount. Impairment losses are recognised through the Income Statement. For goodwill and assets that have an indefinite useful life the recoverable amount is tested at each balance sheet date.

Investments

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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 either on a first-in first-out basis or weighted average basis depending on the system used within each division.

Trade and other receivables

Trade and other receivables are stated at their due amounts less impairment losses.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Interest bearing loans and borrowings

Financial assets and liabilities are recognised on the balance sheet when the Group becomes party to the contractual provision of the instrument. Interest bearing borrowings are recognised initially at fair value less directly attributable transaction costs. 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.

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 plan 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 credit 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 on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

The full service cost of the pension scheme is charged to operating profit.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend

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

Share Capital

Ordinary shares are classified as equity.

Employee trust shares

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

Treasury shares

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

Derivative financial instruments

Interest rate and exchange rate swaps are 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 swap 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.

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 recognised from the start of hire through to the end of the agreed hire period predominately on a time apportioned basis. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the transaction at the balance sheet date. 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.

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.

Foreign currencies

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

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

Operating leases - leasor

The Group's rental fleet is hired to customers under simple operating leases with no contingent rent, purchase clauses or escalation clauses.

Operating leases - leasee

Payments made under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease. In general the Group is party to leases for property, vehicles, office equipment and rehired rental fleet. These leases are primarily simple operating leases with no contingent rent, purchase clauses or escalation clauses.

Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2015 have been reviewed and approved by the Audit Committee. The areas of principal accounting uncertainty 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.

The Group continually reviews depreciation rates and using its judgement adopts a cautious policy in assessing estimated useful economic lives of fleet assets (see page 60). 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 24. The pension scheme position is derived using actuarial assumptions for inflation, future salary increases, discount rates and mortality rates 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.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In addition the Group's results are subject to fluctuations caused by the cash settled share options and national insurance costs on unapproved share options as these are required to be re-measured at each reporting date based on the Company's 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. The impact of a 10 pence increase in share price would increase the charge to the Income Statement by £77,000 (2014: £63,000).

2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's reportable segments are the six business units as described on pages 4 and 5. Total external revenue in 2015 was £205,602,000 (2014: £183,064,000). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £16.0 million (2014: £15.0 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 £30.1 million (2014: £24.5 million). In addition, all material assets and liabilities of the Group are accounted for by UK based companies.

Business segments

	Revenue						Operating profit before amortisation	
	2015			2014			**2015**	2014
	External Revenue £000	**Internal Revenue £000**	**Total Revenue £000**	External Revenue £000	Internal Revenue £000	Total Revenue £000	**£000**	£000
UK Forks	**18,247**	**528**	**18,775**	16,301	470	16,771	**4,025**	2,482
Groundforce	**44,350**	**205**	**44,555**	42,298	159	42,457	**8,833**	7,917
Airpac Bukom	**21,460**	**-**	**21,460**	20,201	-	20,201	**2,753**	2,035
Hire Station	**77,031**	**1,209**	**78,240**	66,174	434	66,608	**8,731**	4,798
TPA	**14,585**	**289**	**14,874**	15,786	292	16,078	**1,009**	1,779
Torrent Trackside	**29,929**	**344**	**30,273**	22,304	675	22,979	**3,429**	2,820
	205,602	**2,575**	**208,177**	183,064	2,030	185,094	**28,780**	21,831

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

Notes

2. SEGMENT REPORTING (continued)

Business segments	**Assets**		**Liabilities**		**Net Assets**	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
UK Forks	**31,605**	24,321	**4,643**	3,138	**26,962**	21,183
Groundforce	**50,139**	49,458	**9,981**	9,814	**40,158**	39,644
Airpac Bukom	**31,162**	29,618	**6,717**	3,856	**24,445**	25,762
Hire Station	**75,921**	68,686	**18,740**	15,266	**57,181**	53,420
TPA	**30,082**	29,992	**5,731**	4,761	**24,351**	25,231
Torrent Trackside	**20,378**	10,774	**7,733**	6,144	**12,645**	4,630
Group/unallocated	**5,800**	6,711	**79,775**	68,597	**(73,975)**	(61,886)
	245,087	219,560	**133,320**	111,576	**111,767**	107,984

	Acquired Assets		**Capital Expenditure**		**Depreciation and Amortisation**	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
UK Forks	**-**	-	**11,542**	7,426	**3,487**	2,841
Groundforce	**-**	4,625	**6,663**	8,612	**5,010**	4,600
Airpac Bukom	**-**	-	**5,528**	5,963	**3,769**	3,466
Hire Station	**-**	-	**21,466**	14,621	**10,222**	9,192
TPA	**-**	-	**2,449**	1,145	**1,015**	1,582
Torrent Trackside	**5,116**	-	**5,040**	3,137	**2,820**	1,534
Group/unallocated	**-**	-	**3,649**	164	**384**	412
	5,116	4,625	**56,337**	41,068	**26,707**	23,627

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 cash generating units:
Groundforce £10.4 million (2014: £10.4 million), Airpac Bukom £4.8 million (2014: £4.8 million), TPA £9.3 million (2014: £9.3 million) and Hire Station £12.8 million (2014: £12.8 million).

3. OPERATING PROFIT

	2015	2014
	£000	£000
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	**1,684**	1,120
Depreciation of property, plant and equipment – owned	**24,994**	22,485
– leased	**29**	22
Operating leases - Rent of land and buildings	**4,315**	4,048
Operating leases - Hire of other assets	**13,558**	10,323
Profit on disposal of plant and equipment	**(3,277)**	(2,862)
Amounts paid to auditors:		
Audit fees – parent company annual accounts	**62**	64
– other group companies	**69**	70
– total group	**131**	134
Tax compliance services	**-**	77
Tax advisory services	**-**	56
Audit related assurance services	**16**	31
Other services pursuant to legislation	**-**	3

The current year figures for amounts paid to auditors relate to PricewaterhouseCoopers' LLP. The prior year figures relate to our previous auditors KPMG.

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.

4. 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	
	2015	2014
Operations	**1,259**	1,185
Sales	**208**	214
Administration	**259**	230
	1,726	1,629

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£000	£000
Wages and salaries	**57,147**	50,843
Social security costs	**6,147**	4,842
Defined benefit pension costs	**(27)**	12
Other pension related costs	**1,474**	1,166
Share option costs including associated social security costs - equity settled	**2,548**	3,295
- cash settled	**1,110**	2,158
	68,399	62,316

5. 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:

	2015	2014
	£000	£000
Basic remuneration including bonus and benefits	**2,232**	1,683
Cash allowances/pension contributions	**337**	273
Share options	**2,421**	2,606
	4,990	4,562

Further details of directors' remuneration, pensions and share options, including the highest paid director, are given in the Remuneration Report on pages 33 to 45.

6. FINANCIAL INCOME AND EXPENSES

	2015	2014
	£000	£000
Financial income:		
Bank and other interest receivable	**1**	12
Financial expenses:		
Bank loans, overdrafts and other interest	**(2,022)**	(1,785)
Finance charges payable in respect of finance leases and hire purchase contracts	**(2)**	(5)
	(2,024)	(1,790)

7. INCOME TAX EXPENSE

	2015	2014
	£000	£000
Current tax expense		
UK Corporation tax charge at 21% (2014: 23%)	**5,164**	4,621
Overseas tax	**294**	141
Adjustments in respect of prior years	**99**	(147)
Total current tax	**5,557**	4,615
Deferred tax expense		
Current year deferred tax	**(295)**	(319)
Impact of tax rate change	**3**	(1,078)
Adjustments to deferred tax in respect of prior years	**(63)**	20
Total deferred tax	**(355)**	(1,377)
Total tax expense in income statement	**5,202**	3,238

Reconciliation of effective tax rate

	2015	2015	2014	2014
	%	**£000**	%	£000
Profit before tax		**25,073**		18,933
Profit multiplied by standard rate of corporation tax	**21.0**	**5,265**	23.0	4,355
Effects of:				
Impact of tax rate changes	**0.0**	**3**	(5.7)	(1,078)
Expenses not deductible for tax purposes	**0.4**	**93**	0.8	158
Non-qualifying depreciation	**0.4**	**101**	0.6	115
Gains covered by exemption/losses	**(0.9)**	**(237)**	(1.0)	(187)
Overseas tax rate	**0.2**	**46**	-	2
Adjustments in respect of prior years	**0.1**	**36**	(0.6)	(127)
Other	**(0.4)**	**(105)**	-	-
Total tax charge for the year	**20.8**	**5,202**	17.1	3,238

Tax recognised in reserves

	2015	2014
	£000	£000
Other comprehensive income:		
Tax relating to actuarial gains on defined benefit pension scheme	**(11)**	54
Tax relating to historic asset revaluations	**(1)**	(1)
Impact of tax rate change	**-**	118
	(12)	171
Direct to equity:		
Deferred tax relating to share based payments	**223**	(1,135)
Current tax relating to share based payments	**(1,368)**	(1,741)
Impact of tax rate change	**-**	274
	(1,145)	(2,602)
Total	**(1,157)**	(2,431)

The corporation tax rate for the year ended 31 March 2015 was 21% (2014: 23%). The tax rate for the year ending 31 March 2016 will be 20%. The effect of the reduction in the tax rate has been reflected in the deferred tax balance.

Notes

8. 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 2013	13,281	186,468	2,005	11,561	213,315
Additions	1,276	38,173	391	1,228	41,068
Acquisitions	-	1,324	109	-	1,433
Disposals	(65)	(19,034)	(86)	(91)	(19,276)
Exchange rate differences	(13)	(35)	(37)	(28)	(113)
Transfer between categories	-	-	(12)	12	-
At 31 March 2014	14,479	206,896	2,370	12,682	236,427
Additions	4,961	49,266	180	1,930	56,337
Acquisitions	17	1,304	-	68	1,389
Disposals	(537)	(21,450)	(591)	(3,036)	(25,614)
Exchange rate differences	(15)	(1,155)	(23)	(33)	(1,226)
Transfer between categories	(22)	58	(2)	(34)	-
At 31 March 2015	18,883	234,919	1,934	11,577	267,313
Depreciation and impairment losses					
At 1 April 2013	6,041	87,325	1,552	7,820	102,738
Charge for year	740	20,019	277	1,471	22,507
On disposals	(49)	(13,376)	(71)	(88)	(13,584)
Exchange rate differences	(7)	(9)	(30)	(22)	(68)
At 31 March 2014	6,725	93,959	1,728	9,181	111,593
Charge for year	779	22,372	276	1,596	25,023
On disposals	(477)	(12,881)	(556)	(2,995)	(16,909)
Exchange rate differences	(10)	(166)	(12)	(23)	(211)
Transfer between categories	(10)	5	-	5	-
At 31 March 2015	7,007	103,289	1,436	7,764	119,496
Net book value					
At 31 March 2015	**11,876**	**131,630**	**498**	**3,813**	**147,817**
At 31 March 2014	7,754	112,937	642	3,501	124,834
At 31 March 2013	7,240	99,143	453	3,741	110,577

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2013	8,172	100,797	579	4,329	113,877
Additions	358	20,165	178	629	21,330
Group transfers in	-	1,376	109	16	1,501
Group transfers out	-	(1,355)	-	-	(1,355)
Disposals	-	(6,952)	(84)	(4)	(7,040)
Transfer between categories	-	12	(12)	-	-
At 31 March 2014	8,530	114,043	770	4,970	128,313
Additions	4,055	21,338	147	1,013	26,553
Group transfers	-	(1,185)	-	-	(1,185)
Disposals	-	(9,171)	(223)	(48)	(9,442)
Transfer between categories	-	-	(2)	2	-
At 31 March 2015	12,585	125,025	692	5,937	144,239
Depreciation and impairment losses					
At 1 April 2013	3,325	48,852	458	2,720	55,355
Charge for year	260	9,506	72	638	10,476
Group transfers out	-	(513)	-	-	(513)
On disposals	-	(4,452)	(69)	(2)	(4,523)
At 31 March 2014	3,585	53,393	461	3,356	60,795
Charge for year	293	10,484	97	711	11,585
Group transfers	-	(641)	-	-	(641)
On disposals	-	(5,967)	(188)	(24)	(6,179)
At 31 March 2015	3,878	57,269	370	4,043	65,560
Net book value					
At 31 March 2015	**8,707**	**67,756**	**322**	**1,894**	**78,679**
At 31 March 2014	4,945	60,650	309	1,614	67,518
At 31 March 2013	4,847	51,945	121	1,609	58,522

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost or deemed cost of land and buildings for the Group and the Company includes £2,704,000 (2014: £2,176,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £nil (2014: £57,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £nil (2014: £57,000). Depreciation for the year on these Group assets was £29,000 (2014: £22,000) and £29,000 (2014: £22,000) for the Company. In addition the banks have a fixed and floating charge over the assets of the Group as set out in note 14.

9. INTANGIBLE ASSETS

GROUP	Trade Names £000	Customer Relationships £000	Supply Agreements £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2013	2,118	5,613	1,262	34,269	43,262
Acquired through business combinations	267	1,068	-	1,857	3,192
At 31 March 2014	2,385	6,681	1,262	36,126	46,454
Acquired through business combinations	-	-	3,727	-	3,727
At 31 March 2015	2,385	6,681	4,989	36,126	50,181
Accumulated amortisation and impairment					
At 1 April 2013	407	2,980	316	280	3,983
Amortisation	86	615	419	-	1,120
At 31 March 2014	493	3,595	735	280	5,103
Amortisation	98	668	918	-	1,684
At 31 March 2015	591	4,263	1,653	280	6,787
Carrying amount					
At 31 March 2015	**1,794**	**2,418**	**3,336**	**35,846**	**43,394**
At 31 March 2014	1,892	3,086	527	35,846	41,351
At 31 March 2013	1,711	2,633	946	33,989	39,279

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

	Goodwill		Indefinite life intangible assets	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Groundforce	**10,397**	10,397	**-**	-
Airpac Bukom	**4,762**	4,762	**-**	-
Hire Station	**12,766**	12,766	**-**	-
TPA	**7,921**	7,921	**1,400**	1,400

An intangible asset of £1,400,000 (2014: £1,400,000) with an indefinite life is included within trade names and relates to the TPA name on the basis that it is expected to be maintained indefinitely and continue to deliver future value to the Group. The impairment test of this has been performed using the same assumptions as for the other intangibles.

Goodwill arising on business combinations has been allocated to the CGUs that are expected to benefit from those business combinations. As explained in note 2 the Group has identified 6 reportable segments (2014: 6 segments), four of which align with the CGUs to which goodwill is allocated.

9. INTANGIBLE ASSETS (continued)

The carrying value of intangibles and goodwill has been assessed for impairment by reference to its value in use. Values have been estimated using cash flow projections over a period of 5 years derived from the approved budget for the coming year. The key assumptions within the cash flow projections are those regarding revenue, margin and level of capital spend required to support the business. These assumptions have been validated based on past experience, market conditions 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.

The pre tax discount rate applied to all CGUs was 8% (2014: 8%), an estimate based on the group's weighted cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying value before such an assumption was applied. Based on this testing the directors do not consider any of the goodwill or intangible assets to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate. The compound annual growth rate in PBTA experienced by the group was 14.2% over the last 5 years and therefore could have been justifiably used in the projections.

COMPANY	**Trade Names**	**Customer Relationships**	**Supply Agreements**	**Goodwill**	**Total**
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2013	376	2,682	394	13,174	16,626
Acquired through business combinations	267	1,068	-	1,857	3,192
At 31 March 2014	643	3,750	394	15,031	19,818
Acquired through business combinations	-	-	-	-	-
At 31 March 2015	643	3,750	394	15,031	19,818
Accumulated amortisation					
At 1 April 2013	191	1,305	98	-	1,594
Amortisation charge	51	322	131	-	504
At 31 March 2014	242	1,627	229	-	2,098
Amortisation charge	64	375	131	-	570
At 31 March 2015	306	2,002	360	-	2,668
Carrying amount					
At 31 March 2015	**337**	**1,748**	**34**	**15,031**	**17,150**
At 31 March 2014	401	2,123	165	15,031	17,720
At 31 March 2013	185	1,377	296	13,174	15,032

The directors have reviewed the carrying amount of the Company's goodwill on the same basis as the Group's goodwill and concluded that no impairment charge is required.

10. INVESTMENTS IN SUBSIDIARIES

COMPANY

Cost	**£000**
At 1 April 2013	27,072
Acquisition	4,600
Transfer to intangibles	(4,155)
At 31 March 2014 and 31 March 2015	27,517
Impairment	
At 1 April 2013, 31 March 2014 and 31 March 2015	1,687
Carrying amount	
At 31 March 2015	**25,830**
At 31 March 2014	25,830
At 31 March 2013	25,385

The transfer to intangibles in the year ended 31 March 2014 related to the hiving up of the business and assets of Mr Cropper Limited to Vp plc as following:

	£000
Transfer to intangibles	4,155
Fair value adjustments on fixed assets and deferred tax	(963)
Addition to intangibles	3,192

See note 29 for details of subsidiary undertakings.

11. INVENTORIES

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Raw materials and consumables	**3,084**	2,872	**883**	1,259
Goods for resale	**3,411**	2,480	**1,068**	205
	6,495	5,352	**1,951**	1,464

During the year, as a result of the year end assessment of inventory, there was a £237,000 increase in the provision for impairment of inventories (2014: £143,000 increase). The cost of goods for resale expensed during the year was £11.7 million (2014: 11.3 million). Due to the nature of the spares expenditure and the approach to accounting for spares, including acquiring spares on a needs basis, it is not possible to provide the value of spares inventory expensed.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade receivables	**36,203**	33,366	**14,283**	13,990
Amounts owed by subsidiary undertakings	**-**	-	**33,967**	37,412
Other receivables	**178**	206	**-**	-
Prepayments and accrued income	**4,721**	4,784	**2,905**	2,784
	41,102	38,356	**51,155**	54,186

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.

During the year there was an increase in the provisions for impairment of trade receivables of £1,374,000 (2014: £35,000 decrease). The provision at the year end for bad debts and credit notes was £5.0 million (2014: £3.6 million). 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:

	2015	2014
	£000	£000
Not overdue	**24,171**	23,493
0 - 30 days overdue	**8,184**	6,777
31 - 90 days overdue	**2,268**	1,985
More than 90 days overdue	**1,580**	1,111
	36,203	33,366

On this basis there are £12.0 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 2015 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are overdue and unprovided.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank balances	**5,236**	8,978	**1,555**	1,473

14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Current liabilities				
Bank overdraft	**-**	-	**4,263**	-
Obligations under finance leases and hire purchase contracts	**-**	17	**-**	17
	-	17	**4,263**	17
Non-current liabilities				
Secured bank loans	**72,000**	62,000	**72,000**	62,000
	72,000	62,000	**72,000**	62,000

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

	2015	2014
	£000	£000
Total borrowing	**72,000**	62,017
Cash or cash equivalents	**(5,236)**	(8,978)
Net debt	**66,764**	53,039

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2015 is:

	Group		**Company**	
Due in more than one year but not more than two years:	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000
Secured bank loans	**35,000**	-	**35,000**	-
	35,000	-	**35,000**	-
Due in more than two years but not more than five years:				
Secured bank loans	**37,000**	62,000	**37,000**	62,000
Total	**37,000**	62,000	**37,000**	62,000

The Group's bank accounts are subject to set off arrangements covered by cross guarantees and, where appropriate, are presented accordingly. In particular at Group level the overdraft in Vp plc of £6.6 million with HSBC is offset against other HSBC sterling cash balances in the Group. Similarly in the Parent Company accounts the net overdraft reported of £4.3 million is after set off of sterling cash balances within the Company of £2.3 million. The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to LIBOR. The unutilised bank facilities available to the Group as at 31 March 2015 were £18.0m.

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 18 and 19 and the Risk Management Report on page 21. The loans are subject to covenants and these have been fulfilled at all times during the year.

Liquidity Risk

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

GROUP	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**
31 March 2015	**£000**	**£000**	**£000**	**£000**	**£000**
Secured bank loans	72,000	75,730	1,615	36,668	37,447
Trade and other payables	50,221	50,221	50,221	-	-
	122,221	125,951	51,836	36,668	37,447
31 March 2014					
Secured bank loans	62,000	65,850	1,403	1,407	63,040
Finance lease liabilities	17	19	19	-	-
Trade and other payables	39,654	39,654	39,654	-	-
	101,671	105,523	41,076	1,407	63,040

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

COMPANY 31 March 2015	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
Secured bank loans	72,000	75,730	1,615	36,668	37,447
Bank overdraft	4,263	4,263	4,263	-	-
Trade and other payables	44,114	44,114	44,114	-	-
	120,377	124,107	49,992	36,668	37,447
31 March 2014					
Secured bank loans	62,000	65,850	1,403	1,407	63,040
Finance lease liabilities	17	19	19	-	-
Trade and other payables	48,297	48,297	48,297	-	-
	110,314	114,166	49,719	1,407	63,040

Hire purchase and finance lease liabilities

GROUP	Payment 2015 £000	Interest 2015 £000	Principal 2015 £000	Payment 2014 £000	Interest 2014 £000	Principal 2014 £000
Less than one year	-	-	-	19	2	17
	-	-	-	19	2	17

15. FINANCIAL INSTRUMENTS

During 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	Finish date	Notional Debt value	Fixed margin
September 2012	August 2015	7,500,000	1.300
December 2012	December 2015	7,500,000	1.255
August 2013	August 2016	7,500,000	1.323
October 2013	October 2016	2,500,000	0.980
November 2013	October 2016	2,500,000	0.980
April 2014	April 2017	1,500,000	1.400
April 2014	April 2017	1,500,000	1.390

In addition, in March 2015 the Group put in place the following interest rate swaps with start dates in the future:

Start date	Finish date	Notional Debt value	Fixed margin
1 June 2015	1 June 2018	5,000,000	1.045%
1 September 2015	1 September 2018	5,000,000	1.120%
1 December 2015	1 December 2018	7,500,000	1.200%

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

The Group had thirteen foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US dollars and Sterling in the year ended 31 March 2015. It also has a further twelve foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2015 to 30 June 2016. In addition to the US dollar hedges the group also had Australian dollar and Singapore dollar hedges in the year and has taken out hedges for the next financial year in Australian dollars and Singapore dollars. All the exchange rate hedges are effective cash flow hedges and movements in fair value have been taken to equity.

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

Liabilities measured at fair value:

	31 March 2015				31 March 2014
	Total £000	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	Total £000
Financial liabilities at fair value:					
Interest rate swaps	**278**	-	**278**	-	145
Forward exchange rate agreements	**1,066**	-	**1,066**	-	(154)
	1,344	-	**1,344**	-	(9)

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.

15. FINANCIAL INSTRUMENTS (continued)

The movements in liabilities are reconciled below:

	31 March 2015		
	Interest rate swaps	Forward exchange rate agreements	Total
	£000	£000	£000
Opening liability/(asset)	145	(154)	(9)
Other comprehensive income	133	878	1,011
Recycled to income statement	-	342	342
Closing liability	278	1,066	1,344

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 page 19 and the Risk Management Report on page 21, as are the risks relating to credit and currency management.

Financial Sensitivity Analysis

Ten per cent 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)	
	2015	2014
10% strengthening of Sterling against:	**£000**	£000
US Dollar	**(366)**	(59)
Australian Dollar	**19**	42
Singapore Dollar	**(49)**	11
Euro	**33**	23
10% weakening of Sterling against:		
US Dollar	**446**	73
Australian Dollar	**(22)**	(52)
Singapore Dollar	**60**	(13)
Euro	**(41)**	(28)
10% movement in Sterling interest rates:		
Increase in interest rates	**(75)**	(71)
Decrease in interest rates	**75**	71

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

16. TRADE AND OTHER PAYABLES

Current liabilities	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade payables	**17,700**	15,640	**6,613**	5,926
Amounts owed to subsidiary undertakings	**-**	-	**20,045**	30,202
Other taxes and social security	**4,767**	4,742	**878**	1,615
Other payables	**7,733**	3,863	**1,344**	-
Accruals and deferred income	**24,788**	20,151	**16,112**	12,169
	54,988	44,396	**44,992**	49,912

Within Group and Company other payables is £1.3 million (2014: £nil) in relation to interest rate swaps and foreign exchange rate agreements.

Notes

17. 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 2013		7,002	1,418	(1,901)	(235)	6,284
Recognised on acquisition		-	307	-	-	307
Recognised in income statement		(1,030)	(305)	(40)	(2)	(1,377)
Recognised in equity	7	(12)	-	(678)	-	(690)
Foreign exchange		7	-	-	-	7
At 31 March 2014		5,967	1,420	(2,619)	(237)	4,531
Recognised in income statement		231	(94)	(174)	(318)	(355)
Recognised in equity	7	(1)	-	212	-	211
Foreign exchange		(3)	-	-	-	(3)
At 31 March 2015		**6,194**	**1,326**	**(2,581)**	**(555)**	**4,384**

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2013		5,158	517	(1,901)	(142)	3,632
Recognised on acquisition		-	307	-	-	307
Recognised in income statement		(629)	(161)	(40)	33	(797)
Recognised in equity	7	(12)	-	(678)	-	(690)
At 31 March 2014		4,517	663	(2,619)	(109)	2,452
Recognised in income statement		350	(68)	(174)	(114)	(6)
Recognised in equity	7	(1)	-	212	-	211
At 31 March 2015		**4,866**	**595**	**(2,581)**	**(223)**	**2,657**

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.

18. CAPITAL AND RESERVES

	2015	2014
Ordinary share capital	**£000**	£000
Allotted, called up and fully paid		
40,154,253 Ordinary shares of 5 pence each (2014: 40,154,253)	**2,008**	2,008

All shares have the same voting rights.

Reserves

Full details of reserves are provided in the consolidated and parent company statements of changes in equity on page 55.

Own shares held

Deducted from retained earnings (Group and Company) is £8,203,000 (2014: £5,795,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 1,315,000 shares (2014: 883,000) with a market value at 31 March 2015 of £8,665,000 (2014: £5,601,000).

19. DIVIDENDS

	2015 £000	2014 £000
Amounts recognised as distributions to equity holders of the Parent in the year:		
Ordinary shares:		
Final paid 10.40p (2014: 9.00p) per share	**4,039**	3,520
Interim paid 5.00p (2014: 3.60p) per share	**1,947**	1,442
	5,986	4,962

The dividend paid in the year is after dividends were waived to the value of £198,000 (2014: £97,000) 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 11.5 pence per share which will absorb an estimated £4,469,000 of shareholders' funds. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share of 51.03 pence (2014: 39.78 pence) was based on the profit attributable to equity holders of the Parent of £19,871,000 (2014: £15,695,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2015 of 38,940,000 (2014: 39,451,000), calculated as follows:

	2015 Shares 000s	2014 Shares 000s
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(1,214)**	(703)
Weighted average number of ordinary shares	**38,940**	39,451

Basic earnings per share before the amortisation of intangibles was 54.45 pence (2014: 41.97 pence) and is based on an after tax add back of £1,330,000 (2014: £862,000) in respect of the amortisation of intangibles.

Diluted earnings per share

The calculation of diluted earnings per share of 47.01 pence (2014: 36.31 pence) was based on profit attributable to equity holders of the Parent of £19,871,000 (2014: £15,695,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2015 of 42,273,000 (2014: 43,222,000), calculated as follows:

	2015 Shares 000s	2014 Shares 000s
Weighted average number of ordinary shares	**38,940**	39,451
Effect of share options	**3,333**	3,771
Weighted average number of ordinary shares (diluted)	**42,273**	43,222

Diluted earnings per share before the amortisation of intangibles was 50.15 pence (2014: 38.31 pence).

21. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 302,308 shares were granted under the SAYE scheme at a price of 530 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
July 2012	197p	416,837
June 2013	282p	382,700
July 2014	530p	285,645
		1,085,182

All the options are exercisable between 3 and 3.5 years. At 31 March 2015 there were 706 employees saving an average £133 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 152,025 shares were granted during the year at a price of 680 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2005	200.0p	5,000
July 2006	293.0p	28,540
July 2008	213.0p	12,488
July 2009	154.0p	13,530
July 2010	165.0p	8,559
July 2011	249.5p	88,588
July 2012	266.5p	204,250
July 2013	389.0p	269,075
July 2014	680.0p	145,825
		775,855

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2012 to 2014 are subject to achievement of performance targets over a three year period. The awards for 2011 and prior are vested, but not yet exercised.

Unapproved Share Option Scheme

Options over 395,175 shares were granted during the year at a price of 680 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2005	200.0p	15,000
July 2006	293.0p	63,000
July 2008	213.0p	24,530
July 2009	154.0p	17,630
July 2010	165.0p	155,013
July 2011	249.5p	214,696
July 2012	266.5p	807,750
July 2013	389.0p	630,925
July 2014	680.0p	383,775
		2,312,319

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2012 to 2014 are subject to achievement of performance targets over a three year period. The awards for 2011 and prior are vested, but not yet exercised.

21. SHARE OPTION SCHEMES (continued)

Long-Term Incentive Plan

Awards were made during the year in relation to a further 270,000 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2010	14,265
July 2011	193,000
July 2012	616,000
July 2013	443,900
July 2014	270,000
	1,537,165

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2012 to 2014 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 35. The awards for 2011 and prior are vested, but not yet exercised.

Share Matching

Awards were made during the year in relation to a further 24,000 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
August 2005	3,000
August 2006	2,750
August 2008	446
August 2009	7,657
August 2010	6,182
August 2011	14,500
July 2012	52,500
August 2013	35,250
July 2014	24,000
	146,285

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2012 to 2014 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 35. The awards for 2011 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 2015 was 659 pence (2014: 634.5 pence), the highest market value in the year to 31 March 2015 was 689.5 pence and the lowest 565 pence. The average share price during the year was 626.3 pence.

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

	2015		2014	
	Weighted average exercise price	**Number of options 000s**	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	**191p**	**6,625**	144p	8,225
Lapsed during the year	**351p**	**(210)**	187p	(330)
Exercised during the year	**152p**	**(1,702)**	111p	(3,155)
Granted during the year	**261p**	**1,144**	265p	1,885
Outstanding at the end of the year	**251p**	**5,857**	191p	6,625
Exercisable at the year end	**165p**	**888**	159p	663

The options outstanding at 31 March 2015 have an exercise price in the range of 0.0p to 680p and have a weighted average life of 2.2 years.

Notes

21. SHARE OPTION SCHEMES (continued)

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 models are in the following ranges:

	2015	2014
Weighted average fair value per share	**315.0p**	161.1p
Share price at date of grant	**640.0p to 680.0p**	352.0p to 413.5p
Exercise price (details provided above)	**0p to 680.0p**	0p to 389.0p
Expected volatility	**39.2% to 40.3%**	23.6% to 25.3%
Option life	**3 to 10 years**	3 to 10 years
Expected divided yield	**2.3% to 2.4%**	3.3% to 3.9%
Risk free rate	**0.50%**	0.50%

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

The cost of share options charged to the Income Statement is shown in note 4.

The total carrying amount of cash settled transaction liabilities including associated national insurance at the year end was £3,136,000 (2014: £2,121,000). £1,305,000 of this liability had vested at the year end (2014: none).

22. OPERATING LEASES

The total remaining cost of non-cancellable operating leases is payable as follows:

	2015		2014	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
GROUP				
Operating leases which expire:				
Within one year	**3,631**	**4,192**	3,574	3,389
In the second to fifth years inclusive	**5,675**	**5,534**	6,160	3,034
Over five years	**852**	**235**	1,099	-
	10,158	**9,961**	10,833	6,423
COMPANY				
Operating leases which expire:				
Within one year	**796**	**3,070**	866	1,951
In the second to fifth years inclusive	**1,222**	**3,303**	1,810	1,898
Over five years	**180**	**-**	342	-
	2,198	**6,373**	3,018	3,849

23. 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**	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Contracted	**7,630**	3,167	**3,674**	934

24. EMPLOYEE BENEFITS

Defined benefit scheme

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

The Company 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. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme.

24. EMPLOYEE BENEFITS (continued)

There are three categories of pension scheme member:

- Active members: currently employed by the Company and accruing benefits
- Deferred members: former employees of the Company or current employees no longer accruing benefits
- Pension 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 are subject to increases 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 duration of the Scheme's defined obligation as at 31 March 2015 was 13 years.

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Schemes was performed by the Scheme Actuary for the Trustee as at 31 March 2012. This valuation revealed a funding shortfall of £1,341,000. The Company agreed to pay annual contributions of 24.1% of members' pensionable salaries each year from 1 April 2013 to meet the cost of future service accrual. In respect of the deficit in the Scheme as at 31 March 2012, the Company agreed to pay £375,000 pa for 3 years 10 months. The Company therefore expects to pay £360,000 to the Scheme during the accounting year beginning 1 April 2015. The results of the last actuarial valuation have been updated to 31 March 2015 by a qualified actuary independent of the scheme's sponsoring employer. The assumptions used are set out on page 83.

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 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 Scheme's defined benefit obligation, however this would be partially offset by an increase in the value of the Scheme's bond holdings.
- 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). The majority of the Scheme's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation is likely to reduce the net pension asset disclosed.
- 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.

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 and Company**	
	2015	2014
	£000	£000
Present value of defined benefit obligation	**(9,345)**	(8,318)
Fair value of scheme assets	**10,388**	9,007
Present value of net surplus	**1,043**	689

24. EMPLOYEE BENEFITS (continued)

The movement in the defined benefit surplus is as follows:

	2015 Present value of obligation £000	**2015 Fair value of assets £000**	**2015 Total £000**	2014 Present value of obligation £000	2014 Fair value of assets £000	2014 Total £000
At beginning of year	**(8,318)**	**9,007**	**689**	(8,893)	8,973	80
Current service cost	**(11)**	**-**	**(11)**	(12)	-	(12)
Interest (cost)/income	**(348)**	**386**	**38**	(354)	365	11
Administration costs	**-**	**-**	**-**	-	(11)	(11)
Re-measurements						
Actuarial (losses)/gains: change in demographic assumptions	**(11)**	**-**	**(11)**	63	-	63
Actuarial (losses)/gains: change in financial assumptions	**(1,115)**	**-**	**(1,115)**	172	-	172
Actuarial gains/(losses): actual return on assets	**-**	**1,071**	**1,071**	-	(2)	(2)
Contributions: employer	**-**	**382**	**382**	-	388	388
Contributions: employees	**(3)**	**3**	**-**	(3)	3	-
Benefits paid	**461**	**(461)**	**-**	709	(709)	-
	(9,345)	**10,388**	**1,043**	(8,318)	9,007	689

Expense recognised in the Income Statement	**Group and Company 2015 £000**	Group and Company 2014 £000
Current service costs	**11**	12
Net interest	**(38)**	(11)
Administration costs	**-**	11
	(27)	12

These expenses are recognised in the following line items in the Income Statement:	**Group and Company 2015 £000**	Group and Company 2014 £000
Cost of sales	**11**	12
Administrative expenses	**(38)**	-
	(27)	12

Amount recognised in other Comprehensive Income	**Group and Company 2015 £000**	Group and Company 2014 £000
Actuarial (losses)/gains on defined benefit obligation	**(1,126)**	235
Actual return on assets less interest	**1,071**	(2)
Amount recognised in Other Comprehensive Income	**(55)**	233

Cumulative actuarial net losses reported in the Statement of Comprehensive Income since 1 April 2004, the transition to adopted IFRSs, for the Group and Company are £2,197,000 (2014: £2,142,000).

Scheme assets and returns

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

Fair value of assets	**Group and Company 2015 £000**	Group and Company 2014 £000
Equities	**5,910**	5,435
Bonds	**4,422**	3,509
Cash	**56**	63
	10,388	9,007
Returns		
Actual return on scheme assets	**1,457**	363

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by or other assets used by the Company. All assets listed above have a quoted market price in an active market.

24. EMPLOYEE BENEFITS (continued)

Principal actuarial assumptions

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

	Group and Company	
	2015	2014
Inflation	**3.0%**	3.5%
Discount rate at 31 March	**3.1%**	4.3%
Expected future salary increases	**3.0%**	3.5%
Expected future pension increases	**2.9%**	3.4%
Revaluation of deferred pensions	**2.0%**	2.5%

Mortality rate assumptions adopted at 31 March 2015, based on S1MA/S1PFA CMI mode 2014, imply the following life expectations on retirement at age 65 for:

	2015	2014
Male currently aged 45	**24 years**	24 years
Female currently aged 45	**26 years**	26 years
Male currently aged 65	**22 years**	22 years
Female currently aged 65	**24 years**	24 years

History of scheme

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

	Group and Company				
	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	**(9,345)**	(8,318)	(8,893)	(8,958)	(8,017)
Fair value of plan assets	**10,388**	9,007	8,973	7,912	7,839
Present value of net obligations	**1,043**	689	80	(1,046)	(178)

Gains/(losses) recognised in Statement of Comprehensive Income

	Group and Company				
	2015	2014	2013	2012	2011
Difference between expected and actual return on scheme assets:					
Amount (£000)	**1,071**	(2)	599	(525)	56
Percentage of scheme assets	**10.3%**	0.0%	6.7%	(6.6%)	0.7%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**-**	-	350	(76)	-
Percentage of present value of scheme liabilities	**0.0%**	0.0%	3.9%	(0.8%)	0.0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**(1,126)**	235	(252)	(754)	470
Percentage of present value of scheme liabilities	**(12.0%)**	2.8%	(2.8%)	(8.4%)	5.9%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**(55)**	233	697	(1,355)	526
Percentage of present value of scheme liabilities	**(0.6%)**	2.8%	7.8%	(15.1%)	6.6%

Sensitivity analysis

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

Assumption	**Change in assumption**	**Change in defined benefit obligation**
Discount rate	+/- 0.5% pa	-/+ 6%
RPI inflation	+/- 0.5% pa	+/- 2%
Assumed life expectancy	+ 1 year	+3%

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

Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £810,000 (2014: £635,000) in the year.

25. BUSINESS COMBINATIONS

The Group acquired the following businesses from 1 April 2013 to 31 March 2015:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Trackside plant and equipment rental business of Balfour Beatty Rail Limited	28 July 2014	Business and assets	Torrent Trackside Limited
Mr Cropper Limited	3 September 2013	Share purchase (100% equity)	Vp plc

Details of the acquisitions are provided below:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Property, plant and equipment	**1,389**	163	**-**	163
Current assets	**289**	1,612	**-**	1,612
Net debt	**-**	49	**-**	49
Tax, trade and other payables	**-**	(1,379)	**-**	(1,379)
Book value of assets acquired	**1,678**	445	**-**	445
Fair value adjustments				
Intangibles on acquisition	**3,727**	1,335	**-**	1,335
Deferred tax on intangibles	**-**	(307)	**-**	(307)
Fair value adjustment to property, plant and equipment	**-**	1,270	**-**	1,270
Fair value of assets acquired	**5,405**	2,743	**-**	2,743
Goodwill on acquisition	**-**	1,857	**-**	1,857
Cost of acquisitions	**5,405**	4,600	**-**	4,600
Satisfied by				
Consideration	**5,405**	4,600	**-**	4,600
Analysis of cash flow for acquisitions				
Consideration	**5,405**	4,600	**-**	4,600
Net cash included in acquisitions	**-**	(102)	**-**	(102)
	5,405	4,498	**-**	4,498

Intangibles were identified in relation to the acquisitions in the year ended 31 March 2015 in relation to a supply agreement. In the year ended 31 March 2014 the intangibles related to customer lists and a brand name. The amortisation periods for these intangibles are set out in note 1. The acquisition costs expensed in the year ended 31 March 2015 were £25,000.

As the acquisition of the trackside plant and equipment rental business of Balfour Beatty Rail Limited was not material to the trading performance of the Group it has not been disclosed separately in the Income Statement. For the same reason disclosure of the revenue or profit for the combined entity, if the business combination had occurred on 1 April 2014, has not been provided.

26. 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 33 to 45 and in note 5 to the Financial Statements. In addition two directors have sold some Vp plc shares they acquired, as a result of exercising their options, to the Vp Employee Trust at market value, being the previous days closing mid market share price, namely 124,000 shares at a market value of £768,180 and 61,000 shares at a market value of £377,895.

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, however the Group does not charge interest on internal funding. 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 2015 totalled £33,967,000 (2014: £37,412,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2015 totalled £20,045,000 (2014: £30,202,000).

The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans and overdrafts to the Company. The total value of such borrowings at 31 March 2015 was £72.0 million (2014: £62.0 million).

27. CONTINGENT LIABILITIES

There are no contingent liabilities (2014: nil) in respect of the Group or Company.

28. ULTIMATE PARENT COMPANY

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

29. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings 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%
TPA Portable Roadways Limited	England	Hire of portable roadways	UK	Ordinary shares 100%
Airpac Bukom Oilfield Services Pte Limited	Singapore	Oilfield services	Singapore	Ordinary shares 100%
Airpac Bukom Oilfield Services (Curacao) NVA	Curacao	Oilfield services	Curacao	Ordinary shares 100%
Airpac Bukom Oilfield Services Middle East FZE	Sharjah	Oilfield services	Sharjah	Ordinary shares 100%
Airpac Bukom Oilfield Services (Australia) Pty Limited	Australia	Oilfield services	Australia	Ordinary shares 100%
Vp GmbH	Germany	Equipment hire	Germany	Ordinary shares 100%
Vp Equipment Rental (Ireland) Limited	Ireland	Equipment hire	Ireland	Ordinary shares 100%

29. 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%
Redding Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Climate Hire & Sales Limited	England	Dormant	n/a	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	n/a	Ordinary shares 100%
Vacuum Excavation 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%
Halls Hire Centres Limited	England	Dormant	n/a	Ordinary shares 100%
L&P 52 Limited	England	Dormant	n/a	Ordinary shares 100%
Northern Site Supplies 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%
Handy Tool Hire (Derby) Limited	England	Dormant	n/a	Ordinary shares 100%
Handy Tool Hire (Nottingham) Limited	England	Dormant	n/a	Ordinary shares 100%
Handy Tool Hire (Loughborough) Limited	England	Dormant	n/a	Ordinary shares 100%
Cool Customers Limited	England	Dormant	n/a	Ordinary shares 100%
Arcotherm (GB) 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%
Harbray (Plant Hire) 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%
Thanet (Hire) Plant Limited	England	Dormant	n/a	Ordinary shares 100%
The Hire Brigade Limited	England	Dormant	n/a	Ordinary shares 100%
MEP Hire Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Able Safety (Yorkshire) Limited	England	Dormant	n/a	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	n/a	Ordinary shares 100%
Saville Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Limited	England	Dormant	n/a	Ordinary shares 100%
Mechanical Electrical Press Fittings Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Arco'therm Limited	England	Dormant	n/a	Ordinary shares 100%
Mr Cropper Limited	England	Dormant	n/a	Ordinary shares 100%
Airpac Bukom Oilfield Services (Nigeria) Limited	Nigeria	Dormant	n/a	Ordinary shares 100%

Five Year Summary

	2011 £000	2012 £000	2013 £000	2014 £000	**2015 £000**
Revenue	138,052	161,514	167,034	183,064	**205,602**
Operating profit before amortisation	16,472	18,500	19,815	21,831	**28,780**
Profit before amortisation and taxation	13,785	15,961	17,351	20,053	**26,757**
Profit before taxation	12,234	15,328	16,402	18,933	**25,073**
Taxation	(2,451)	(3,101)	(3,353)	(3,238)	**(5,202)**
Profit after taxation	9,783	12,227	13,049	15,695	**19,871**
Dividends*	(4,509)	(4,457)	(4,437)	(4,962)	**(5,986)**
Share capital	2,309	2,309	2,008	2,008	**2,008**
Capital redemption reserve	-	-	301	301	**301**
Reserves	89,192	88,725	98,586	105,648	**109,431**
Total equity before non-controlling interest	91,501	91,034	100,895	107,957	**111,740**
Share Statistics					
Asset value	198p	197p	251p	269p	**278p**
Earnings (pre amortisation)	26.09p	30.76p	35.47p	41.97p	**54.45p**
Dividend**	10.80p	11.35p	12.25p	14.00p	**16.50p**
Times covered (pre amortisation)	2.42	2.71	2.90	3.00	**3.30**

* 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.

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 Auditor
PricewaterhouseCoopers LLP
Benson House, 33 Wellington Street, Leeds, LS1 4JP

Solicitors
Squire Patton Boggs (UK) LLP,
2 Park Lane, Leeds, West Yorkshire, LS3 1ES

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

Bankers
HSBC Bank plc
Lloyds Bank plc

Merchant Bankers
N M Rothschild & Sons Limited

Stockbrokers
N+1 Singer

Public Relations
Abchurch Communications