

Specialist capabilities for critical projects





We are Vp Group. Specialists in equipment rental. When customers need exceptional capabilities they turn to us.

For 70 years we have delivered for our customers – safely, efficiently, responsibly – with no short cuts or half measures. They trust us with exceptional requirements where complexity and constraints demand capabilities beyond the ordinary. They rely on our specialist solutions to create and care for projects that allow economies to grow.

We focus on niche sectors principally in the Infrastructure, Construction, Housebuilding and Energy markets.

Visit our new corporate website:



www.vpplc.com

Financial highlights

Group revenue

£368.7m

(FY2023: £371.5m)



Adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items¹

£39.7m

(FY2023: £40.5m)



Adjusted basic earnings per share¹

74.8p

(FY2023: 79.0p)



Dividends per share

39.0p

(FY2023: 37.5p)



Return on average capital employed¹

14.5%

(FY2023: 14.4%)



Statutory profit before tax¹

£2.8m

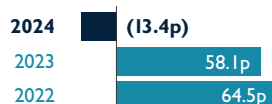
(FY2023: £30.7m)



Statutory basic (loss)/earnings per share

(13.4p)

(FY2023: 58.1p)



Net debt excluding lease liabilities

£125.2m

(FY2023: £134.4m)



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¹ These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Group at a glance

Vp plc is a leader in equipment rental. We are expert providers of equipment, people, services and support for specialist projects. We focus on niche sectors principally in the Infrastructure, Construction, Housebuilding and Energy markets and operate in the UK and overseas.

Our values are the guiding principles of how we operate: focused, agile and fair.

70 YEARS
of heritage

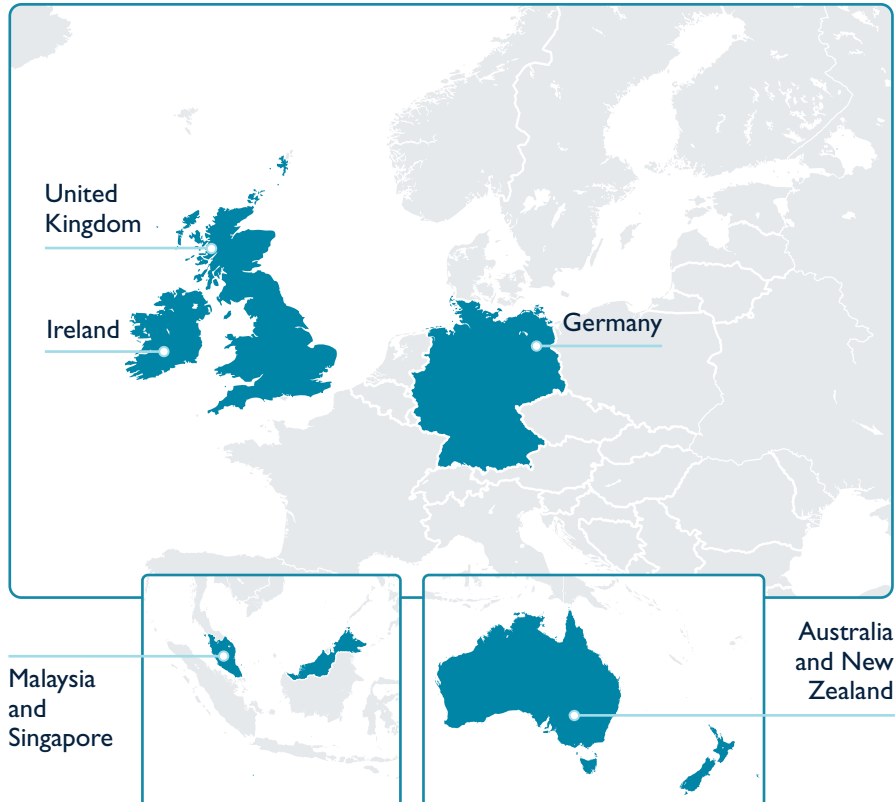
83,000+
Global customers

£256.9m
Net book value of property, plant and equipment

£62.8m
Investment in rental assets in FY2024

2,750+ **200+**
Employees Branches

Where we operate



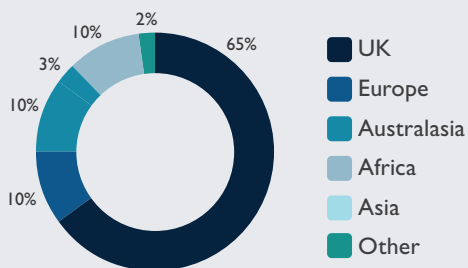
Commitment to reach
net zero
across the value chain by 2050

[Read more on page 38](#)

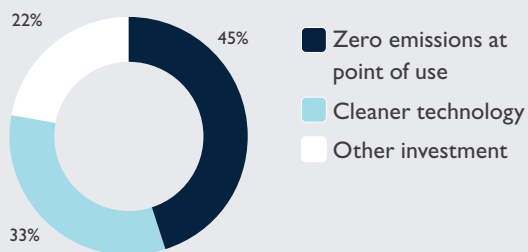
Why customers buy from us

- 01** UK coverage with local leadership
- 02** Market-leading specialist teams
- 03** Young, fit-for-purpose hire fleet
- 04** Proactive fleet management with satellite tracking
- 05** Industry-leading safety experts
- 06** Trusted by leading customers
- 07** Omni-channel customer support
- 08** Competitive pricing
- 09** Flexible hire times

Revenue breakdown by region



Capex analysis



Markets by division

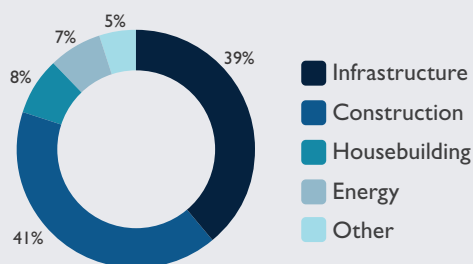
Infrastructure: Rail, highways, utilities and other key infrastructure projects

Construction: Non-residential construction, including commercial offices, warehousing and distribution

Housebuilding: Private and public sector residential housebuilding within the UK

Energy: Oil, gas and energy production both onshore and offshore across the UK and International

Others: Events, defence and aviation



Our investment case

Key differentiators

Specialist rental model

- Specialist assets, markets and delivery
- Market-leading positions in niche sectors
- Young, well maintained fleet
- Disciplined asset management

£62.8m

Fleet investment in FY2024

Diverse and resilient revenue streams

- Growth and risk mitigation from exposure to different markets and geographies

£368.7m

Revenue

Exciting growth prospects

- Aligned to markets with growth potential
- Opportunity to improve cross-divisional working
- Refreshed corporate development plan

Financial profile

Continued strong returns

- Target ROACE of 15%
- Strong margins

14.5%

ROACE

Balance sheet strength

- Disciplined capital allocation
- Cash generative, refinance complete

£108.7m

Cash generated from operations

Progressive dividend

- 30-year uninterrupted dividend track record
- Long-term view

39.0p

2024 dividend



Chair's statement

Jeremy Pilkington
Chair



I am pleased to report a solid overall performance for the Group despite the particular challenges that we have faced in the UK General Construction market. Elsewhere, our international and infrastructure operations have enabled the majority of our business to move forward strongly in the period.

For the year ended 31 March 2024, adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items¹ eased marginally to £39.7 million (2023: £40.5 million) on revenue broadly in line at £368.7 million (2023: £371.5 million). Whilst it is never pleasurable to report a reduction in profitability, we believe that under the circumstances, this represents a good result demonstrating once again the ability of our diversified business exposure to deliver resilient profit in spite of localised challenges. Reflecting the challenges faced by the UK Construction market, we have taken £27.7 million non-cash impairment charge against intangible assets, including goodwill, in the Brandon Hire Station business, referenced in more detail later.

Capital investment in the rental fleet was slightly ahead of prior year at £62.8 million (2023: £59.9 million) as we continue to support specific investment opportunities with an ongoing emphasis on transitioning towards more environmentally friendly solutions. Year end net debt excluding lease liabilities¹ was £125.2 million (2023: £134.4 million). Return on Average Capital Employed¹ was 14.5% (2023: 14.4%), in line with our long-term target, an excellent result, which reflects once again the underlying quality of the Group's earnings. Adjusted earnings per share¹ of 74.8 pence per share (2023: 79.0 pence per share) includes the impact of the 6% increase from 19% to 25% of UK Corporation Tax rate.

¹ These measures are explained and reconciled in the Alternative Performance measures section on page 143.



We have a long-term track record of successfully delivering sector-leading results for all our stakeholders.”

At the Annual General Meeting, scheduled to be held on Thursday 25 July 2024, the Board will be recommending payment of a final dividend of 27.5 pence per share (2023: 26.5 pence per share) making a total for the year of 39.0 pence per share (2023: 37.5 pence per share). Subject to shareholder approval, it is proposed to pay the final dividend on 7 August 2024 to members registered at 21 June 2024. This proposed level of dividend is based on our policy to distribute on a two times covered earnings basis over the cycle and having due regard to future prospects.

As previously announced, after 26 years with the Company and latterly 19 years as Managing Director and CEO, Neil Stothard retired from the Board at the end of September 2023. I wish to repeat on behalf of myself, the Board and the wider employee and shareholder audience, our appreciation of Neil's contribution over this period.

Anna Bielby, who joined as Chief Financial Officer (CFO) in January 2023, was appointed to the position of Chief Executive from 1 September 2023 and has made an immediate positive impact in her new role. Anna is bringing a welcome new energy and strategic oversight to the Group and I look forward to working with her as she drives the business forward.

Keith Winstanley joined as CFO on 1 January 2024, and we look forward to working with Keith in the months and years ahead.

In addition to these Board changes, we have simplified the senior management reporting structure, established an Executive Committee, and significantly strengthened the central senior management team in a number of key roles.

As always the skills and commitment of our employees lie behind everything we achieve as a business. Our people bring specialist skills, technical prowess and sharp focus to delivering the right solution for our customers. We continue to promote our extensive apprentice and graduate schemes which provide advancement and career progression opportunities and to emphasise recruitment policies which support diversity in the workplace.

It is therefore my pleasure on behalf of the Board to thank all our employees for their hard work and commitment during the year that has made these results possible.

Jeremy Pilkington

Chair

4 June 2024

Q&A

with Anna Bielby
Chief Executive



Q What have been your priorities in your first year as CEO of Vp?

I was really excited to step up to the CEO role in September. I already knew that Vp was a great business from my time as CFO and I jumped at the chance to lead the business into its next phase.

New leadership represents a change for Vp and, like all change, needs to be managed carefully. My job is very much to build on the foundations and rich heritage of the Group, including the strong track record of our specialist divisions.

One of my first priorities was to bring a fresh perspective and energy to the business through the recruitment of new talent and the formation of an Executive Committee. I am happy that the blend of knowledge and experience, coupled with some new recruits, positions us well to take the business forward.

Our strategy is centred on driving growth and operational excellence. This is supported by a refreshed People strategy, a new digital roadmap and a focus on using the Group's scale to improve efficiency.

Q What actions did you take during the year to address the challenges faced by the Company?

Given the challenging Construction market, we performed a review of Brandon Hire Station and made changes to the management team. The new Brandon team is making good progress on refocusing the business and reducing its cost base.

We have reviewed the Group's operating model to ensure that it is appropriate and set up to best support our customers. While recognising the distinctiveness of our specialist businesses, we need to drive consistency and simplicity where it makes sense to do so. This includes making sure that our central functions are fit for purpose and that we take advantage of the Group's scale to drive synergies, for example in the areas of procurement and property.

We want Vp to be easy for our customers to do business with and we have updated our digital roadmap to focus on improving the customer experience and increasing collaboration between our divisions.

During the year, we re-financed our bank facilities, providing a solid platform on which to grow the business through organic investment in our asset base, supplemented by disciplined M&A activity.

Our colleagues remain at the heart of the business, but staff turnover in our sector is always a challenge. We are currently refreshing our People strategy to reinvigorate our culture, build on the diversity of our teams and provide a safe and inclusive workplace where people can build their careers.

We operate in a competitive, fragmented market but I believe our specialist solutions, strong heritage and track record for excellent service positions us well.

Q What conclusions have you drawn from the Brandon Hire Station review?

Brandon Hire Station has been exposed to both general macro-economic conditions and the more challenging Construction market. Its high operational gearing has made it more difficult to manage market headwinds so action has had to be taken to improve financial performance.

This includes implementing a number of revenue, cost and process initiatives, including looking at the division's physical footprint, optimising its branch network, and aligning activities and resources towards target customers.

Despite a challenging year, Brandon Hire Station remains a large part of the Group's revenue and plays an important part in supporting some of our biggest customers.



What are the growth opportunities for Vp?

Our specialist divisions operate across a number of end markets and, as we have seen this year, this diversity underpins the resilience of our business model. The performance of the Infrastructure and Energy markets has been particularly strong this year with notable contributions from Groundforce and Airpac.

For the year ahead, we expect the Construction market to remain challenging, but we see more opportunity in those businesses aligned to the Infrastructure market where there is a clearer pipeline of projects and opportunities.

We have a strong growth track record and a robust balance sheet and we will continue to invest in our asset base to support organic growth. We will target our investments towards market opportunities and those areas that will support the achievement of our target returns.

Our specialist divisions have strong individual market positions and presence, and I believe that these can be further enhanced through closer collaboration and working. This collaboration will ensure that we are best placed to exploit opportunities and grow.

From a corporate development perspective, we will look for bolt-on acquisitions to existing divisions and will consider carefully any strategic opportunities in markets and products that complement the wider Vp Group. We will do this in a disciplined manner and based on our strict financial hurdles.



Where does ESG fit into your strategy and how is engagement with the supply chain and customers progressing?

We embrace ESG in how we do business every day. We are committed to working closely with our customers and suppliers to meet our own sustainability objectives and to help them achieve theirs.

Fundamentally, the rental industry, by definition, operates a circular business model. It fulfils all the circular economy principles and, by doing so, minimises the negative environmental impact of equipment. We are working with our customers to help them address their own supply chain carbon footprint, for example with the use of our carbon calculators.

Our approach to ESG is shaping our capital investment. A significant proportion of our fleet is zero emissions at the point of use, and we continue to transition our fleet towards battery powered alternatives, where available and where the returns mean that it is sensible to do so.

Our supply chain engagement is progressing well, often highlighting new products and developments that can help reduce their own carbon footprint.

In November 2023, we were pleased to have our near-term, long-term and net zero targets validated by the Science-based Targets initiative (SBTi), aligning our targets with the SBTi's Net Zero Standard and to a 1.5°C trajectory.

This year, we are turning our attention to our social value strategy where we will look to make further progress.



What makes Vp special?

Vp's heritage is important. We have worked with customers for over 70 years – safely, efficiently, responsibly. Our specialisms across a wide range of markets combined with our values provide the backbone of how we operate. Our focus on what our customers need is at the heart of how we operate and our teams work tirelessly with them to address those ever-changing needs. We are ready to mobilise our people, resources and capital at scale and speed.

Our breadth of operations, diversity and talent of our teams and our great asset management give us a powerful combination. These have enabled us to keep long-standing relationships with many customers, for which we are very grateful.

I am immensely proud of our teams and want to expand how Vp can support and develop them so they can contribute their very best, while feeling fulfilled in their progression and achievements.



Looking ahead what are your priorities for the coming year?

We have a great business and I'm confident that the actions we are taking will enhance our performance this year. Our focus is on continuing to grow the business and take advantage of opportunities, particularly in those markets that are strong, for example Infrastructure and Energy.

Our performance in our key markets of Infrastructure and Energy remain encouraging but we are experiencing more difficult markets in Housebuilding and General Construction, where Brandon Hire Station mainly operates. I am confident that the work that the new management team at Brandon is undertaking will strengthen the business in the coming year.

Internally, our focus is on operational excellence - working to drive efficiency through our digital roadmap and our group-wide approach to areas such as procurement and property. We will work in a focused and agile way to drive performance.

As we celebrate 70 years of Vp, our talented people will continue to focus on delivering on exceptional customer experience.

I look ahead to the year with a sense of excitement and cautious optimism.

Market review

Our markets are diverse and fragmented. Working across a range of sectors provides us with resilience and opportunity for future growth.

Markets by division

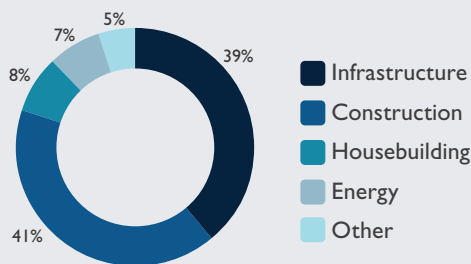
Infrastructure: Rail, highways, utilities and other key infrastructure projects

Construction: Non-residential construction, including commercial offices, warehousing and distribution

Housebuilding: Private and public sector residential housebuilding within the UK

Energy: Oil, gas and energy production both onshore and offshore across the UK and International

Others: Events, defence and aviation



Infrastructure

Includes rail, highways, utilities and other key infrastructure projects

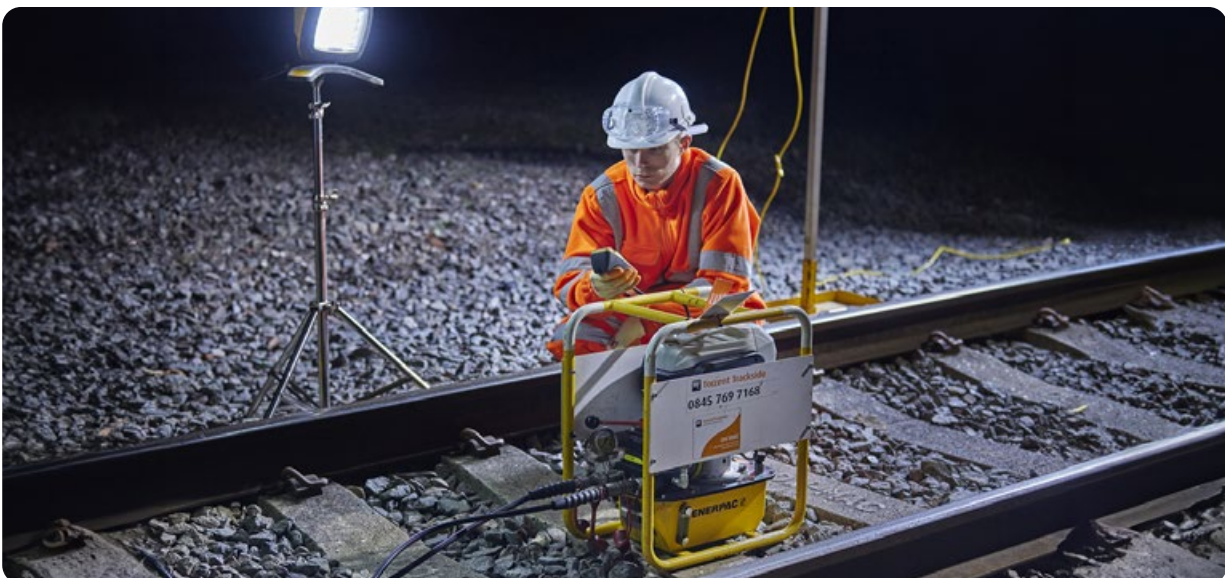
The rail sector has been significantly disrupted across the UK with industrial strike action throughout the year. Despite this, progress continued on major projects including HS2 and the TransPennine route upgrade.

With the cancellation of the northern legs of HS2, work continued on the first phase despite major political concerns over the ongoing viability of the project. Control Period 6 (CP6) ended in March 2024, with the new Control Period (CP7), now underway. CP7 brings significant project plans, outlined by Network Rail, to support major projects and track improvement plans.

Roads and highways projects overall experienced a decline in 2023, with a number of projects postponed or delayed into future periods. The minor decline of 1% through 2023, is expected to become a double-digit decline through 2024 as project schedules are delayed indefinitely due to continued cost inflationary pressures.

The utilities sector has seen significant growth in the water and sewage sub sectors, as unspent funds from Asset Management Plan (AMP) 7 which comes to an end in March 2025, look to be utilised during calendar year 2024, albeit at a slightly lower rate.

(Source: Experian Construction Forecast 2024).



Construction

Non-residential construction, including commercial offices, warehousing and distribution

Overall the non-residential construction market fell by 1.7% through the year 2023.

There was a mixed performance between the different sub sectors in non-residential construction, with the public sector spending growing at a strong rate through the year 2023 particularly in the education and hospital sub-sectors, but with new orders in the warehousing and distribution sub-sectors falling by over 25% year on year.

Industrial construction experienced a year of decline, against a strong growth period in the prior year, whilst commercial construction, including offices and entertainment, experienced double-digit growth in the year.

Retail spend remained in line with overall consumer spend, showing another year of decline throughout 2024 and there is an expectation of continued decline in 2024.

2023 saw a clear trend from new commercial builds to commercial redevelopment, with a number of major existing projects within London approved for redevelopment into multi-use spaces.

Housebuilding

Private and public sector residential housebuilding within the UK

2023 showed significant decline within the housebuilding sector against a strong performance in 2021 and 2022. The inflationary costs within the supply chain, poor consumer confidence, and heightened mortgage interest rates all contributed to a double-digit declining market throughout 2023.

The public sector housing market remained more buoyant than the private sector, as housebuilders have used the reduced market appetite to meet their affordable housing targets. It is expected that, in line with an uncertain political outlook and reduced local council spending, public sector housing spend will decline in the calendar year of 2024.

The private sector Housebuilding market suffered a 14% year on year decline, with interest rates for mortgages a significant factor impacting demand.

Private housebuilding was also affected by a number of Government-backed house buyer schemes coming to an end or being removed, again limiting demand. Private housebuilding is expected to stay flat throughout 2024.



Energy

Oil, gas and energy production both onshore and offshore across the UK and international

The oil and gas market in particular has seen significant levels of spend and activity in the year, linked to the increase in oil prices. This increase has driven more investment projects, including the expansion and upgrading of existing sites. Globally, there is significant investment into offshore, as well as discovery of new oil reserves in emerging markets.



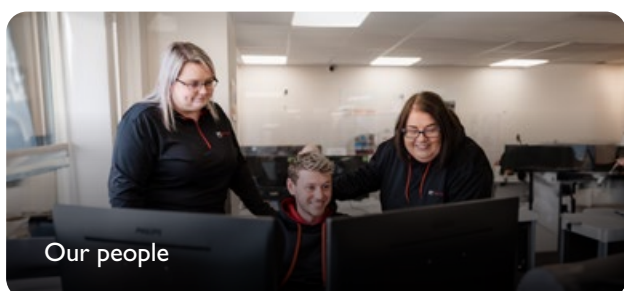
Business model and strategy

We aim to deliver high-quality returns to our shareholders and other stakeholders, sustained over the long term while embracing our environmental, social and governance responsibilities.

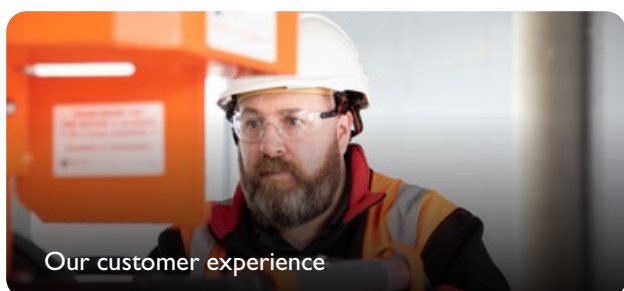
Our resources



We have an optimised asset management model with a focus on zero emissions at point of use. We are a well-tuned operation, ready to mobilise our people, resources and capital at scale and speed.



The specialist knowledge of our teams is at the forefront of the service we provide to our customers. We are an agile Group, deliberately lean with responsive people who quickly solve problems.



We focus on our customers – the job in hand and their changing needs, what really matters to them and where we can make the difference. They trust us with exceptional requirements where complexity and constraints demand capabilities beyond the ordinary.

Our strategy



Delivering growth

- Continued investment to drive organic growth, focus on returns
- Improved cross-divisional working to exploit opportunities
- Acquisition opportunity from refreshed corporate development strategy



Driving operational excellence

- Driving simplicity and consistency throughout operating model, supported by digital roadmap
- Using the benefits of the Group's scale to drive value
- Appropriate balance between efficient central functions and agile customer centric divisions



People

- A unique mix of rich heritage, new leadership and fresh ideas
- Recruiting, retaining and developing our people who grow with us
- Rewarding our people fairly



Digital roadmap

- Modest investment in digital
- Building on what we already have
- Leading to better cross-divisional working, customer experience and data and decision making



ESG focus

- Important area for stakeholders
- A pragmatic approach
- Focus on capex and management of supply chain

Our operating model

Locations close to the customer
National UK coverage across over 200 locations, and a targeted overseas presence

Customer first

Local relationships and customer ownership, putting the customer at the core of the branch network

Delivering specialist solutions

Harnessing the expertise of our specialist divisions to deliver tailored solutions for our customers

Empowered divisional teams

Agile management teams with autonomy to adapt quickly to changing customer and market dynamics. Close management of metrics and KPIs

Efficient central functions

Operations supported by efficient central functions, taking advantage of scale and synergy

Focused digital investment

Targeted investment to drive simplicity and efficiency and improve the customer experience

Capital allocation

Disciplined allocation of funds towards investment in assets, growth activities and shareholder returns



The value we create

Our customers

We provide our customers with the right knowledge, information and solutions, drawing on the specialist skills of our teams. We engage with the supply chain on behalf of customers often bringing new solutions to the fore through our customer and supply chain engagement.

Our people

Our teams have an appetite for knowledge and technical expertise, using their skills to find the right solution. Our people pride themselves on being plain-speaking, reliable, ethical and good to deal with.

Our supply chain

We work with our supply chain to provide feedback from customers and develop new solutions in an ever changing market. We also help them address their Scope 3 emissions.

Our communities and environment

Our branches and depots are located in the heart of local communities. Our colleagues are typically from the local areas in which they work, strengthening our ties to those communities.

Our investors

We aim to deliver sustainable returns to our investors. We are proud of our uninterrupted 30-year dividend track record.

[Read more about Vp KPIs on page 13](#)

[Read more about stakeholder engagement on page 24](#)

Our strategy

Specialist provider in equipment rental – focused, agile and fair

Delivered through our strategic priorities and underpinned by our ESG and digital investment:

A straightforward business that works together simply to drive value



Delivering growth

- Continued investment to drive organic growth
- Improved cross-divisional working to exploit opportunities
- Acquisition opportunity from refreshed corporate development strategy



Driving operational excellence

- Driving simplicity and consistency through operating model, supported by digital roadmap
- Using the benefits of the Group's scale to drive value
- Appropriate balance between efficient central functions and agile customer centric divisions



People

- A unique mix of rich heritage, new leadership and fresh ideas
- Recruiting, retaining and developing our people who grow with us
- Rewarding our people fairly



Digital roadmap

- Modest investment in digital
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ESG focus

- Important area for stakeholders
- A pragmatic approach
- Focus on capex and management of supply chain



Key performance indicators

Financial and performance KPIs¹

Group Revenue

2024	£368.7m
2023	£371.5m
2022	£350.9m

Definition

Group revenue from the hire of equipment and the provision of goods and services to third-party customers during the year.

Adjusted EBITDA

2024	£91.0m
2023	£92.9m
2022	£88.9m

Definition

Operating profit less amortisation, impairment of intangible assets and exceptional items, and depreciation (excluding depreciation of right of use assets).

Investment in rental fleet

2024	£62.8m
2023	£59.9m
2022	£59.8m

Definition

Rental equipment purchased during the year to generate revenue through customer hire.

ROACE

2024	14.5%
2023	14.4%
2022	14.5%

Definition

Return on average capital employed (ROACE) is based on adjusted operating profit before amortisation, impairment of intangible assets and exceptional items divided by average capital employed on a monthly basis using the management accounts.

Non financial KPIs

Alongside our refreshed strategy, we are reviewing our non financial KPIs during 2024. These will likely include metrics covering health & safety, people, customer and ESG.

Accident frequency rate

2024	0.18
2023	0.26
2022	0.18

Definition

The accident frequency is calculated by multiplying the number of reportable accidents by 100,000 divided by the total number of hours worked by colleagues.

Total Group carbon inventory (market based)

2024	373,167 tCO ₂ e
2023	374,287 tCO ₂ e
2022	N/A

Definition

The data shows the Group's total carbon calculations/emissions inventory since reporting commenced in 2023.

¹ These are explained further in the Chairman's statement on page 05 and in the Alternative Performance Measures page 143

Business review

Anna Bielby
Chief Executive



Results

The Group's performance for the year ended 31 March 2024 was encouraging, with the delivery of a solid set of results against the backdrop of mixed and challenging markets. This year also represented a significant change for Vp with a new Chief Executive and leadership team.

Our full-year result of £39.7 million adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items¹, represents a resilient performance underpinned by a robust balance sheet, following successful refinancing of our revolving credit facility in November 2023.

During the year, we continued to generate strong returns with a Return on Average Capital Employed¹ of 14.5% (2023: 14.4%), slightly below our target level of 15%.

Market summary

Our specialist divisions operate across a number of end markets and, as we have seen this year, this diversity underpins the resilience of our business model.

The Infrastructure and Energy markets have been supportive during the year, benefiting Groundforce and Airpac in particular. In contrast, the more challenging Construction and Housebuilding markets have significantly impacted Brandon Hire Station, as well as affecting the performance of other divisions, such as ESS and UK Forks. These businesses have implemented division-specific action plans where needed, which has led to some restructuring costs, included within our exceptional costs of £5.8 million.



Local agility and decision making have been key to Vp's success over the years and this is an important part of the specialist solutions we have consistently delivered to our customers."

Strategy

Under new leadership, we have refreshed the Group's strategy and are focused on growing the business, underpinned by operational excellence. During the year, we have established an Executive Committee and simplified our management structure.

Local agility and decision making have been key to Vp's success over the years and this is an important part of the specialist solutions we have consistently delivered to our customers. Our local teams will continue to be empowered to do what they do best. Despite this, our structure carries cost and complexity, and we believe that this offers opportunities to drive greater simplicity and consistency. Focus areas include a more group-wide approach to procurement, property and digital investment improving the overall customer experience.

Our digital roadmap is focused on making our internal processes as efficient as possible. It will also allow us to work better across our divisions, therefore making it easier for our customers to do business with us. Our digital approach will be disciplined, with a focus on enhancing current capability, supplemented by modest investment in those areas that give the best returns across the Group.

Under new HR leadership, we have focused on our People strategy, recognising the importance of our colleagues in supporting our customers. This is particularly relevant given the skills shortages which have been apparent across all of our businesses and geographies this year.

We are strong asset managers, and we care for our assets throughout their lifecycle. During the year, we invested £62.8 million in our fleet to ensure that our asset base continues to meet our customers' needs. This includes moving towards green product equivalents, where appropriate.

ESG continues to be a focus area for the business through our engagement with both customers and our supply chain. Climate change remains an important agenda item. The emissions from our hire fleet (embodied and usage carbon) account for c.75% of entire Group emissions. We take seriously our role in working with our customers and suppliers to address Scope 3 emissions and have a plan in place to reduce these emissions. We were pleased this year to have our science-based targets validated by the SBTi.

As an employer, we have direct impacts on the wellbeing, professional development and economic reward of our workforce with responsibility for creating an inclusive and positive working environment. Our teams are tasked with extending our culture into our supply chains and communities where we live and operate. Our social value strategy will be a key area for further development this year.

We have a strong growth track record and have refreshed our corporate development strategy during the year.

Divisional performance

While our divisions typically operate in more than one market, the majority of our divisions are principally aligned to one of our four major market segments of Infrastructure, Construction, Housebuilding or Energy.

Infrastructure

Groundforce UK

A market-leading rental and design provider of excavation support systems and specialist products to the water and construction industries across the UK, the Republic of Ireland and mainland Europe.

Groundforce has delivered a market-leading performance and strong year-on-year growth. The division has supported a number of varying projects, across rail, utilities and transmission. Within rail, Groundforce supported HS2 on over 30 sites across London and the Midlands, with involvement in larger projects relating to sewer and utility diversions in London. Utilities remains a consistent sector of project work, with AMP7 ending in March 2025, including the Anglian Water Strategic Pipeline Alliance.

Groundforce continues to focus on customer service, including digital innovations such as the self-service tools “Your Solution” and “Your Solution+” platforms, aimed at enhancing customer experience and streamlining project delivery.

In mainland Europe, Groundforce grew year-on-year leading to the addition of a further operational site to support local markets and the pipeline of projects anticipated for the coming year.

TPA

One of Europe’s largest suppliers of temporary access solutions providing portable roadways and temporary access solutions to customers in the transmission, construction, rail and outdoor events markets.

TPA UK achieved year-on-year growth principally driven by activity in the portable roadways sector. Market conditions remained stable in power transmission and utilities, however, there was a slowdown in the last quarter of the year.

The division has recently opened a new southern depot to support growth and increase local operational capacity in the South East of England and the transition from CP6 to CP7 within the rail sector is expected to present new opportunities in the coming year. TPA also has a strong pipeline in the events sector for the summer.

TPA Europe operates principally in the power transmission market, where we have seen strong growth and further opportunity leading to increased capital investment to meet demand. The power transmission and renewables sectors in Germany and across Europe are anticipated to remain supportive in the coming year.

Torrent Trackside

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

Torrent Trackside has grown year-on-year, despite ongoing disruption caused by UK-wide industrial action, which led to the cancellation of several track projects. Notable projects include the TransPennine route upgrade programme, covering on-track activities for both the East and West legs, and the Core Valley Lines project led by Transport for Wales.

The end of CP6 saw a slight reduction in activity but we anticipate a good level of projects and maintenance from CP7 as we move into the new financial year. In the light rail sector, which includes London Underground, activity has been lower than expected.

Throughout the year, this division has placed a strong emphasis on environmental impact with over 70% of the fleet purchased this year being zero carbon at point of use.

¹ These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Business review continued

Case study

Infrastructure – Extension of the Vienna metro

Deep excavations 32 metres below Vienna required the use of an innovative bracing concept pioneered by our trenching and shoring business, Groundforce. The project is part of a major expansion to the city's metro network. Groundforce provided modular bracing equipment and supported contractors with an innovative concept, which was pioneered for these excavations. A temporary bracing solution was installed and dismantled at the new Matzleinsdorfer Platz station, as permanent works progressed. This solution helped manage the challenges and limitations at the site, which, as well as the station, incorporated entry of several new metro tunnels. A heavy-duty support system, including a range of hydraulically extendable steel wailing beams and tubular props, were installed around the perimeter of the excavation and across its width and corners to counteract heavy ground pressure. The entire project involved 1,000 tonnes of equipment, delivered to the site on a fleet of 40 vehicles.



Construction

Brandon Hire Station

The leading provider of tools and specialist rental products to industry, construction and home owners across the UK.

Brandon Hire Station experienced challenging trading conditions throughout the year, leading to a disappointing performance and lower activity levels than last year. The high operational gearing of this division means that market challenges impact financial performance quickly and significantly. Fleet investment in this division reduced during the year to match activity levels. As a result of the division's performance, intangible assets, including goodwill, of £27.7 million have been written off during the year.

Under a new management team, a review of the business was undertaken midway through the year. The new team is focused on a number of initiatives around pricing, cost control and process. In addition, the division is refocusing the business to better serve target customers.

Actions in the year also include reviewing and optimising the branch network, leading to a number of closures and consolidations. As a result of these changes, restructuring exceptional costs were incurred during the year.

Notwithstanding the above, Brandon Hire Station remains a significant element of the Group's revenue and plays an important part in supporting some of our biggest customers. Despite the continuing uncertainty in the General Construction market, the self-help measures taken, coupled with a truly national footprint, leaves the division well placed to respond quickly to any market upturn in the coming financial year.

MEP

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

MEP delivered a strong year securing a number of large contracts in London, which provide a significant opportunity for growth.

With two new locations opening during the year, the network of depots within MEP represents true national coverage with major hubs supporting the UK's largest cities.

Key project focus, particularly in London, relates to regeneration programmes, with a clear shift from traditional office space fit-outs, to multifunctional operating spaces. Outside of major projects, the focus for the core business remains on non-residential projects, which gives optimism going into the coming year.

MEP has, however, felt the effects of a challenging credit market within the year, due to the prevalence of smaller subcontractors within its customer base.

ESS

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

Market conditions were challenging during the year, particularly in the survey sector. Despite this, the business responded well with a clear action plan, including the finalisation of its regionalisation programme, to right-size its physical footprint across the UK.

Other areas of the business performed strongly, including test and measurement and industrial projects, with key customers utilising a range of products and services to support major projects in the Energy market.

ESS remains at the forefront of innovation, particularly in communications products, collaborating closely with manufacturers to develop customer-centric solutions, which have had significant traction in the rail sector.

Momentum across ESS was positive in the fourth quarter of the year with a number of key projects in the pipeline leading to optimism for the year ahead.

Business review continued



Case study

Construction – On-site hire centre speeds up project and reduces carbon footprint

An on-site MEP hire centre set up at one of London's most iconic towers is supporting fit-out specialists, Overbury, to deliver a flagship refit project, which is one of the largest of its type in Europe. Citi-Tower is being transformed to create a workplace for the future, which incorporates the latest technology, with project completion due in 2025. MEP is providing innovative equipment to contractors transforming the 42-storey Citi-Tower in London's Canary Wharf. As the centre is on-site, contractors working on the tower have quick and convenient access to our full range of equipment hire without the need to wait for delivery. This approach was devised with Overbury due to the scale of the Citi-Tower project and has been designed to overcome a number of site restrictions. For example, the solution helps to relieve pressure on a single loading bay at the base of the tower and reduces journeys to the site, which is in an area with restricted transport access. This also helps to reduce carbon footprint. As an exclusive partner for on-site hire stock on what is a large fit-out project, we have put in place a dedicated, on-site team of experts to answer queries and to deliver tool familiarisation and training.



Housebuilding

UK Forks

One of the UK's leading specialist hirers of telescopic handlers operating across construction and housebuilding sites across the UK.

The UK Housebuilding market, although steady, remains subdued. The strength of UK Forks' customer relationships has allowed it to successfully retain all core customers, both national and regional, albeit at reduced volumes.

UK Forks has responded well to the challenging market conditions by demonstrating rigorous cost controls and managing its fleet size carefully, helped by strong ties with suppliers and manufacturers.

Although the outlook for Housebuilding remains subdued in the short term, when the market improves the business is well placed to capitalise.

Energy

Airpac

A supporter of a wide range of oil and gas markets, servicing well testing, pipeline, rig maintenance and liquefied natural gas (LNG) markets worldwide.

Airpac's performance in the Energy markets delivered strong year-on-year growth.

Asia performed particularly well, benefiting from various LNG shutdowns and projects, which we expect to leverage further in the coming year. Europe represented a more subdued landscape, marked by project delays and postponements. Meanwhile, Australia showed a gradual recovery, with revenue streams from a range of projects including plant maintenance, new pipelines, and other initiatives.

The wider macro-economic and political environment creates opportunity for Airpac, as focus remains on the maintenance of existing plant and facilities within the sector. Airpac has made investments in electric compressors, aligning with customers' green initiatives, especially in geothermal projects. The pipeline of projects in the current financial year remains optimistic, particularly across Asia.

Other

Tech Rentals

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

Tech Rentals recorded a strong performance against a backdrop of challenging geographical markets and subdued business confidence in Australia. Key markets of events, defence and aviation allowed Tech Rentals to deliver year on year growth.

Outlook

The Group has again delivered sector-leading returns, led by a strong performance in Infrastructure in particular. Whilst some economic uncertainty remains, the Group has made a solid start to the new financial year, which we expect to be in line with the Board's expectations.

Anna Bielby

Chief Executive

4 June 2024



Case study

UK Forks helps regional housebuilder with complex build

When regional housebuilder Keon Homes needed telehandlers for a care home being built on a tighter than normal site, they turned to our UK Forks business for help.

The 1.4-acre care home scheme by Keon Homes for Wrekin Housing Trust, which includes 70 affordable apartments, has been supported by the team at UK Forks and includes the hire of a 20-metre telehandler which was needed at short notice for work on the four-storey build.

The scheme in Newport, Shropshire is scheduled to run for 18 months. The development has been designed to foster a sense of community and belonging by incorporating communal living spaces such as a restaurant, lounges and staff rooms with apartments.

UK Forks are part of a group agreement for both themselves and fellow Tara Group subsidiary Cameron Homes, to supply telehandlers for 90% for Keon's schemes.

Keon Homes senior buyer Emma Priest said: "UK Forks were chosen to provide the telehandlers for this scheme to assist with the complexity of the build and its evolving requirements and to keep the site tidy and a safe place to work. We always consider safety a priority and need high-quality machines for what are sometimes demanding time schedules."

"Telehandlers are an integral part of any build and for this scheme in particular, with the care home being somewhat larger than our usual builds and being situated on a small parcel of land. The telehandlers provided by UK Forks always perform exactly as we require them to and, due to the regular site visits from the company, it is rare that we have any issues or down time."

She added: "We've had a couple of circumstances where we've had a machine from another supplier on order and at the last minute, they have been unavailable, hence the move to UK Forks."



Case study

Safety and efficiency in the liquefied natural gas (LNG) infrastructure lifecycle

With pipelines serving as the crucial links of LNG facilities, maintaining their integrity is a critical task.

Pipelines serve as conduits for transporting natural gas, and any compromise in their integrity can lead to severe consequences. Gas condensates present in the pipelines, along with corrosive substances, also pose a significant risk to the infrastructure. Regular maintenance, facilitated by high pressure equipment, is imperative to mitigate these risks and ensure the continued safe commissioning and operation of the LNG facilities. High pressure compressed air and nitrogen equipment is an essential tool in pre-commissioning, maintenance, testing and decommissioning procedures, all vital for the operation of LNG structures.

Airpac Rentals, an international business, plays an important role in this process, supporting a wide range of oil and gas markets, servicing well test, pipeline testing, rig maintenance and LNG fabrication, and supplies essential tools for all phases of LNG infrastructure and its maintenance.

Recent projects have used our skills at de-watering, drying, inerting, and leak testing of modules at a prominent LNG infrastructure fabrication yard in Indonesia, and maintaining pipelines and modules at key LNG sites in Angola and Indonesia. By providing high-pressure equipment tailored to the demands of these projects, Airpac Rentals plays a crucial role in safeguarding the integrity and functionality of the LNG infrastructure.



Financial review

Keith Winstanley
Chief Financial Officer



Trading performance

The Group has delivered an encouraging financial performance against a challenging backdrop with Group revenue remaining broadly flat at £368.7 million (2023: £371.5 million). Adjusted profit before taxation, amortisation, impairment of intangible assets and exceptional items ('PBTAE') decreased to £39.7 million (2023: £40.5 million) with net operating margin at 10.8% (2023: 10.9%). Statutory profit before tax was £2.8 million (2023: £30.7 million). The Return on Average Capital Employed¹ was 14.5% (2023: 14.4%).

Segmental performance

Revenue generated by the Group's UK segment was £330.1 million (2023: £333.5 million), while operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items was flat at £44.7 million (2023: £45.6 million) - a resilient performance given the challenges in the UK General Construction market.

The Group's International segment, assisted by exposure to international energy markets, delivered pleasing growth, with revenue increasing by 1.3% to £38.6 million (2023: £38.1 million). Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items increased by 50% to £4.8 million (2023: £3.2 million).

Exceptional items

This year, the Group has recorded exceptional items of £5.8 million (2023: £5.0 million). These items have been reported separately due to their size, nature or irregularity and in order to better understand the underlying performance of the Group. Exceptional items comprise £1.6 million of costs from changes to the Group's Board and senior leadership team alongside branch closure costs of £4.2 million, mainly in relation to Brandon Hire Station.



Our strong balance sheet provides the foundation for future growth."

Impairment of intangible assets

Intangible assets have been impaired by £28.1 million (2023: £1.2 million). The majority of the impairment (£27.7 million) has been recorded against assets initially recognised on the acquisition of Brandon Hire in November 2017. This non-cash impairment has reduced the carrying value of goodwill, trade names and customer relationships by £25.9 million, £0.7 million and £1.1 million respectively.

The impairment has been calculated by comparing the carrying value of the cash generating unit assets against their recoverable amount. Further detail of this exercise is provided in note 10.

As discussed further in the Business Review, Brandon Hire Station performed disappointingly during the year, due to challenging trading conditions in the General Construction market.

Earnings per share, dividend and shares

Adjusted basic earnings per share before amortisation, impairment of intangible assets and exceptional items ('Adjusted basic earnings per share') decreased from 79.0 pence to 74.8 pence. The decrease of 4.2 pence includes the impact of the increase in the UK Corporation Tax Rate in the current year. After taking into account amortisation, exceptional items and impairment charges the Group recorded a basic loss per share of (13.4) pence (2023: earnings per share of 58.1 pence). The Board has recommended a final dividend of 27.5 pence per share. If approved, the full-year dividend would increase to 39.0 pence per share with dividend cover of 1.9 times (2023: 2.1 times) based upon adjusted earnings per share. At 31 March 2024, 40.2 million shares were in issue, of which 609,000 were held by Vp's Employee Trust.

Balance sheet

The Group's balance sheet is set out on page 99 of this report.

Total property, plant and equipment increased by £4.5 million to £256.9 million. The movement in the year mainly comprised £69.9 million (2023: £66.9 million) of capital expenditure offset by depreciation of £44.1 million (2023: £46.9 million) and £17.8 million (2023: £15.7 million) of disposals (net book value).

Rental equipment at £226.0 million (2023: £220.6 million) accounts for 88.0% of property, plant and equipment net book value. Expenditure on equipment for hire was £62.8 million (2023: £59.9 million) and depreciation of rental equipment was £38.8 million (2023: £40.9 million).

Intangible assets reduced from £57.7 million to £28.6 million, predominately due to the impairment charge noted earlier.

Gross trade debtors were £71.4 million at 31 March 2024 (2023: £77.6 million). Days sales outstanding has decreased by 1 day from 59 to 58 days as the external credit environment has remained stable yet challenging. Bad debt and credit note provisions totalled £4.9 million (2023: £4.6 million) equivalent to 6.9% (2023: 5.9%) of gross debtors. The impairment of trade receivables for the year as a percentage of total revenue was 1.0% (2023: 0.9%).

The Group's defined benefit pension schemes have a net surplus of £1.9 million (2023: £2.3 million), which is recorded as an asset on the balance sheet on the basis that the Company has an unconditional right to a refund of the surplus of its main scheme.

Cash flows and net debt

The Group's cash flow is shown on page 100. Year-end net debt excluding lease liabilities¹ decreased by £9.2 million to £125.2 million.

The Group continues to generate strong cash flows with £108.7 million (2023: £80.2 million) generated from operations.

The year-on-year increase includes the impact of a £9.8 million improvement in working capital, with pro-active management remaining an important area of focus.

Cash outflows for the purchase of property, plant and equipment were £71.4 million (2023: £63.3 million).

Proceeds from disposal of assets totalled £25.3 million (2023: £24.9 million), generating a profit on disposal of £7.5 million (2023: £9.2 million).

Net interest outflows, excluding IFRS 16 interest, for the year were £6.3 million (2023: £5.4 million). This additional cost was largely due to the increase in Sterling Overnight Index Average (SONIA) during the year. Interest cover before amortisation and IFRS 16 interest was 7.3 times (2023: 8.3 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.36 (2023: 1.44), both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3.0 times and lower than 2.5 times respectively. Net interest expense including IFRS 16 was £9.6 million (2023: £8.6 million). Cash tax was £9.2 million (2023: £5.5 million).

Dividend payments to shareholders totalled £15.0 million (2023: £14.5 million) and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £0.7 million (2023: £1.1 million).

Capital structure

The Group finances its operations through a combination of shareholders' funds, bank borrowings and leases. The Group allocates its capital using a disciplined capital allocation policy that prioritises organic growth and ordinary dividends. The capital structure is monitored using the gearing ratio quoted above.

In November, the Group was pleased to renegotiate its revolving credit facility (RCF) for a further three years, including a refreshment of our banking club (HSBC, Lloyds, Bank of Ireland). The updated RCF provides £90 million of credit and expires in November 2026. The terms of the

facility are broadly unchanged, other than an increase in the uncommitted accordion facility from £20 million to £30 million.

At the year-end date, the Group had £183.0 million debt capacity (2023: £183.0 million) comprising £90 million committed revolving credit facilities and £93 million private placement agreements. The Group has two private placement agreements both with low fixed interest rates. The placements expire in January 2027 and November 2028. At 31 March 2024, £132.0 million of the combined facilities was drawn down (2023: £146.0 million). In addition to the committed facilities, the Group's net overdraft facility at the year-end was £7.5 million (2023: £7.5 million). Borrowings under the Group's RCF are priced on the basis of SONIA plus a margin. The interest rate margin is linked to the net debt to EBITDA leverage of the Group.

The Board has evaluated the facilities and covenants on the basis of the 2025/26 long-term forecasts which have been prepared taking into account the current economic climate, together with a severe but plausible downside scenario. All scenarios retain adequate headroom against borrowing facilities and fall within existing covenants.

This evaluation gives the Directors confidence that the Group has adequate resources to continue in operation over the viability period. Further discussion regarding going concern is set in the Directors' report on pages 85-86.

Treasury

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating debt. The fixed element of year end borrowings was £93.0 million, which was c.75% of net debt excluding lease liabilities.

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

The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. During the year the Group has not had any foreign exchange hedges.

Taxation

The overall tax charge for the year was £8.1 million (2023: £7.7 million). The effective rate was significantly higher than the prior year predominately due to goodwill impairment charges not being deductible for tax. A more detailed reconciliation of factors affecting the tax charge is shown in note 8 to the financial statements.

Keith Winstanley

Chief Financial Officer

4 June 2024

¹ These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Stakeholder engagement

Meeting the needs and expectations of our stakeholders is fundamental to the delivery of our purpose.

Our engagement strategy has been reviewed during the second half of the year following the appointment of a refreshed leadership led by Chief Executive, Anna Bielby. We believe that engagement with our stakeholders should be a multi-layered process with engagement touching all part of our business from front line operations, our workforce, to the Board, its Committees and our shareholders. Furthermore, engagement with our customer base and supply chain is an active part of how we do business at a divisional level and in the coming year, greater focus will be placed on engaging with customers strategically for the benefit of the Group.

Our Section 172(I) statement

Each Director, and the Board collectively, gives careful consideration to the factors set out above and has acted in a way they consider complies in all respects with their Section 172(I) duties. To help facilitate this, prior to each Board meeting all Directors receive appropriate reports addressing, among other things, key matters concerning customers, suppliers, investors, colleagues, regulators and the communities, together with information regarding the Group, comprising a Chief Executive overview, a financial report and individual briefings from senior executives.

To help the Board understand our wider stakeholder relationships and to help inform the Board's decision making, reporting and communication has been improved through the year. Communications to the Board, between the Board and the Executives and clear communication channels from the divisions, enable the Board to monitor the short, medium and long-term impact of key decisions.

01 – Colleagues

Our colleagues are key to our success, with many working directly with customers in depots and branches.

How we engage

- Company-wide email updates
- Senior management calls and conferences
- Company intranet
- Dedicated whistleblowing helpline available to all colleagues with all disclosures handled confidentially
- Vp Learning Academy
- Long Service Awards recognising 20, 30, 40 years' service
- Vacant job roles are shared across all divisions
- Trialling of listening groups in Brandon Hire Station
- Divisional colleague surveys
- Women's network – colleagues from our divisions participate in external community groups

Key challenges

- Attracting and retaining the best people in the industry
- Driving high engagement with branch-based colleagues
- Ensuring all colleagues across the business feel heard

Engagement performance metrics and highlights in 2023

- Understanding the reasons for, and thereby reducing our, attrition
- Making available opportunities to progress within the organisation

Priorities for 2024

- Improving the range and quality of channels to communicate with all colleagues
- Colleague satisfaction monitoring
- Introduction of Management Development training
- Extension of the Vp Academy

02 – Customers

Our customer base is diverse and includes a number of blue-chip clients who are typically leaders in their industries.

How we engage

- Face-to-face meetings, online meetings and calls
- Tendering and RfP processes
- Monitoring of the provision of hire, sales and services
- Call centre support
- Customer training – presentations, video blogs and webinars
- Customer feedback with data collection through channels including Zendesk and surveys
- Omni-channels (online, websites, mobile apps, help desks) available including depot/branch network
- Social media
- Product videos
- Trading shows throughout the year

Key challenges

- Understanding customers' changing needs
- Regulatory compliance
- Economic fluctuations

Engagement performance metrics and highlights in 2023

- Customer retention
- Customer satisfaction
- Repeat sales

Priorities for 2024

- Efficient central functions supporting agile customer-centric divisions
- Optimised digital touchpoints fostering strong customer relationships and retention
- Increase in the range of products to reduce operational carbon emissions intensity

[Read more about our colleagues on pages 33-34](#)

[Read more about customers on pages 31-32](#)

03 – Supply chain

We value collaboration with our partners and seek to engage with and support them.

How we engage

- Tendering process
- Through our face-to-face and digital channels
- Day-to-day interactions including conferences, site visits and calls
- Conferences/meetings with strategic suppliers on key topics such as sustainability and compliance
- Training sessions
- Membership of industry organisations such as Supply Chain School of Sustainability

Key challenges

- Developing and maturing a broad range of supply chain partners via improved procurement structures to counteract pricing and deliverability pressures
- Delivering goods and services in time pressured environment
- Managing compliance risk

Engagement performance metrics and highlights in 2023

- Health and safety and compliance
- Engagement to reduce their, and our customers' operational carbon emissions intensity through product innovation

Priorities for 2024

- Refreshed procurement processes
- Continued dialogue on sustainability topics
- Product innovation days
- Improved governance and compliance

[Read more about supply chain on pages 40-41](#)

04 – Investors

We engage with existing and prospective investors at regular intervals giving them access to accurate and accessible information to promote transparency and ensure business stability.

How we engage

- Annual General Meeting
- Results presentations, meetings, calls, roadshows, conferences
- Annual report
- Emails, calls and online meetings
- Corporate website – relaunched June 2024
- ESG benchmark and disclosure initiatives

Key challenges

- Ensuring investors understand differentiators
- Balancing regular, timely, informative communications with operational pressures and compliance requirements

Engagement performance metrics and highlights in 2023

- Share price
- Investor feedback

Priorities for 2024

- Continued commitment to good practice disclosure
- Site visits showcasing management team and wider workforce
- Engagement with existing and prospective investors

05 – Communities

With our colleagues often living in close proximity to where they work, we are embedded in local communities across the areas where we operate.

How we engage

- Volunteering projects in the community
- Charitable donations and employee charity matching
- BITC – Vp has recently become a member of BITC and undertaken BITC's Responsible Business Tracker evaluation

Key challenges

- The breath of our operations
- Capacity of our workforce

Engagement performance metrics and highlights in 2023

- Charitable and community engagement

Priorities for 2024

- Launch of our new social value strategy
- Charitable activities linked to our 70 year anniversary

[Read more about communities on page 35](#)

Environmental, social and governance at a glance

Our core values and responsible business framework direct how we handle environmental and social impacts. This year we have formalised our approach through the following themes:

Minimising the impact of our operations ensuring value preservation through the de-risking of our activities

[Read more on page 28](#)

A proactive approach to customer and market sentiment regarding sustainability

[Read more on page 28](#)

Our strategy is focused on four primary stakeholder groups

01 Customers

Our customers will be required to report on their ESG performance within their supply chains. We are working with them to support their journey and reporting.

[Read more about customers on pages 31-32](#)

02 Colleagues and Community

Our colleagues are a fundamental part of the communities where they are based. They use their skills and expertise to work with clients on providing the right solution and actively contribute to the areas where they live and work.

[Read more about colleagues and community on pages 33 - 35](#)

03 Environment

Our net zero roadmap demonstrates the approach the Group is taking to deliver on our targets, which this year were validated by the SBTi's net zero standard and to a 1.5°C planetary warning trajectory.

[Read more about environment on pages 36 - 40](#)

04 Supply Chain

The assessment of Vp's sustainability performance will not be limited to its own operations. Under our commitments to manage our Scope 3 emissions, this involves an appreciation of carbon emissions in both upstream and downstream activities from our operations.

[Read more about supply chain on pages 40 - 41](#)

We have made good progress during this year with highlights shown below:

SBTi validation of our carbon emissions inventory and reduction targets

Group emissions inventory completed in-house to increase understanding

Ongoing development of our hire fleet to meet customers' requirements for cleaner alternatives

Work ongoing to provide emissions data to our customers

Positive engagement with our supply chain to align core values and targets

[A detailed table of highlights is shown on page 30](#)

Key data and information can be found on the following pages:

Capex analysis

[Read more on page 27](#)

Net zero roadmap

[Read more on page 38](#)

Carbon inventory for FY2023/24

[Read more on page 39](#)

Chief Executive’s introduction to ESG

Anna Bielby
Chief Executive



Managing risk and opportunity

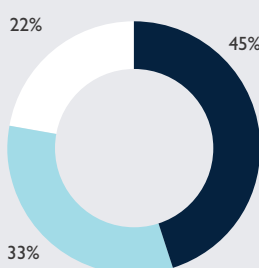
The Group’s core values are the bedrock of our responsible business ethos. These, together with our ESG strategy, set out in the following pages, provides robust governance to how we handle environmental and social impacts. We recognise that sustainable operations are a key responsibility for the Group.

Overview

The business consistently considers environmental issues, under the guidance of the Environmental Steering Group. This group, led by me and the Director of Risk and Sustainability, includes representatives from our trading divisions enabling the executive to gauge ESG-related dynamics from our key customer groups and sustainable solutions coming from our supply chain. The emissions from our hire fleet (embodied and usage carbon) account for c.75% of entire Group emissions.

We are also aware of the extensive impact of social value resulting from our operations. As a large employer we have direct impact on the wellbeing, professional development and economic reward of our workforce, with responsibility for creating an inclusive and positive working environment. Our

Capex analysis



- Zero emissions at point of use
- Cleaner technology
- Other investment

The chart shows that c.80% of our capex is spent on fleet with zero emissions at point of use or cleaner technology

teams are then tasked with extending our culture into our supply chains and communities where we live and operate to ensure we leave a positive impact.

Sustainability and our business model

Achieving a balance between commercial and sustainable strategies is an increasingly important consideration for the long-term success and resilience of our business. This balance involves integrating sustainability concepts, where possible, into the core business model while ensuring Vp’s market relevance. Indeed, some of our sustainability-led initiatives differentiate us from our peers and could drive competitive advantage, while shorter-term success is underpinned by traditional drivers of cost, quality, reliability and accessibility.

Sustainable practices can often lead to greater operational efficiencies, such as reduced energy use, lower water consumption, and minimised waste. These efficiencies can translate into significant cost savings over time, which is particularly important for the Group when looking to optimise performance across our international operations.

The Environmental Steering Group orchestrates our sustainability initiatives across the entire Group to ensure that they reflect the long-standing characteristics that have made the business a success, while considering enhanced responsible business practices that can both respond to our customer requests as well as proactively drive more sustainable solutions.

Alignment to brand framework

Our ESG direction and aspirations are intrinsically linked to the Company’s purpose and culture. Our brand framework is underpinned by three distinct pillars, which dictate who we are and how we operate – focused, agile and fair.

Approach to stakeholder analysis and engagement

We regularly engage with key stakeholders as set on pages 24-25 of this report and specifically have been gathering insights from our various stakeholder groups; customers, colleagues, the supply chain, regulators and investors to understand their individual motivations. This feedback is informing management regarding the importance of sustainability. The Group is taking a measured approach to align sustainability forces into our overall business model and risk appetite, which will impact the medium to long-term strategic approach.

Focused

- Listening to stakeholder feedback
- Building an ESG approach that delivers consistent returns

Agile

- Designing bespoke solutions for our customers
- Building resilience in our rental fleet to appeal to our wide range of customers and their needs

Fair

- Equal consideration of key stakeholder groups
- Understanding our obligations to minimise our impact on the environment

Assessing our impacts

We continually work with stakeholders as part of our governance culture to understand their interests and how this impacts our assessment of risk and opportunity in our business. This in turn informs our strategic approach, while building mutually beneficial relationships.

Assessment of material ESG issues

As sustainability themes grow in importance for our stakeholders, we remain committed to ongoing discussions about their relevance to our business across the short, medium and long term. This commitment ensures that our focus on the four areas set out below consistently align with stakeholder expectations and our commercial objectives.

Our approach

01 Customers

02 Colleagues and Community

03 Environment

04 Supply Chain

While we currently disclose aspects of sustainability performance in line with legal requirements and the UK Corporate Governance Code, we are also aware of the proposed standardisation of sustainability disclosures by the UK Government (adopting the International Sustainability Standards Board reporting framework under IFRS S1 and S2), as well as similar standards in place in the EU. While satisfying our regulatory obligation, we plan on adopting a common standard that will meet our disclosure obligations across our operational areas. Such disclosures are likely to become far more important from a customer perspective and an increasingly vital part of tender submissions.

The intent is to ensure that we have a sustainable approach that helps the Group to maintain its viability to both customers and investors, while contributing social and environmental value to our employees, supply chain partners and communities.

Our sustainability themes

1. Minimising the impact of our operations

Value preservation through the de-risking of our activities

The Group has taken steps to minimise the impact of our operations on the environment and understanding our entire carbon footprint has allowed priority areas to be addressed. Our decarbonisation journey is punctuated by some key tactical steps:

- Consolidation of water and waste management partners and efforts
- Accreditation with ISO 50001: Energy Management in all of our UK sites
- Investment in electric and hybrid vehicles in our commercial and Company car fleet
- Procurement of renewable electricity across our UK property estate
- Working with customers on co-locating to reduce transport emissions
- Collaborating with our Estates team on a branch of the future blueprint.

2. A proactive approach to customer and market sentiment regarding sustainability

Value creation through product innovation

Embracing sustainability can drive innovation by pushing the development of new products and services or driving the improvement of existing ones.

We are conscious of the need to develop new solutions in partnership with our key customers, in order to maintain our competitive edge, appealing to both eco-conscious consumers as well as our traditional business partners.

Our Scope 3 emissions inventory has informed the Group and senior management teams regarding the importance of our hire fleet make-up in relation to our overall impact on the environment. Within our divisional structure we have two distinct areas of fleet:

- Hire fleet, which is zero emissions at point of use e.g. Groundforce struts or TPA roadway panels
- Powered fleet, which requires either fossil fuel or electricity for that power.

Standards and frameworks

Implemented

Standard/framework	Status	Link to strategic impact
ISO 50001: Energy Management	The Group has committed to reach net zero greenhouse gas (GHG) emissions across the value chain by 2050 from a 2023 base year.	Aligned to our strategy of creating a lower carbon operation across our trading estate.
Task Force for Climate-Related Financial Disclosures (TCFD)	Further disclosure is set out in this report regarding our Scope 3 carbon inventory and scenario testing regarding planetary warming pathways.	The impact of climate change is considered in our key businesses processes. Our strategy of providing sustainable solutions through our fleet investment demonstrates our commitment. Investment in sustainable fleet is now considered business as usual in our divisions with powered products.
Sustainable Development Goals (SDGs)	The Group has aligned its approach with 12 of the current SDGs – these are sectioned into (a) SDGs for our customers, investors and supply chain, and (b) SDGs for our people and communities.	The SDGs chosen align to our business values. Clarity around “purpose beyond profit” is demonstrated in our approach to restoration and conservation projects.
Science-Based Target Initiative (SBTi)	Our complete emissions inventory and targets for emissions reduction were validated by the SBTi in November 2023.	The conclusions of our validation process are being used at the heart of our strategic approach to shaping our hire fleet.
Sustainable Procurement Policy (SPP)	During the financial year the Group finalised and implemented our SPP and communicated this to key companies in our supply chain.	The values we expect of our suppliers has been defined. We are working with our suppliers to achieve a common aim.

Acknowledgements

Standard/framework	Status	Link to strategic impact
Task Force for Nature related Financial Disclosures (TNFD)	The Group is in the process of assessing the impact of this in relation to our governance processes.	Under consideration.
IFRS S1 and S2	The Group will release further comment around these areas in the next financial year.	An assessment on how disclosures may need to evolve is being undertaken.

Environment, social and governance

Key highlights and targets

01 Customers

See pages 31 - 32 for more information

Topic	Detail	Commentary
Rental fleet	Throughout the Group, changes are being made to transition into a more sustainable rental fleet in line with our near-term emissions targets, changes to customer preferences and regulatory changes	To maintain levels of capex directed to either zero emissions at point of use and lower emission technology

02 Colleagues and Community

See page 33 - 35 for more information

Topic	Detail	Commentary
Restoration and conservation	In 2024, the Group is providing funding for the fourth consecutive year to conservation projects with an investment in 2024 of £100k	Increase volunteer days take up Building long-term relationships with the Wildlife Trusts
Community donation	Through our new partnership with Business in the Community, we are working on developing our purpose beyond profit. Recently, we donated 250 end-of-life tablets to the North Yorkshire Council reboot scheme	Develop our social value strategy including charitable support

03 Environment

See pages 36 - 40 for more information

Topic	Detail	Commentary
Emissions calculation	We successfully completed our greenhouse gas emissions inventory in house to increase our understanding	Focus on our on our short-term emission reduction
SBTi	In November 2023, our emissions inventory and science-based targets were validated	
Transition plans	Following the validation of Vp's science-based targets, transition plans (to a lower carbon operation) are being refined at a divisional level with Group consolidation	Completion and costing by end of July 2024

04 Supply Chain

See pages 40 - 41 for more information

Topic	Detail	Commentary
Partnerships BITC and SCSS	This year, we have invested in two new partnerships with the Supply Chain Sustainability School and Business In The Community	To support our approach to train our entire workforce in carbon literacy by the end of 2024
Capture system	The Group is rolling out a supplier questionnaire to our top 80 suppliers (by emissions) with the overall aspiration to improve alignment to their sustainability and governance credentials in line with our own	Target to increase to our top 250 suppliers by 2025

01 Customers

Supporting our customers' sustainability strategies

Market sectors

We provide specialist products and services to a diverse range of end-use markets including Infrastructure, Construction, Housebuilding, and Energy. As well as a range of macro-economic factors that drive the demand for our businesses, there are an increasing range of sustainability-related risks and opportunities that management continues to review. These issues may impact investment decision making to ensure our long-term resilience in our marketplaces through the supply of more sustainable products and services.

Regulatory drivers for customers

There is increasing pressure from the public, investors, and other stakeholders for transparency and responsibility in how major construction projects are planned, implemented, and maintained. This includes demands for reducing carbon footprints, preserving local ecosystems, and ensuring that projects benefit local communities socially and economically.

This pressure drives disclosure of emissions, energy efficiency, water usage, and waste management in addition to which the regulatory environment often enforces the adoption of sustainable materials and technologies to reduce the environmental impact of new projects.

Our customers must comply with these regulations to avoid fines, benefit from incentives, and meet permit requirements. This includes adhering to building codes that promote energy efficiency and sustainable construction practices.

Case study

Enhanced sustainability data for customers

Like many organisations, we employ a comprehensive software platform to integrate and manage core business processes. Beneficial characteristics include automated reporting and analytics of standardised information to aid management decision making. Internally, we have updated our ERP system to provide instant data to customers for emissions data e.g transport, usage and embodied carbon. We are also in the process of lobbying our key suppliers for Environmental Product Declarations (EPD) to make more informed decisions on supplier selection and also to refine our embodied carbon figures. These improved sustainability data dashboards can then assist customers with their own regulatory compliance and reporting.

A positive impact proposition

Customer landscape

Our customer base includes a number of blue-chip customers who are typically leaders in their industries, recognised for their stability and often associated with high-quality, widely accepted products and services.

As prominent and influential entities in the global market, our customers face significant pressure and higher expectations when it comes to adopting sustainable practices. In addition our customers and their investors are highly aware of international climate targets and broad stakeholder sentiment towards more responsible resource use. This is impacting supply chain relationships as large corporates align their operations and sustainable strategies to address these global challenges.

Further focus has come via the EU who have recently launched a detailed disclosure framework. The UK and other jurisdictions are following suit with a new sustainability standard called ISSB.

Our customer base will be caught under the same regulatory regime and will need to provide detailed information about the ESG performance within their supply chains, presenting both risk and opportunity to us.

The impact of this increased focus and evolving environment is already becoming apparent in larger tender documentation that we are receiving, requiring an optimisation of resource management and a minimum level of sustainability disclosures. Importantly, our focus is also informed by our teams on the ground who are responding regularly to customer questions on this topic.

Earlier this year, we engaged with our key customers to provide them with an overview of our group-wide approach to sustainability, as well as a showcase of our sustainable products solutions across a number of divisions including Groundforce, TPA and Brandon Hire.

We aim to make the Group more competitive through our ESG initiatives as these influence our customers' own supply chain reporting (e.g. Scope 3 emissions).

Our response

Product and service innovation is at the heart of our customer proposition. The sustainability agenda lens has not generated this culture but has supplemented commercial considerations that are driven by customer feedback, especially with our larger customers.

Environment, social and governance continued

Supply chain strategy

To contribute towards reduced embodied carbon in our products and services, our operating divisions are challenging our suppliers to provide cleaner solutions to address the current carbon profile of our hire fleet:

- Lower carbon production techniques – Arcelor and Profilafroid are examples of the steel fabricators we use for our mega brace struts and trench sheets; and
- Recycled aluminium – TPA's key supplier, Hydro, now offers recycled aluminium instead of virgin aluminium that has a 10% reduction in embodied carbon.

Balancing emissions sources: embodied and usage carbon

Our sustainability focus also considers the distinction between embodied and usage carbon:

- Zero emissions at point of use products will be analysed regarding their embodied carbon; and
- Powered fleet will be considered regarding both their embodied and usage carbon.

Embodied and usage carbon emissions from our rental fleet accounts for c.75% of our entire output as a business.

Our fleet strategy is currently fluid, largely due to the fact that our customer base is diverse and has differing motivations and priorities. Our larger customers (including Tier 1 contractors) are keen to collaborate on innovative solutions.

The balance of our fleet composition will increasingly impact our attractiveness to customers and determine a proportion of future financial returns. The commerciality of our rental fleet management has always been a core characteristic of our competitive advantage, and now product sustainability is a component of this decision making. The importance of a lower carbon (embodied and usage) fleet is key to building a resilient business model for the medium to long term.

Crucially, when building the business case for investment in a more environmentally sustainable fleet, our divisional teams have been able to demonstrate to customers the financial advantages associated with using cleaner fuel alternatives. As well as a cost saving, the customer will experience reductions in their own carbon inventory. As with many areas of our business, we are well positioned to command a premium for bespoke solutions offered to customers as set out in the Brandon Hire Station case study above.

Tier 5 engines (UK Forks)

Tier 5 is the latest stage of engine emission legislation (EU) designed to reduce pollution from off-highway machines. This requires autostop functionality of machines to reduce emissions from idling vehicles and power regeneration to increase fuel efficiency. Tier 5 machines are being requested where the specification of electric alternatives is not viable from a performance and functionality perspective. We are in the process of updating our fleet in line with these customer expectations.

Case study

Brandon Hire Station charging solution



Brandon Hire Station has developed a charging solution, to be housed on customer sites, which can charge multiple products using solar derived power. This hire product has both carbon reduction and health and safety benefits.

In addition, lithium battery technology can present H&S risks if batteries become damaged. The stations provide early warning technology by tracking of:

- Volatile organic compounds which can indicate lithium battery damage.
- Airborne particulates.
- Each pod has thermal imaging cameras to spot if batteries are exceeding normal temperature ranges.
- Site managers can be notified by SMS messaging if an issue is detected. A thermally secured box is provided to house dangerous products.

Case study

Carbon comparator: TPA Portable Roadways

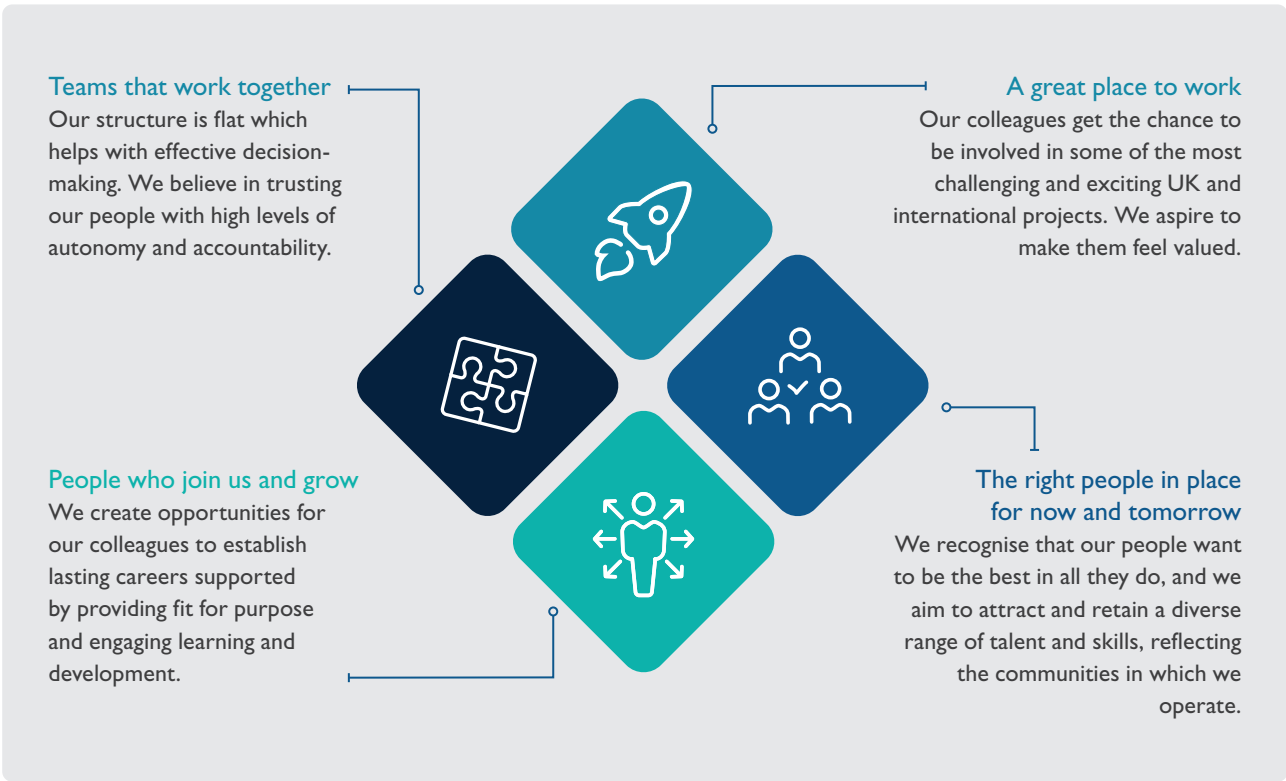
TPA's Carbon Calculator is an online tool designed to assess the relative carbon impact of creating a temporary access road using aluminium trackway panels compared to the traditional method that utilises aggregate/stone. The carbon calculations are based on reliable government conversion factors and industry standards.

02 Colleagues and Community

Our people are specialists and drive the quality of service and solutions that we provide to customers.

Our teams are good at solving problems and quick to respond to our customers’ needs, as they possess experience and knowledge in our highly specialised sectors. The culture is defined by consistent ways of working and an appetite to be the best in what we do. Management is committed to supporting our teams so that they can develop their full potential, and during this year a number of initiatives have been focused on professional development. To maintain standards, an online customer service training programme for all colleagues is to be rolled out across divisions, including cross-functional compliance training with a focus on lone working.

Our HR strategy is focused on the following areas:



Recruitment and talent attraction/retention

We recently transitioned our applicant tracking system to a new provider, which will deliver improved reporting and greater access to specialist recruiters. As LinkedIn becomes a platform for recruitment, we have signed up to their recruiter facility enabling access to a wider range of candidates. Recruiting colleagues who reflect our communities will be a focus for us as we mature our talent acquisition strategy and offering hybrid and flexible working opportunities also enables us to reach a wider demographic.

Environment, social and governance continued

Development

During the year, we have focused on delivering a two-day Management Development course – “Essentials of Management” to 220 of a target of 415 colleagues, with the remainder attending follow-up sessions. These are face-to-face workshops that help new managers understand their responsibilities in their supervisory roles. The second module in the training programme is “Hiring on all cylinders”. To ensure our managers are fully skilled in recruitment best practice we have also delivered training to 91 managers, with a further 28 workshops planned in 2024.

Our apprentice programme currently has 81 aspiring employees on the scheme with a further 42 joining in 2024. The training, offered as part of the programme, includes supervisory capabilities, management competencies, sales and engineering skills. This talent supports our future succession planning across our branch and depot networks.

Our one-year graduate programme, now in its sixth season, provides a pipeline of young talent for both our operating businesses and central functions. Culminating in a project task that includes a final presentation to our Executive Committee, this platform gives students the opportunity to apply for a variety of roles across the business.

Our medium-term roadmap to net zero by 2050, highlights the key priority for the year will be to roll-out carbon literacy training for all employees, enhancing their understanding of the relevance of the topic of our business and how they assist their customers in their sustainability-driven purchasing decisions.

Diversity and inclusion

We are working to build a more diverse and inclusive workforce, which fully reflects the communities in which we operate, so our customers can benefit from the full breadth of talent this offers.

We have graduate and apprenticeship training programmes which appeal to a broad spectrum of candidates to join the business, and we actively encourage engagement by our teams in external community groups. Our Women’s Network engages across a range of industries to talk about the opportunities and challenges that exist in the workplace.

As an equal opportunity employer, we are committed to promoting the same level of vocational prospects to all.

	Headcount	Gender split %
Male	2,108	83.58%
Female	414	16.42%

Note: This relates to UK based employees only as at 31 March 2024.

Case study



Gender pay

Leading the way on gender pay

Consolidated gender pay reporting for men and women across all roles and businesses in the Group shows that both the average and the mid-point figures for hourly pay are higher for female employees for 2023/24.

Our reporting, which is in line with government requirements for companies employing more than 250 people, consolidates the average (mean) and mid-point (median) hourly pay for men and women across all our roles and businesses.

The majority of our employees are male, with significantly fewer females employed in the lower quartile of our business. Typically, more men are employed within manual and driving roles, which is common with other businesses in our sector.

Our results also show that both the mean and median bonus figure for female employees is higher than that of the male employees. However, the proportion of male employees who received a bonus is higher than the female employees who received a bonus.



We are committed as a business to employ people who have the relevant qualifications, attributes and skills regardless of gender.”

We are equally committed to ensuring that employees are paid the correct rate for the job regardless of gender. We have invested in a new HR and Payroll system, which allows us greater control and reporting in this area.

Vp plc consolidated data

Mean hourly pay gap	0.18
Median hourly pay gap	(1.36)

Health and safety

The health and safety of both our colleagues and customers is a fundamental priority of our business, not least because of the sectors in which we operate. The Group sets an overall policy for the management of health and safety. The Chief Executive retains oversight in this area and discusses performance on a regular basis with both the Executive Committee and the individual businesses and the Board is updated on overall performance including any serious incidents that arise. Operational responsibility for health and safety lies with the Group's individual businesses, supported by clear policies and procedures as well as appropriate risk assessment techniques backed by training and clear communication. To better understand the good practice across our divisions, and to ensure we have a consistent approach to our Health and Wellbeing strategies, we have recruited a Group Health and Safety Director who will report to our Chief Operating Officer.

Health and safety monitoring incorporates the analysis of accidents, near misses and dangerous occurrences. We concluded the year with an Accident Frequency Rate (AFR) of 0.18 representing a c.30% decrease on 2023. The AFR is calculated by multiplying the number of reportable accidents by 100,000 (the average number of hours worked in a lifetime) divided by the overall number of hours worked by all members of staff. Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences Regulations 1995 (RIDDOR) were 11 compared to 16 in 2023.

Our entire commercial driver fleet has been risk assessed and received online training content that includes emissions reductions through improved driver habits.

Community

Our operations are in the heart of local communities, with many of our depots employing people from the surrounding area. Such integration helps us to consider how we operate within, and what we give back, to the communities across our network. Many of our teams support local causes and engage in a range of activities, such as volunteering.

At a Group level, we recognise the need to have a more formal approach to our community programme. This year, we embarked on a partnership with Business in the Community (BITC) and have completed their Responsible Business Tracker and are working to focus on priorities for 2024 and beyond. Our work with BITC will create a strategy that defines targets and accountabilities that will tangibly measure progress on our community activities and engagement.

During the year, the Group donated £109,520 (2023: £85,000) to charities excluding the additional investment on restoration and conservation projects.

Case study

Digital devices donated to Reboot North Yorkshire

The Group has donated 250 old tablets to a charity which will refurbish, recycle and distribute the hardware to a range of people in society who struggle to access the internet. The tablets, which Vp employees no longer use, have been donated to the charity, Reboot North Yorkshire, which recycles IT equipment. Our devices will be used by children from families with limited access to the internet so they can access school lessons and homework online. They will also be made available to vulnerable and older people who need a device to access online services such as banking, ordering prescriptions and shopping, or to keep in contact with family and friends.

250
tablets donated



The Vp Group Risk and Sustainability team with Catherine Skyvington (centre), North Yorkshire Council library supervisor at Harrogate Library, where Vp tablet computers were handed over to the North Yorkshire Council Reboot scheme.

Environment, social and governance continued

03 Environment

The Group is committed to improving its environmental footprint through continual review and adaptive management.

It is our aim to do no harm. Where negative environmental consequences of our business persist, the Group is addressing this imbalance through finding and investing in local, impactful solutions to these global challenges. We recognise the intrinsic value of a well-managed, functioning biosphere as well as the invaluable utility nature has in providing the many and varied ecosystem services on which humanity depends. We acknowledge the twin challenges of biodiversity collapse and climate warming and we aim to be part of the solution in some way, where possible.

Climate risk and policy

We are aware of the threat to our collective future that climate change poses. We recognise climate change and environmental impacts as a principal risk to our business, while acknowledging that the construction industry and oil and gas sectors are significant contributors when it comes to driving planetary warming. We aim to mitigate these impacts wherever possible.

Net zero target and other commitments

Scope	Target and performance
Long-term absolute reduction target	The Group commits to reach net zero GHG emissions across the value chain by 2050 from a 2023 base year.
Near-term targets	<p>The Group commits to reduce absolute Scope 1 GHG emissions 50% by FY2032 from a FY2023 base year.</p> <p>The Group also commits to reduce absolute Scope 3 GHG emissions 50% from purchased goods and services, capital goods, use of sold products and downstream leased assets within the same timeframe.</p> <p>The Group further commits to increase annual sourcing of renewable electricity from 87% in FY2023 to 100% by FY2030.</p>
Short-term targets by the end of FY2025 - not validated by the SBTi	<p>The majority of our top 250 suppliers by emissions will have set science-based emissions reduction targets.</p> <p>All employees will be carbon literate and trained in sustainability.</p> <p>The Group will reduce its energy consumption intensity (kWh/m²) 20% from a 2021 baseline.</p> <p>The Group will reduce waste production intensity 30%, recycle more than 85% waste and divert more than 95% waste from landfill using a 2021 baseline.</p>
Renewable energy	The Group's entire UK estate is now under a renewable electricity agreement. We are looking to develop this mandate overseas, however, there is currently limited availability and opportunity to achieve this in our key operating areas of Australia, NZ, and Singapore.

Planning the journey to net zero

Detailed plans to transition to net zero greenhouse gas emissions by 2050 are currently being worked on by all our divisional businesses. This work is helping us to identify where, and more importantly, how reductions will be made and by when. The activity identified within each business will set us on the right path to meet our near-term targets by 2033. These plans will be consolidated and fully costed to give our Board the level of data they need to inform decisions relating to net zero commitment dates and future capex programmes. To build on these plans, we are training all employees in carbon literacy, to increase the workforce awareness of sustainability, as well as updating employees on what the business is doing, and what part they play, moving forward.

Whilst we acknowledge the urgency and need for action surrounding climate change, we have chosen to keep our long-term target at 2050. We pride ourselves on setting realistic targets and have a reputation for delivering on our promises. Having considered this carefully, we therefore felt an achievable target with clear actionable plans would be more beneficial and would allow us to maintain the probity of our business model given that the majority of our emissions relate to our rental fleet.

Offset

We are committed to reducing our impact organically and not to rely on offsets until we can gain assurance of the probity and long-term benefits to the environment of these schemes. Therefore, our position remains unchanged from last year.

Biodiversity approach and programmes

Our approach is underpinned by our sponsorship of restoration and conservation projects.

To date, the UK has failed to reverse the steep loss of biodiversity with 41% of UK species in decline and one in ten species threatened with extinction. To do our part, we are proud to sponsor some of the best examples of nature conservation projects around the UK each year including the reintroduction of beaver, bison, lynx and eagles and the restoration of seagrass beds, wildflower meadows, sand dunes and peatlands.

We are especially proud to have committed support to the training of Wildlife Trust land advisers who, given >70% of the

UK's land is farmed, have a crucial role in promoting nature alongside our food production to the betterment of both.

Moreover, we have made a further financial commitment for FY2024/25. The Group is providing funding for the fourth year to conservation projects in 2024, totalling £100k. Most of this amount is shared between four new projects chosen by over 10% of our employees following a survey choosing from a list of seven potential projects creating engagement and ownership across our workforce. The projects chosen by our employees are a rewilding project in the Scottish Highlands, a Kelp recovery programme in Sussex, a natural flood management scheme in Sheffield and a project to restore peatlands in Lancashire. The balance is being divided into smaller grants for projects that we have committed to funding previously. The projects, which are all based in the UK, have given our employees the opportunity to volunteer during their working day. We believe this generates a collaborative working culture while supporting the charities.

Case study

Restoring Peatlands across Lancashire

A scheme to re-establish peatlands in Lancashire is receiving funding of £10,000 from our business, a sum which will be matched by the Lancashire Wildlife Trust. Degraded peatlands release carbon and become a net source of greenhouse gases, as well as losing their biodiversity and other benefits.

The funding will be used to support a number of sites at different stages in their restoration journey, following historic mismanagement. Some of these sites are Sites of Special Scientific Interest (SSSI) which need additional help to move to full functioning peatlands, whereas others, such as Birch House Farm, are at a much earlier stage of recovery.

Work includes:

- Physical restoration works, such as blocking drainage to raise water levels to restore hydrological function.
- Activities to re-establish peatland habitat on peat soils such as re-instating peat-forming vegetation, in places that may be drained or bare due to past mismanagement.

Employees will be able to volunteer on the project at four peat restoration days during the course of the year.



Case study

Natural Flood Management in Sheffield

A flood defence scheme to protect Sheffield, combined with nature and habitat improvement to reverse the decline of local wildlife, is receiving £12,500 in funding from the Group. Natural Flood Management is using nature-based techniques to restore or mimic the natural functions of rivers and floodplains, by storing water so slowing the rate at which water runs into rivers. This helps protect vulnerable communities downstream from flooding and provide increased biodiversity and wider ecosystem.

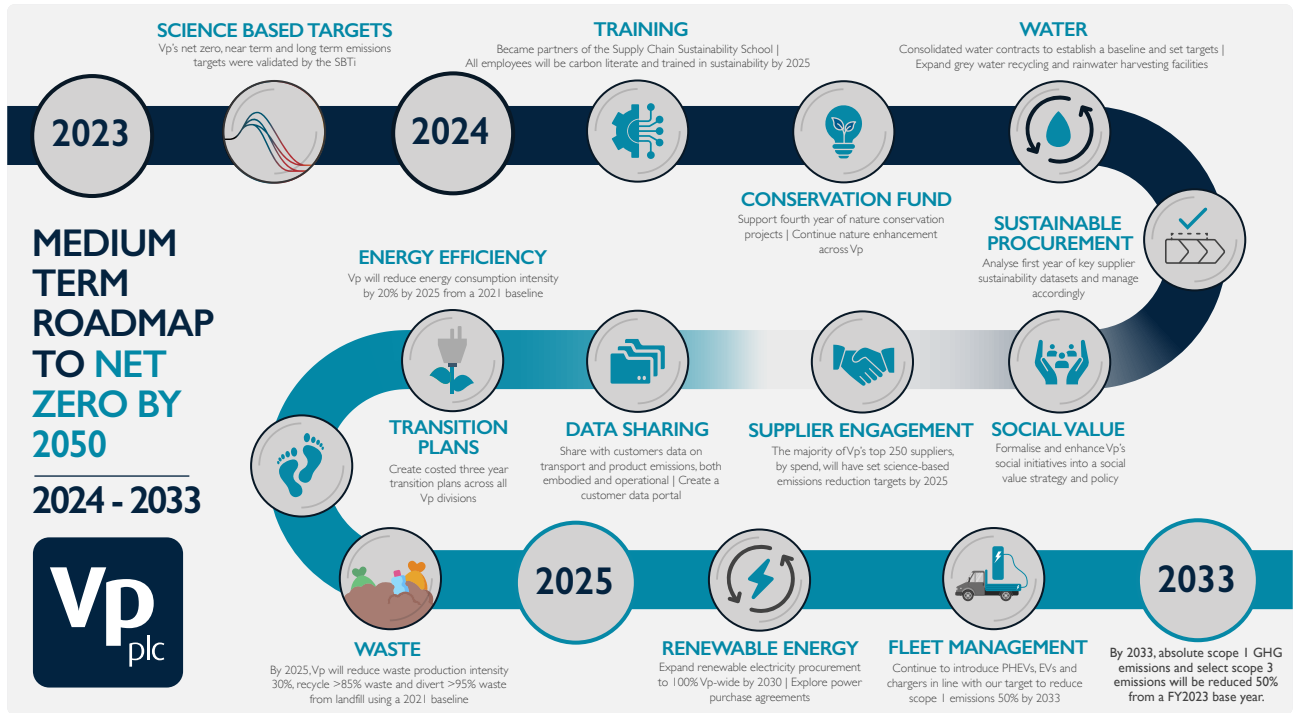
Activities include building ponds, swales and leaky dams, and engaging with landowners and mapping opportunities. The benefits of this approach include carbon storage, water regulation and water quality improvements, as well as increased biodiversity through habitat creation and restoration including habitat for the seriously endangered white clawed crayfish. Our employees are able to volunteer to help with environmental DNA sampling, invasive species management and small-scale conservation tasks.



Environment, social and governance continued

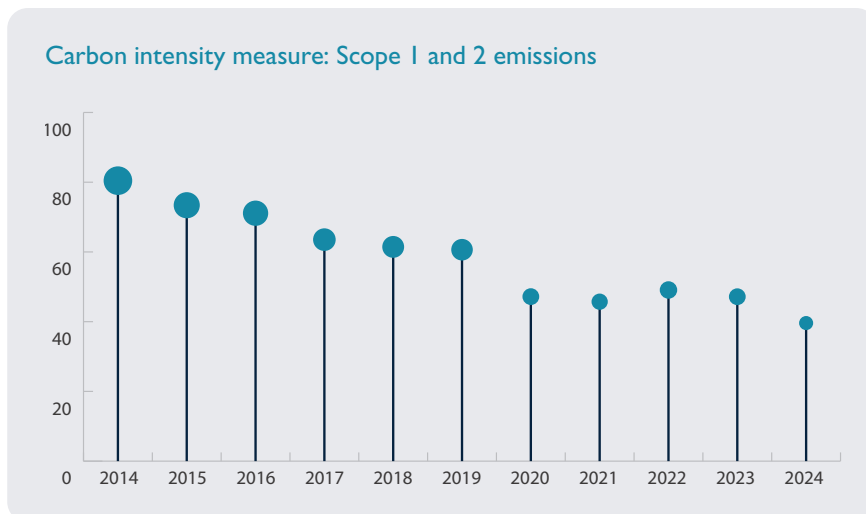
Net zero roadmap

To ensure a robust transition plan, we have aligned our targets, specifically with the SBTi's net zero standard and to a 1.5°C planetary warming trajectory. The roadmap below demonstrates the approach the Group is taking to the various elements of work required.



A lower carbon operating model

In addition to the examples described above, we continue to work with our supply chain partners and customers in seeking more sustainable solutions. For example, we have been working with Barratt Homes on HVO fuel in our telehandler fleet to replace diesel. We have also partnered with Balfour Beatty to co-locate on a site in close proximity to the construction work going on at Sizewell C and worked with Overbury on an on-site MEP shop at Citi-Tower in London.



We have reduced our greenhouse gas emissions in the last ten years on a carbon intensity basis (which calculates tonnes of CO₂ in relation to £m revenue) to 42 in FY2024.

Carbon emissions inventory

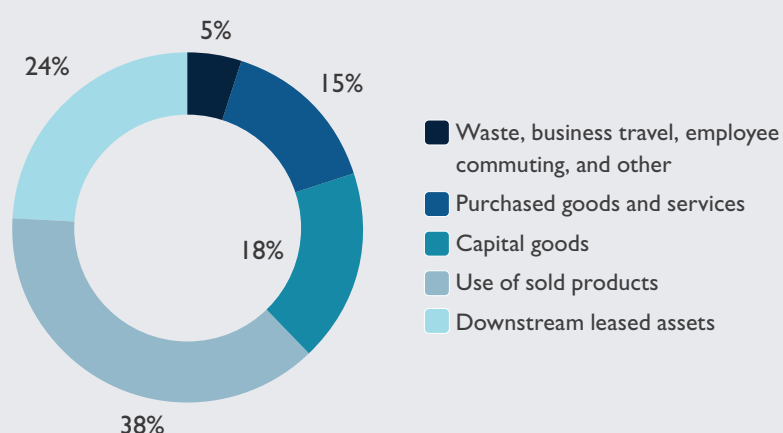
Scope 1 and 2 emissions inventory FY2023/24

		2024	2023
UK	Scope 1 (Tonnes CO ₂ e)	13,469	15,946
	Scope 2 Location-based (Tonnes CO ₂ e)	1,650	1,269
	Scope 2 Market-based (Tonnes CO ₂ e) ¹	–	–
	Total Scope 1 & 2 Location-based (Tonnes CO ₂ e)	15,119	17,215
	Total Scope 1 & 2 Market-based (Tonnes CO ₂ e)	13,469	15,946
	Energy consumption of Scope 1 & 2 (kWh)	56.9m	65.4m
	Intensity Ratio Location-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	46	52
	Intensity Ratio Market-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	41	48
Global	Scope 1 (Tonnes CO ₂ e)	15,137	18,252
	Scope 2 Location-based (Tonnes CO ₂ e)	1,859	1,460
	Scope 2 Market-based (Tonnes CO ₂ e) ¹	209	191
	Total Scope 1 & 2 Location-based (Tonnes CO ₂ e)	16,996	19,782
	Total Scope 1 & 2 Market-based (Tonnes CO ₂ e)	15,346	18,513
	Energy consumption of Scope 1 & 2 (kWh)	64.9m	73.6m
	Intensity Ratio Location-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	46	53
	Intensity Ratio Market-based Tonnes CO ₂ e (gross Scope 1 + 2) / £1 million revenue	42	50

Scope 3 emissions inventory (tonnes CO₂e)

Scope 3	Purchased Goods and Services (PG&S)	53,778	68,132
	Capital Goods	64,897	47,604
	Use of Sold Products – Use of Downstream Leased Assets	136,689	136,427
	Other Scope 3 Categories ²	16,614	16,728
	Total Scope 3 (CO₂e)	357,821	355,844
Total Group Carbon Inventory (market based)		373,167	374,287

Scope 3 emissions - analysis by key categories



¹ Location-based calculations use the average emissions intensity of the grid where we obtain the energy, while market-based calculations use the emissions intensity based on the specific energy mix that we procure.

² All material categories are stated above, some categories of Scope 3 were not relevant to our business model.

Environment, social and governance continued

Notes to carbon inventory

The data on page 39 shows the Group's 2023/24 carbon calculations/emissions inventory. Some calculations from the prior year have been restated due to findings from the SBTi validation process. We have developed our financial reporting process to categorise our spend more accurately - this has changed the mix between capital goods and purchased goods and services in FY2023/24.

Commentary on carbon inventory

Our calculations show that we are heading in the right direction and that internal actions hold great promise for effective improvements in future years. We highlight in particular that our Scope 1 emissions have decreased by c.3,000 tonnes, reflecting an increased deployment of cleaner vehicles into our fleet, and investment in route planning software in our divisions for the majority of our commercial vehicles.

Our value chain emissions (Scope 3) represent 96% of our total Group emissions. Over 75% of our total carbon inventory relates to three categories within Scope 3, all relating to the carbon performance of our rental fleet in both the embodied carbon and usage carbon. The three categories are:

- Capital goods (the embodied carbon in all of our capital expenditure on our rental fleet)
- Use of sold products (the usage carbon of our sales direct to customers and from our asset disposals on an assumed useful economic life calculation)
- Downstream leased assets (the usage carbon on the rental products rented within the financial year).

The work we are undertaking in these areas will take longer to show clear evidence of improvement (as the average useful economic life of our assets is c.5 years). The Group has a clear commitment to reducing our impact on the environment in line with our stated intentions. To achieve this we will need to continue to commit resources to work with our supply chain partners. Our plans set out clear, actionable targets which will subsequently lead to a more sustainable future.

04 Supply chain

The assessment of our sustainability performance will not be limited to our own operations. Under our commitments to manage our Scope 3 emissions, this involves an appreciation of carbon emissions in both upstream and downstream activities from our operations.

Additionally, incoming regulatory standards for sustainability disclosure will require an awareness of indirect resource management and conditions for the workers who exist in our supply chain. These factors will lead to enhanced audit assessment of suppliers (e.g. equipment manufacturers) and the reinforcement of standards that we already expect partners to adhere to as part of our sustainable procurement policy.

Supply chain assessment and management

Our strategy related to our supply chain engagement is part of our overall governance improvement plan.

The aim is to demonstrate to our stakeholders that we are:

- Engaging proactively with our supply chain
- Assessing where suppliers do not demonstrate the level of governance we expect; and
- Developing action plans at divisional level to address areas of concern, noting that our approach will be educational as opposed to sanction.

To help us achieve this aim, we have we have partnered with a recognised leading software platform, Eco Online. Internally branded as "Capture", the system provides multi-user, group-wide access for our businesses to record accident and near miss data, audit results and has a separate model for

Supplier Management (SM). The SM module houses a supplier questionnaire, which we have issued to our top 80 suppliers based on their level of carbon emissions (as opposed to supplier turnover). We are currently developing our protocols for analysing the results and agreeing actions where anomalous performance exists.

We have set up a Sustainable Procurement Group chaired by the Group Risk and Sustainability Director. Each division's procurement lead attends regular meetings of the group at which there are opportunities to discuss relevant subject areas including:

- Developing the culture of bringing sustainability into procurement decisions, and to extend the current criteria related to cost, availability and quality
- Understanding how cost premiums are justified for more expensive sustainable alternatives
- The profile of Group and divisional carbon inventories
- Embodied and usage carbon challenges
- Supplier engagement methodologies
- Protocols for managing supplier data
- Development and roll-out of our sustainable procurement policy

Indirect workforce

Our legal and regulatory obligations to protect people from exploitation through modern slavery remains a key focus for the Group. We are developing online training content to be delivered to all colleagues through our learning academy and we have also engaged in audits with our key customers in these areas. During this year, Balfour Beatty audited two of our divisional businesses in this area and the audits provided no items to address.

Supply chain emissions

We are prioritising engagement with our key suppliers on understanding their impact on our carbon inventory. This will allow us to refine our Scope 3 emissions calculations – at present our embodied and usage carbon figures are based on estimates (the spend-based method). Therefore, we are advocating that our suppliers address the following requirements:

- Provide Environmental Product Declaration (EPD) information. The Group has engaged with a supplier called Hydro Aluminium UK Ltd in Derbyshire in relation to its production and supply of intermediate products (i.e. aluminium billets) which feed other manufacturing steps that go into our end-use rental products.
- Challenge suppliers to find more sustainable products – from both an embodied and usage carbon perspective.

The programme of suppliers preparing relevant EPD data is still in its infancy, however, we are encouraged that suppliers will continue to develop their disclosures in the short term.

Case study

Partnership approach with our supply base



Corporate collaboration is a key element in driving sustainability solutions across various industries.

Our supply chain faces complex environmental challenges that no single entity can solve alone, making collaborative efforts essential. We have partnered with the Supply Chain Sustainability School. Current partnerships are leveraging shared resources, knowledge, and innovation to achieve goals that provide mutually beneficial data.

We are also in the process of renewing our gold status accreditation for the Plant Charter with the SCSS. The Charter aims to reduce onsite carbon emissions that are harmful to human health caused by the plant and equipment we all use.



The Group exhibiting rail solutions to customers and suppliers at Rail Live 2023.

Task Force for Climate-related Financial Disclosure (TCFD)

General

The Board has refined its thinking around the global climate situation and has re-iterated its commitment to ensuring appropriate resources are allocated internally to the management of the many risks and opportunities to our business model and strategy. This analysis has been renewed and refreshed for this reporting period.

We have completed a full assessment of the TCFD framework and supporting guidance documents, including the all sector guidance of the TCFD annex. This report provides an updated point in time assessment of progress against the frameworks and its requirements, and demonstrates the changes since our previous declaration. The Group view this area of governance as an iterative process and will continue to develop its reporting in accordance with the requirements.

This year we have provided a greater level of transparency and granularity regarding elements of our sustainability strategy, which is intrinsically linked to the overall risk of climate change, and to our overall corporate strategy. The details provided below illustrate the work completed and planned for future financial years.

The Group has committed to be net carbon zero emissions by 2050 at the latest and our emissions inventory and plans to reduce our impact on the environment were validated in November 2023 by the SBTi. This has provided clarity on our entire Group emissions inventory and provided focus on our emissions hotspots.

This section of the Annual Report covers all statements made by the Group regarding TCFD – it is not covered elsewhere in this report.

Governance and Risk

Environmental risk is included in the Group’s Principal Risk statement on pages 51-55. All principal risk areas are considered by the Board and by applying the Group’s risk management processes – more details on these processes are included on page 51.

The Board takes responsibility for the management of risks and opportunities arising from climate change. The Board is informed by the Risk Committee, the Environmental Steering Group and directly from the Group Risk and Sustainability Director (GRSD). The Board sets the overall corporate strategy, which ensures climate and sustainability risks and opportunities are clearly defined from the very top and are being effectively managed. Critically the Group is building resilience in its business model by continuing to invest in sustainable hire fleet alternatives for our customers.

Regular communication is enabled between the GRSD and wider management team through senior management meetings. This acts as a two way process:

- To inform management of the overall strategy and their obligations in fulfilling the elements of it; and
- Receiving feedback from the Group’s divisions regarding customer and other stakeholder expectations and requirements.

The below graphic illustrates the pillars of the Governance structure in place at Vp:



The Environmental Steering Group which met four times in FY2023/24, routinely monitors progress with, and redefines, the strategic plan. In the reported financial year, the climate change risk register has also been updated. The GRSD takes responsibility for this and reports directly to the Board on these matters. The ESG considers how governance processes are working in practice on an ongoing basis.

TCFD area	TCFD area description	Vp's assessment
Governance a)	Board oversight of climate-related risks and opportunities (CRRO)	Consistent
Governance b)	Management's role in assessing and managing CRRO	Consistent

Strategy

The Board has ultimate responsibility for setting the strategy for delivering on the Group's sustainability intentions. In development of these strategic objectives the process is informed by a risk and opportunity analysis listed in summary form below and how this links to our financial planning processes.

Strategy	Description	Related risk
Corporate commitment	Overall corporate commitment regarding emission reduction includes our net zero commitment and our near-term (as defined by the Science Based Target initiative) emissions targets (2033) and longer-term net zero aspirations (2050). The high level transition plans related to near and long-term targets are reviewed regularly. The Environmental Steering Group is content with the level of change being achieved.	Enhanced emission reporting. Requirement to comply with legal/regulatory obligations relating to climate change.
Composition of Vp's hire fleet	Where possible our divisions are investing to alter the makeup of our fleet to include more environmentally friendly options, which has a lesser impact on the issue of climate change. Our Group is split between powered hire fleet and products that are zero emissions at the point of use. In reviewing the sustainability of these products our divisional companies are considering embodied and usage emissions and working with our suppliers to consider environmental product declarations (EPDs). This review remains an ongoing process and is a combination of innovation and demand driven forces. An example of this is our submission to be compliant with the Plant Charter which is an initiative driven by the Supply Chain Sustainability School.	Customer preference changes.
Sustainable Procurement	Our Scope 3 emissions inventory highlighted where the hotspots are in our value chain, identifying that reducing embodied carbon in the products we procure for hire is an immediate priority. To this end, our Sustainable Procurement Group has been active for over a year. Many workstreams have been completed in the year which will enable the Group to move forward, for example: <ul style="list-style-type: none"> • Investment in a system to enable robust assessment of suppliers and log the carbon emissions of the products they provide – ongoing • Development of a sustainable procurement policy - complete • Consideration of the recommendations of ISO 20400 (Sustainable Procurement) - ongoing • Transitioning to low carbon supply alternatives (general supply and fleet for hire) – ongoing. 	Transition to a lower carbon operation.
Low carbon operation	The Group has been successful in gaining accreditation against ISO 50001 – the energy management accreditation. The Group has also consolidated waste and water supply ensuring better data is available to reduce usage.	Transition to a lower carbon operation, customer preference changes.
Awareness and training	Our Learning and Development module will be used to deliver key messages to all employees in the Group. We are working towards an aspiration of ensuring all of our employees receive carbon literacy training by the end of 2024.	Transition to a lower carbon operation.

Task Force for Climate-related Financial Disclosure (TCFD) continued

The following tables highlight the key risks and opportunities that have been considered by the Environmental Steering Group and Board. At this point the analysis below represents the entirety of the Group’s operating locations. This analysis is an intrinsic part of determining our strategy and is built up using our standard risk management model, assessing risks and opportunities using an impact and likelihood scale. The position of the risk/opportunities on this scale will determine management’s approach to mitigation of the risk or pursuing the opportunity. Areas highlighted as a priority for management are denoted with a (P).

Within the Group, impact or materiality is assessed using three methods – impact on Group profit, impact on reputation, and potential disruption to the Group. Likelihood is based on the probability that the risk/opportunity is to crystallise and over what time scale.

The timelines used in our risk analysis are:

- 2024–2026 Short Term
- 2027–2033 Medium Term
- 2033–2050 Long Term

Transition Planning: The Group sustainability team has been working with our divisional management teams to develop thinking with the ultimate aim of each division creating and embedding a transition plan. We are in the process of consolidating these plans and providing accurate costings, which will better inform the Board on our emission reduction pathways. These action plans set out how we transition to a lower carbon operation including hire fleet purchasing.

Opportunities	Timelines	Perceived impact (post mitigation)	Response
Transition <ul style="list-style-type: none"> • Changing fleet dynamic to meet customer demand – proactive innovation and reacting to demand (P) • Market leadership through development of a sustainable range of products (P) • Engaging with technological advancements in our strategy to reduce carbon emissions • Value engineering of operational processes to consume less energy (P) 	ST – Ongoing ST – Ongoing ST – Ongoing ST – Ongoing	Medium Low Low	Our divisional management teams are continually assessing fleet options through product review groups. Innovation is considered by the Board within the overall strategy for the Group. ISO 50001 challenges the business to achieve demonstrable change in energy consumption.
Physical <ul style="list-style-type: none"> • Greater demand for our products related to temperature control and flood relief. 	ST – Ongoing	Very Low	The Group may experience benefits from increased rental income as climate-related issues become more prevalent.

Risks	Timelines	Perceived impact (post mitigation)	Response
Transition			
<ul style="list-style-type: none"> Customer preference changes and regulatory requirements to move to a “cleaner” hire fleet (P) 	ST – Ongoing	Medium	Our divisional management teams are continually assessing fleet options through product review groups. Innovation is considered by the Board within the overall strategy for the Group.
<ul style="list-style-type: none"> Transition to a lower carbon operation (P) 	ST – Ongoing	Medium	The varied workstreams agreed by our Environmental Steering Group address this risk. The completion of our Scope 3 emissions inventory has unlocked many further areas to focus on.
<ul style="list-style-type: none"> Requirement to comply with legal/regulatory obligations relating to climate change 	ST – Ongoing	Low	Our Environmental Steering Group has a standing agenda for horizon scanning.
<ul style="list-style-type: none"> Availability of capital 	ST – 1-3 years	Low	Our CFO is in constant dialogue with our lenders and how our approach to sustainability and climate change could impact on the business.
<ul style="list-style-type: none"> Enhanced emission reporting 	ST – Ongoing	Low	The Board and Environmental Steering Group are comfortable with the concept of completing an emissions inventory. Our work has been validated by the SBTi.
<ul style="list-style-type: none"> GHG offset pricing 	Long term	Low	The Group is focusing efforts on organic reduction in emission values, however, is vigilant to the offset space and the potential impact on the business.
Physical			
<ul style="list-style-type: none"> Flood, extreme heat, fire, water availability, rising sea levels, biodiversity loss 	ST – Ongoing	Low	The TCFD appendix - scenario planning (page 49) considers three planetary warming scenarios and the impact on the Group’s operations.
<ul style="list-style-type: none"> Supply chain continuity risk 	ST – Ongoing	Low	The feedback loop within the business is our Sustainable Procurement Group, which reports into our Environmental Steering Group. The Group has not reported material supply chain issues as at the year-end but will keep this under continual review.

Task Force for Climate-related Financial Disclosure (TCFD) continued

Impact assessment

Transition – We are committed to decarbonising our supply chain but realise this is a longer-term engagement. The general transition risks, however, are more immediate in timing. The Group continues to assess the impacts but, at the time of writing, these are considered minor because our review of our hire fleet make up is an ongoing process. The greater demand for low carbon products (embedded and emission generating) has been successfully built into our business planning. The Risk Committee will continue to review this approach.

Physical – The Board recognises that the physical risk elements mentioned above are active threats. Some elements have experienced increased prominence in the financial year – flood and increased rainfall is a good example.

We have overlaid the risk analysis onto our operating model in terms of trading and supply chain locations and reliance on key sites. The initial assessment of the impact at current planetary warming trajectories is rated as minor. See Appendix for further details regarding our recently completed scenario analysis.

TCFD area	TCFD area description	Vp's assessment
Strategy a)	Risk and opportunities identified	Consistent
Strategy b)	Impact of climate-related risks	Consistent
Strategy c)	Resilience of strategy considering climate-related scenarios	Consistent

Risk management

As described on page 51 the Group's embedded risk management approach applies equally to climate change as it does to any other area of management. An incumbent part of the Group's risk management process is to horizon scan to assess the risk environment.

The responsibility for assessing climate risks ultimately falls with the Environmental Steering Group. Significant issues are formally reported to the Risk Committee and the Board to determine the approach taken to achieve appropriate mitigation. The governance structure within the Group is that the Risk Committee is a sub-committee of the Audit Committee.

The Board is routinely made aware of the following information:

- Risk relating to climate change and sustainability matters
- The strategy determined by the Environmental Steering Group
- The progress on key workstreams that support the overall strategy

For the financial year being reported on, the Group Risk and Sustainability Director attended the Board meeting twice to discuss the above matters.

Our standard risk register model details risk owners and control owners. It is the risk owner's responsibility to ensure that the controls are delivered on a timely basis and continue to mitigate the risk identified. Where owners are multiple and/or spread across the organisation, it is the responsibility of the Group Risk and Sustainability Director to monitor the mitigation. Exceptions will be raised at Risk Committee level.

The effectiveness of our risk management is continually reviewed by our internal audit function who carry out independent reviews of all principal risk areas and who report into our Risk and Audit Committees. In areas where shortcomings are raised, these will be prioritised for remediation with an action plan. During the full year, the Internal Audit function provided a review of the calculation of Scope 3 emissions, the issues raised were immediately addressed.

TCFD area	TCFD area description	Vp's assessment
Risk management a)	Process for identifying and assessing climate-related risks (CRR)	Consistent
Risk management b)	Management of CRR	Consistent
Risk management c)	Integration of CRR management into overall risk management	Consistent

Metrics and targets

The principal metrics the Group calculates and reviews are Emissions, Waste, Energy and Water use. The Group has robust processes or defined plans in place to facilitate the Environmental Steering Group and Board to review metrics which drives the following actions:

- Provision of an indicator of the risk related to a particular part of the business
- Provides a measure of trends
- Provides a measure of achievement (or likely achievement in the case of longer-term goals) of our targets to have a positive impact on the environment.

The Group has disclosed some of the above metrics highlighted above in the ESG Report on pages 26 - 41.

Emissions

The Group continues to calculate Scope 1 and 2 emissions and provides a relative measure in relation to tonnes of CO₂e in relation to £m of revenue. The detail is included on pages 38 - 39 of this report. One area the Board remains committed to is the purchase of REGO-backed renewable electricity.

Our Scope 3 emissions inventory has been completed as directed by GHG Protocol Technical Guidance. The Group is using a base year of 2023 i.e. year ended March 2023. In accordance with the requirements under SBTi validation we have declared our Scope 3 emission figures for the first time on page 39.

Along with the Scope 3 inventory we have submitted our near and long-term targets to be net carbon zero by 2050.

Emissions performance against SBTi short-term targets

The Group's complete carbon inventory is shown on page 39. This shows our performance against our emission reduction plans agreed with the SBTi.

- Long term targets – we have not changed our commitment set at 2050
- Near term targets
 - Scope 1 – Our global scope 1 emissions reduced by 3,115 tonnes of CO₂e in the first year since our base year (2023) was declared, representing a 17% decrease
 - Scope 3 – Our global scope 3 emissions increased by 1,977 tonnes in the same period, representing a 0.55% increase.
- There has been no material change in the percentage of renewable energy use between the base year and FY2024.

The reduction in year one or our ten year time horizon (defined by the near-term targets) is a minimal reduction. As a business we expect that the majority of emission reductions will be experienced in the second half of this time horizon given that 75–80% of our Group emissions relate to our rental fleet. The targets set out by the Group are noted on page 36.

Financial impact

Other metrics used by the Group are change in average cost prices in our capital expenditure, energy consumption and remediation of physical risks (insurance/repair costs). As part of our annual review, none of these cost elements are showing a material impact on the Group's operations or finances. but are deemed gradual. As the impacts of the climate challenge become more transparent, it will become possible to identify material financial impacts and provide meaningful quantification.

An example of the gradual change is asset values and useful lives of our hire assets. The Group constantly reviews this on a division by division basis. The Board feels that this review process would trigger any required changes under TCFD.

Targets

The Group is currently in the process of considering the data it received in relation to water use. Once we have complete confidence in the data sets, the Group will formally set targets.

During the year under review, the Group has gained ISO 50001 accreditation. Part of the process of gaining accreditation is to formalise year-on-year targets for energy consumption reduction. These targets now form our baseline and future accreditation will be reliant on achievement. The Group will need to demonstrate the improvements stipulated to the ISO auditor at the time of gaining accreditation.

Once we have confidence in the data we receive the Board will be able to formalise the suite of metrics and targets and complete the link to the risks and opportunities identified earlier in the report.

Task Force for Climate-related Financial Disclosure (TCFD) continued

Executive pay

The current remuneration packages for Executives and Senior Management are not linked to climate-related metrics. The Remuneration Committee will continue to keep this under review as progress is being made with formalising metrics.

TCFD area	TCFD area description	Vp's assessment
Metrics and Targets a)	Metrics used by the organisation	Consistent

TCFD area	TCFD area description	Vp's assessment
Metrics and Targets b)	Scope 1, 2 and 3 emissions	Consistent
Metrics and Targets c)	Targets used by the organisation	Partially consistent – see compliance statement below

TCFD Compliance Statement – concluding analysis

In consideration of the ongoing assessment undertaken, the view of the Board is that this TCFD statement is not fully consistent with the complete TCFD framework.

The Board is committed to be consistent with the TCFD and aim for this to be achieved during the financial year ended March 2025. We have identified the last elements of work to ensure consistency with TCFD and we are confident we have an appropriate governance structure and resource to achieve this.

Reconciliation of consistency

TCFD area	TCFD area description	Vp's assessment	Vp's roadmap to consistency
Metrics and Targets (c)	Targets used by the organisation to manage climate-related risk and opportunities and performance against targets.	Scope 1, 2 and 3 emissions have been reported on page 39 of this document.	Energy/Water/Waste targets will be operational by March 2025.

TCFD appendix – scenario analysis

In order to consider both the physical and transitional risks to our business due to future climate change, we have decided to use three Shared Socio-Economic Pathways (SSPs) for our analysis. SSPs build on the widely used Representative Concentration Pathways (RCPs) with the addition of various socio-economic factors. By combining the socio-economic impacts of the SSPs with the physical temperature changes of the RCPs, we can build a better picture on what the possible impacts of future climate change may be on the Group.

One important difference between the SSPs and our previously set targets surrounding sustainability is the difference in time frames. The SSPs “short-term” scenario starts in 2041 whereas our “long-term” goals end in 2050.

In order to ensure consistency, it was decided that the SSP temperature projections would be brought forward to be aligned with our time frames and consequently, assume the same impact for short, medium and long-term time frames. Because of this, we consider our approach prudent as the impact is accelerated across the short/medium/long internal timelines when assessing the financial impact of climate change on our business.

Below are the options chosen for our scenario analysis along with the justifications:

SSP	Description	Justification	Associated temperature change
1	Driven by an increasing commitment to achieving development goals, consumption is oriented toward low material growth and lower resource and energy intensity.	A $\leq 2^{\circ}\text{C}$ scenario is required by the TCFD and this scenario allows Vp to consider the financial risks and opportunities posed from a transition to a less carbon intensive society. This scenario is likely to initiate sudden change and it is important We are prepared to adapt to these changes to maximise efficiency and minimise negative impacts on the business.	1.8
2	The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Intensity of resource and energy use declines. Challenges to reducing vulnerability to societal and environmental changes remain.	This scenario describes “middle-of-the-road” emissions and the continuation of a transition away from fossil fuels. This allows a gradual change in the makeup of our fleet along with other changes enabling a sustainable transition within the business both environmentally and financially.	2.7
5	Push for economic and social development is coupled with the exploitation of abundant fossil fuels. There is an exploitation of resources through energy intensive lifestyles.	This scenario allows the business to account for the “worst case scenario” of warming and the potential risks and opportunities associated with a resource and energy intensive society. While this scenario is extreme, we acknowledge the risks and opportunities posed to the Company under a society prioritising development and fossil fuel dominance.	4.4

For our scenario analysis, the risks deemed as having the largest impact were chosen in application of the above SSPs The below risks were selected based on the perceived impact, as per the above TCFD statement.

- Customer preferences change leading to an increased demand for a cleaner hire fleet.
- Physical risks to operations and assets.

TCFD appendix – scenario analysis continued

The table below provides more information under each SSP:

Risk/Opportunity	SSP 1	SSP 2	SSP 5
Customer preferences change leading to an increased demand for the 'cleaner' hire fleet.	On going changes to a more environmentally friendly hire fleet in line with our customer requirements, revenue and costs are built into ongoing budgets under a 'business as usual' approach. Transition within the fleet is orderly and controlled.		
Physical risks to operations and assets.	Negligible overall risk of disruption.	Low risk generally with the potential for medium regionalised risk.	Requirement to consider operating locations and impacts of climate changes on our key suppliers.

■ Negligible need for financial changes
 ■ 'Business as usual'
 ■ Financial changes to be made

Explanation of risk scoring:

- Negligible need for financial changes assumes that the level of planetary warming does not warrant enough risk to make direct significant financial changes.
- The term "business as usual" in the above analysis refers to the concept that we will consistently be making sustainable changes to our hire fleet. As this will be accounted for in the budgets and completed at a financially sustainable pace, it is assumed that financial risk/impact overall will be categorised as business as usual. Adapting to customer needs is something that we and other hire companies would naturally be reviewing on an ongoing basis so this wording allows us to account for the adaptability of the industry. We will continue to build on our scenario analysis in the future and create a more thorough analysis moving forward.
- The final category "financial changes to be made" assumes that changes above the level of "business as usual" are scheduled to be made solely due to planetary warming.

Moving forward and based on the scenario analysis, we will monitor the physical risk to assets and continue to work towards our near and long-term emission reduction targets. The Environmental Steering Group alongside our Sustainable Procurement Group will continue to monitor any variance from "business as usual" when considering the transition towards a "cleaner" fleet. In the future, we will focus more on specific sites in which physical impacts may be felt in consideration of the wider risk assessment.

Based on the above analysis we consider that changes made within our business align with Group strategy and business model, and this demonstrates resilience to future climate change detailed in the scenarios above.

Risk management

The Board recognises that good risk management aids effective decision making and helps to ensure that risks taken on by the Group are adequately assessed and challenged.

The Board is responsible for the systems of internal control and risk management, including reviewing its effectiveness and determining the level and nature of risks it is appropriate to take in delivering the Group’s strategy and its day to day objectives. The Group’s risk management framework is designed to ensure that all key risks are recognised, and mitigation plans are constantly evaluated for effectiveness. Ensuring that risk decisions are being made at the correct point of the management structure is crucial to the success of our programme, and to this end a project is underway to review accountability within both the Group structure and at divisional level. The risk management framework is under constant review by the Board and the Executive Committee.

In line with the work to develop the Group’s corporate governance processes, two key exercises to enhance risk management have been delivered, further detail of which is set out below.

Risk Committee

The Risk Committee met three times during the financial year. The attendees are the Chief Executive, Chief Financial Officer, Chief Operating Officer, General Counsel and Company Secretary, Group IT Director, Group Risk and Sustainability Director, Group HR Director and the Head of Internal Audit.

The Risk Committee reports into the Audit Committee. The agenda is shared with the Chair of the Audit Committee in advance of the meeting and an open invitation exists to all meetings for our Non-Executive Directors. The meetings aim to address key risk areas (current and emerging) that exist in the business and consider the mitigating actions deployed.

If deemed necessary, the Group Risk and Sustainability Director will be invited to main Board meetings throughout the year to discuss risk management. This happened once in the financial year to participate in a discussion regarding risk appetite.

The Committee has been successful in applying a consistent approach to managing high-level risk in the Group and providing additional assurance to the Audit Committee and the Board around risk management processes in the Group.

Risk appetite

The Board recently refreshed the approach to risk appetite with a dedicated analysis exercise. The exercise was facilitated by the Group Risk and Sustainability Director through a 1:1 discussion

with each main Board member, followed up with a summary presentation and discussion at our March 2024 Board meeting.

The session cemented a collective view of the level of risk the Group is willing to take in the pursuit of its objectives and what levels of mitigation and approach are required in each key area of business management.

The results of the process were also discussed with our Executive. The priority at this point is to ensure the results of the exercise are communicated effectively with our divisional structure to ensure all activities and work streams undertaken are within appetite.

Process of management

In addition to the changes above, the Group has an established risk management strategy. The Board regularly reviews divisional and departmental risk registers as well as the summary risk registers covering strategic, reputational and fraud and loss risk.

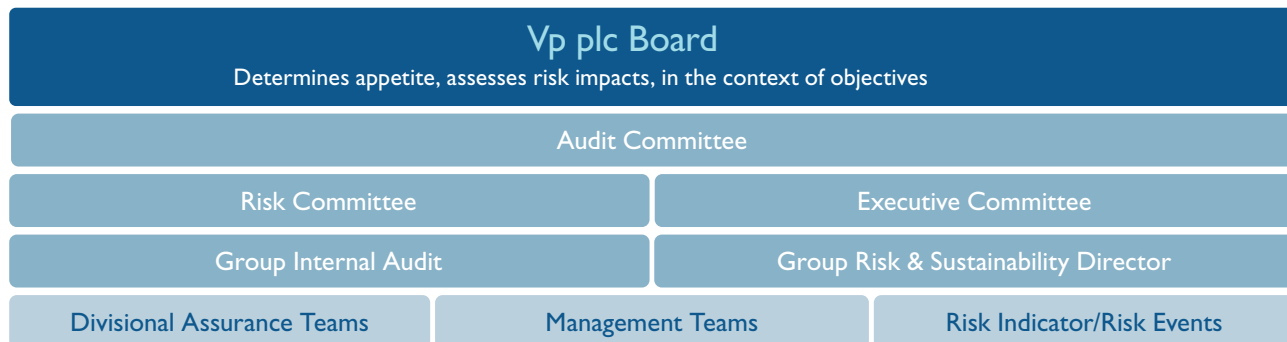
All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. Within the last financial year, the Group Internal Audit department has completed targeted assurance reviews across all departments and divisions, the review being selected on a risk-based approach. Internal Audit and other assurance programmes are designed to inform the overall risk management process. The Internal Audit plan includes the facility to engage with emerging risks and, therefore, respond to changes in the Group’s risk environment.

A risk register is prepared as part of all major Group initiatives. This will include work to deliver change programmes, major investment due diligence programmes (acquisitions and major fleet investments) and adherence with changing regulation.

Consideration of the systems of internal control and risk management

The Board considers the current systems fit-for-purpose and in accordance with the guidance within the Financial Reporting Councils “Guidance on Risk Management, Internal Control and Related Financial and Business Reporting” document. To this end, the Board has signed off the Effectiveness of Internal Control and Risk Management completed for the year ended March 2024. The diagram below summarises the layers the Group utilises to ensure risk management is robust.

Risk management governance



Principal risks

Risk description	Mitigation	How risk is monitored
<p>Market and competition: Economic cycles and headwinds can impact our business and we have experienced a worsening levels of activity in some of the end market we serve.</p> <p>The equipment rental market is a competitive marketplace and this is constantly evolving from a risk perspective.</p> <p>Change from previous year</p> <p>↑</p>	<ul style="list-style-type: none"> • Our specialist approach and diversified business model provides some insulation to market and competitive forces. • Market changes are considered by our experienced leadership team, both at Group and divisional level. • We provide products and services to a range of markets with some geographic spread. • The Group aims to provide a first class service to its customers in a range of specialist niche sectors. • Our balance sheet strength enables agility in the competitive environment we exist in. • A divisional structure that facilitates consistency across budgeting, decision making, risk management, technology and strengthening of the Vp brand. 	<ul style="list-style-type: none"> • The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand. • The Board monitors the revenue activity and economic trends closely. Many aspects of our business are linked to the Infrastructure and Construction markets, therefore, long-range trends are under regular review. • Revenue is analysed by market segment and Group customer analysis is completed. • Competitive forces and competitive actions are experienced daily by our divisional management teams. Key issues are discussed with our divisional teams and the Board considers Group level concerns. • Operating reviews of each business unit to ensure alignment to Group expectations.
<p>People and culture: Retaining and attracting the best people is key to our aim of exceeding customer expectations, enhancing shareholder value and becoming an employer of choice. The Group's attrition rate in certain operational positions is a key priority for reduction.</p> <p>With recent senior management changes, the blend of new and old talent and experience is promoting fresh momentum of activity and energy across the Group to improve operational excellence and grow the business This shift has resulted in many new workstreams e.g. work on digital enhancement, improved operational efficiencies and strengthened governance. These changes are being communicated across the business.</p> <p>Change from previous year</p> <p>↑</p>	<ul style="list-style-type: none"> • Vp has many long-serving employees, but also recognises the need for new ideas and change in how the Group operates. • The Group is working to deliver a working environment that demonstrates how much we respect and value all of our employees. • A review of reward to ensure parity across the divisions to provide an externally verified approach to remuneration. • Enhancements to succession planning, development of our learning and development software; and improvements to our working environments. • Regular update communications from the Chief Executive delivered across the Group. • Senior leadership team quarterly updates from the Executive team. • The Group fosters an inclusive working environment where all employees are given equal opportunity to fulfil their potential. • A dedicated internal learning and development team. 	<ul style="list-style-type: none"> • Routine reporting is provided on vacancy levels, employee turnover by role and sickness. This is provided for each division and at Group level. • Training hours are monitored from our learning and development systems. • External benchmarking e.g. gender pay reporting. • Comprehensive review of reward to ensure parity across the divisions to provide an externally verified approach to remuneration.

Key to risk change




↓ Decreased risk
 ↑ Increased risk
 → No change

Risk description	Mitigation	How risk is monitored
<p>Fleet management and investment: Organic growth – in order to grow it is essential the Group obtains innovative, first-class products at attractive prices and maintains them to ensure reliability for our customers. The Group is aware that the appetite for sustainable products is increasing across its customer base.</p> <p>Acquisitive growth – the Group has a track record of delivering on acquisitions as an enabler for growth. These investments inherently possess a higher risk premium.</p> <p>Change from previous year →</p>	<ul style="list-style-type: none"> • The Group has well established processes to manage its fleet from investment decision, maintenance, depreciation through to disposal. • We have a consistent approach to the appraisal of investment opportunities. This is demonstrated by our consistently healthy return on capital (ROACE). • Enhanced review processes have been implemented for all major capex investment with active consideration of prior performance to inform future decisions. • The Group has revisited its governance processes for acquisitive growth and continues to review proactive and reactive opportunities as they arise. 	<ul style="list-style-type: none"> • ROACE is a key measure in our business and review of this metric will drive business decisions. • The Board receives data on disposal proceeds and margins, which informs whether depreciation rates remain suitable. • Individual investments will be subject to review throughout their lifecycle to inform future investment decisions.
<p>Health & safety: The Group operates in industries where health and safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact both our performance and our results and reputation.</p> <p>Change from previous year →</p>	<ul style="list-style-type: none"> • The Group has robust health and safety policies and management systems supported by our induction and training programmes. We have compliance teams in each division with Group-level oversight. We provide support to our customers exercising their responsibility to their own workforces when using our equipment. • Some further areas have been identified for focus in the last and current financial year. The Group recently partnered with Business in the Community to conduct a Responsible Business Health Check, which has further identified some future areas on which to concentrate. • We recently completed a roll-out of enhanced driver training for our commercial fleet drivers in an attempt to minimise road related incidents and to improve safety for our own employees and for members of the public. • A review and refresh of our crisis management and incident response planning has been undertaken. • The appointment of a new Group Health, Safety and Sustainability Director and a new Head of Estates will help meet health & safety requirements across our network of branches. 	<ul style="list-style-type: none"> • Data from our internal compliance teams and external H&S consultants is tabled at all Executive Committee and main Board meetings. • All of our trading locations are inspected twice per year, and trend and root cause analysis is completed on the outputs generated. • Group Internal Audit will include safety matters in the scope of some of their audits and provide further insight to the Board.

Principal risks continued

Risk description	Mitigation	How risk is monitored
<p>Financial: Vp needs access to sufficient funding at a reasonable cost. Sufficient funding is crucial to allow agility in delivery of our business model and overall Group strategy.</p> <p>The Group has experienced an increased exposure to credit risk with a slight uptick in our metric of write-off as a percentage of turnover due to some customers defaulting on payments from the backdrop of a challenging market place. This currently sits within our risk tolerance.</p> <p>Change from previous year →</p>	<ul style="list-style-type: none"> In FY2023/24 the Group re-negotiated its borrowing facility £90 million facility and £30 million headroom to secure the medium to long ability to pursue business growth. Balance sheet strength and cash generation are key enablers to allow this growth to be pursued. Our covenant metrics and gearing remain comfortably within the stated requirements and internal targets. The Group is alert to an operating environment where credit offered by us represents a higher risk profile. The Group and divisional management teams constantly review this exposure to ensure the optimal equilibrium between risk and opportunity is maintained. 	<ul style="list-style-type: none"> Daily cash reporting forms the lowest level indicator of our liquidity situation. At a higher level the Board will consider total facility, headroom and cash generation trends. Debtor days by division is monitored and negative trends are addressed with customers. Proactive engagement with our lenders in advance of renewal dates. Sensitivity analysis of key metrics (including working capital and debt) are presented to the Audit Committee.
<p>Governance and legal/regulatory requirements: Failure to comply with legal or regulatory obligations culminating in financial penalty, regulatory consequences and/or reputational damage.</p> <p>The Group is alert to changes in the corporate governance landscape under review through training and updates from its advisers.</p> <p>Change from previous year →</p>	<ul style="list-style-type: none"> The Group appointed a General Counsel and Company Secretary in September 2023, who is responsible for all Governance, Legal and Regulatory matters. In reaction to legislation, the Group together with the General Counsel and the Group Risk and Sustainability Director will implement all necessary changes. The Group Risk and Sustainability Director and General Counsel/Company Secretary meet regularly to discuss risk and governance matters. Mandatory training programmes have been specified and are targeted at the appropriate level of employees determined by job type. In the last year, the Board and the Executive Committee, the Managing Directors and Finance Directors have received refreshed compliance training provided by the Group's level advisers. Further training will be implemented as required. 	<ul style="list-style-type: none"> Regular updates and training from external advisers. Our General Counsel/Company Secretary attends our main Board meetings to keep the Board updated. The Risk Committee will provide intelligence to the Audit Committee and Board of current regulatory requirements as well as horizon scanning for impending Corporate Governance changes. The internal Whistleblowing policy has been refreshed and rolled out across the Group. All whistleblowing reports will be thoroughly reviewed.

Key to risk change

-  Decreased risk
  Increased risk
  No change

Risk description	Mitigation	How risk is monitored
<p>Environmental: The effects of climate change and the transition to a lower carbon economy could lead to increasing levels of regulation.</p> <p>The Group is experiencing increasing demand from our customers for lower carbon hire fleet alternatives.</p> <p>Other stakeholder groups e.g. employees and investors have significant interest in how the business reacts to the risk of climate change and future-proofing the business to a lower carbon operation.</p> <p>Change from previous year →</p>	<ul style="list-style-type: none"> • Dedicated sustainability team. • The Group has formally declared its intention to be net carbon zero by 2050 at the latest. This declaration is part of a wider body of work in relation to the quantifying and ultimately reducing the environmental impact of the Group's operations. • In November 2023, our emissions inventory and near and long-term reduction targets were validated by the Science Based Target initiative. • The results of our Scope 3 inventory provided focus on our carbon hotspots that required addressing. 	<ul style="list-style-type: none"> • Our emissions inventory is the most basic indicator of the impact our business has on climate change. • Energy use and water consumption are key metrics which we are working on to allow prioritisation in our approach. • Our Environmental Steering Group, chaired by our Chief Executive considers information and data from its sub-committees, including our Sustainable Procurement group. This group works closely with our key suppliers.
<p>Technology and IT resilience: Technology within Vp is seen as an enabler to do business in a more efficient and effective way from both an external and internal customer perspective. The management of our IT offer is crucial to the future success of the business.</p> <p>As is the case with most businesses, the Group is reliant on the consistent availability and security of our key IT systems. Disruption to, or failure of, our principal systems could result in significant disruption to our business, potentially leading to reputation and financial loss.</p> <p>The Group continues to develop existing systems and introduce new software packages. As such cyber and data risks have become an area of increased focus and controls are constantly evolving.</p> <p>Change from previous year →</p>	<ul style="list-style-type: none"> • The Group is engaged in an ongoing digital transformation program to deliver on improved customer experience and to meet an overall aspiration to make Vp an easier group to do business with. The governance around the transformation work is sponsored at the highest level within the business. • Resilience - This area is being led by our Group IT Director supported by our IT Technical and development teams. Where appropriate, consultancy is provided by trusted third parties who understand and validate the level of risk the Group faces in its various processes, systems and interfaces. From this work some enhancements have been made such as managed detection service and multi-factor authentication. • The Group has tested continuity plans in place and is reviewing the level of cover we have on an ongoing basis. • Employee awareness of the potential risk areas continues and is being enhanced. • The Group has achieved Cyber Essentials and Cyber Essentials Plus and is working towards ISO 27001, the international standard to manage information security, across our entire Group. 	<ul style="list-style-type: none"> • Progress reports on digital work are provided to Executive Committee and the Board. • System downtime is reported to the divisions and at Group level. • Instances of reported incidents are considered for severity, root cause and corrective actions required.

Viability statement

The Directors have assessed the viability of the Group

In accordance with the Corporate Governance Code, the Board have assessed the viability of the Group over the two-year period to 31 March 2026. The Board believe this period to be appropriate as the Group's detailed plan encompasses this period.

Process and scenarios considered

The Group's detailed plan considers the profit and loss, balance sheet, cashflows, debt and other key financial ratios over a two-year forward-looking period. Compliance with existing covenant arrangements and headroom to borrowing facilities are also assessed.

The detailed plan has been subjected to sensitivity analysis in which a number of the main underlying assumptions are adjusted and tested to consider alternative risk-based scenarios. The plan has been stress tested to take into account severe but plausible scenarios.

These scenarios include consideration of market risk arising from the impact of a downturn in economic activity. The modelling is at least as severe as the most recent financial

downturn and more severe than the financial year 2020–21 which included two full lockdowns in our major regions.

The Board has also considered the availability of the Group's borrowing facilities, which have a range of maturity dates, the earliest of which is November 2026.

While it is impossible to foresee all risks (or take into account risks which are currently immaterial but could turn out to be significant), mitigating activities could be performed, for example reducing capital expenditure or discretionary spend.

In the most severe scenario modelled, the test indicates that the Group has sufficient headroom in its borrowing facilities and would not breach any of the associated covenants. Details of the Group's financing arrangements can be found in note 16.

Having assessed the current position of the Group, its prospects and principal risks and taking into account the assumptions above, the Board has determined that it has a reasonable expectation that the Group is financially sound and stable and, therefore, will be able to continue in operation and meet its liabilities as they fall due over a period of two years from 1 April 2024.

Non-financial and sustainability information statement

This section of our Strategic report constitutes Vp plc's non-financial and sustainability information. This statement has been prepared to comply with sections 414CA(1) and 414CB(1) of the Companies Act 2006, to provide an understanding of the Group's development, performance and position and the impact of our activities. Information regarding non-financial matters is also included throughout our Strategic report.

An overview of our business model is set out on pages 10-11.

Our policies are available on our website www.vpplc.com

Reporting requirement	Relevant policies and standards governing our approach	Where to read more
Environmental matters	<p>The impact of climate change is a principal concern for stakeholders and our sustainability work reflects this.</p> <p>More granular detail on the risks and opportunities posed by climate change can be found in our TCFD disclosures.</p> <p>We understand that our activities and business model do have an impact on the environment and that we have an ongoing responsibility to minimise these impacts.</p> <p>The validation of our science-based targets and emissions inventory have solidified our thoughts on how best to move forward with our emission reduction plan.</p>	<p>Environmental Policy – website</p> <p>ESG pages 26 - 41</p> <p>ESG pages 26 - 41</p> <p>Sustainable Procurement Policy and Climate Change Policy – website</p>
Climate related financial disclosures	<p>A description of the Company's governance arrangements in relation to assessing and managing climate related risks and opportunities can be found in our TCFD disclosures. More granular detail on the individual risks and opportunities posed by climate change are detailed in the disclosure.</p>	<p>TCFD statement inclusion in this annual report – pages 42 - 50</p> <p>Performance against our targets agreed with the SBTi are highlighted in detail on page 47 under paragraph 'Emissions performance against SBTi short term targets'.</p>

Reporting requirement	Relevant policies and standards governing our approach	Where to read more
Employees	<p>Our approach is to attract the highest calibre talent into our business irrespective of role and level of responsibility. We are working on improving retention of our existing talented individuals through various value adding workstreams that include reward, wellbeing focus and working hours review.</p> <p>We continue to ensure that our workforce is truly representative of all sections of society and for each employee to feel respected, while realising their full potential.</p> <p>Our Health and Safety Policy sets out the Group's occupational safeguarding aims and is implemented through our Occupational Health management system for all operational activities.</p> <p>Our partnerships on restoration and conservation projects combine with our employee volunteering programme and colleagues are able to participate outside of their holiday entitlement.</p>	<p>Diversity and inclusion policy – website</p> <p>Health and Safety Policy – website</p> <p>Whistleblowing Policy – website</p> <p>Employee Handbook</p>
Social matters	<p>Community development is one of our sustainability pillars and a key area of focus for the business. Some of our target impact areas:</p> <p>Donations – we recently donated 250 end-of-life tablets to a Reboot scheme, organised by North Yorkshire Council, which provides IT hardware for members of society who have difficulty accessing the internet.</p> <p>For FY2024/25 we have committed to four new restoration and conservation projects taking our investment to £100k per annum, the highest amount in our four-year history of partnership work.</p>	ESG - page 35
Human rights	<p>We continue to treat our stakeholders with fairness and respect. Our approach to this in relation to suppliers is laid out in our Modern Slavery Policy.</p> <p>Our Modern Slavery Statement sets out the steps taken by us to prevent workforce exploitation and human trafficking within both the Group's businesses and its supply chain.</p> <p>We expect our suppliers to comply with the high standards we set. We are currently engaged in a detailed diligence programme with our supply chain. Where areas for improvement are identified we will work with these suppliers to take any learnings to support future development.</p>	<p>Modern slavery policy and statement - website</p> <p>ESG - pages 40 - 41</p>
Anti-fraud, bribery and corruption	<p>Our aim is to establish and develop a culture within the Group in which bribery and corrupt practices are never seen as acceptable behaviours.</p> <p>Our Anti-Bribery Policy outlines our approach to the prevention of unethical conduct of this kind.</p> <p>We consider ourselves to be a positive force for corporate good, compliant with all local laws in our areas of operation and strong economic contributor, which is underpinned by our historical and current approach to regulatory levies as defined by our Board-approved tax strategy.</p>	<p>Anti-Bribery Policy – website</p> <p>Competition Law policy – website</p> <p>Whistleblowing Policy - website</p> <p>Group tax strategy policy – website</p> <p>Employee Handbook – available for all employees</p>
Business model, principal risks and non-financial KPIs	<p>We measure a number of non-financial performance indicators to ensure the business is effectively managing its responsibilities.</p>	<p>Business Model – pages 10 - 12</p> <p>Principal risks - pages 52 - 55</p> <p>Non-financial KPIs - page 13</p>

By order of the Board

Anna Bielby

Chief Executive

4 June 2024

CORPORATE GOVERNANCE

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Image:
The Vienna metro extension utilises Groundforce's modular bracing equipment.



Board of Directors



N

Jeremy Pilkington

Chair

Appointment

Appointed to the Board in 1979 and became Chair in 1981.

Previous experience

Jeremy was Chair and Officer to Chief Executive between 1981 and 2004.



Anna Bielby

Chief Executive

Appointment

Appointed to the Board in January 2023, became Chief Executive on 1 September 2024.

Experience

Anna was previously Chief Financial Officer at KCOM plc and Lookers plc, before which she was a director at PwC.



Keith Winstanley

Chief Financial Officer

Appointment

Appointed to the Board as Chief Financial Officer in January 2024.

Experience

Keith previously held senior finance roles at both Lookers plc and KCOM plc. Keith is a Chartered Accountant.



A
R
N

Mark Bottomley

Independent Non-Executive Director

Appointment

Appointed to the Board in January 2023.

Experience

Mark is currently Chief Financial Officer of Cranswick plc and historically has held senior finance roles in the food production industry.



A
R
N

Stuart Watson

Independent Non-Executive Director

Appointment

Appointed to the Board in January 2023.

Experience

Stuart retired as a senior partner in EY in 2017. He is a Non-Executive Director and Audit Committee Chair of both the Humber and North Yorkshire Integrated Care board and Flowtech Fluidpower plc.



A
R
N

Phil White

Independent Senior Non-Executive Director

Appointment

Appointed to the Board in April 2013.

Experience

Phil has extensive experience within both listed and private companies including as Chief Executive of National Express Group and Chair of Unite Group, Lookers plc, Kier Group.



Sally Jones

Company Secretary

Appointment

Appointed as General Counsel and Company Secretary in September 2023.

Previous experience

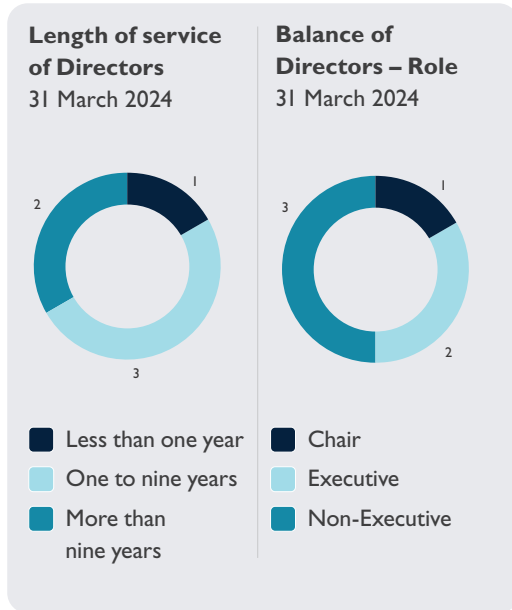
Sally is a corporate lawyer with over 20 years of experience, including General Counsel and Company Secretariat experience at Zenith (car leasing) and KCOM plc.

Key to Committee membership

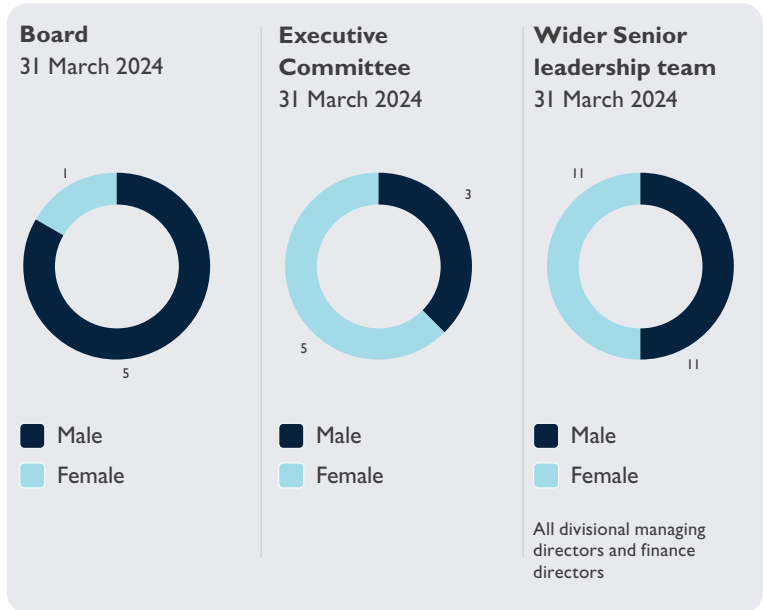
- Committee Chair
- A Audit Committee
- R Remuneration Committee
- N Nomination Committee

Governance at a glance

Board composition



Gender



Meeting attendance

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	3	3	2
Executive Directors				
Jeremy Pilkington	6	–	–	2
Neil Stothard	2	–	–	–
Anna Bielby	6	–	–	–
Keith Winstanley	2	–	–	–
Non-Executive Directors				
Phil White	6	3	3	2
Stuart Watson	6	3	3	2
Mark Bottomley	6	3	3	2

Committee meeting attendees by invitation include (but are not limited to) the Chair, Chief Executive and Chief Financial Officer

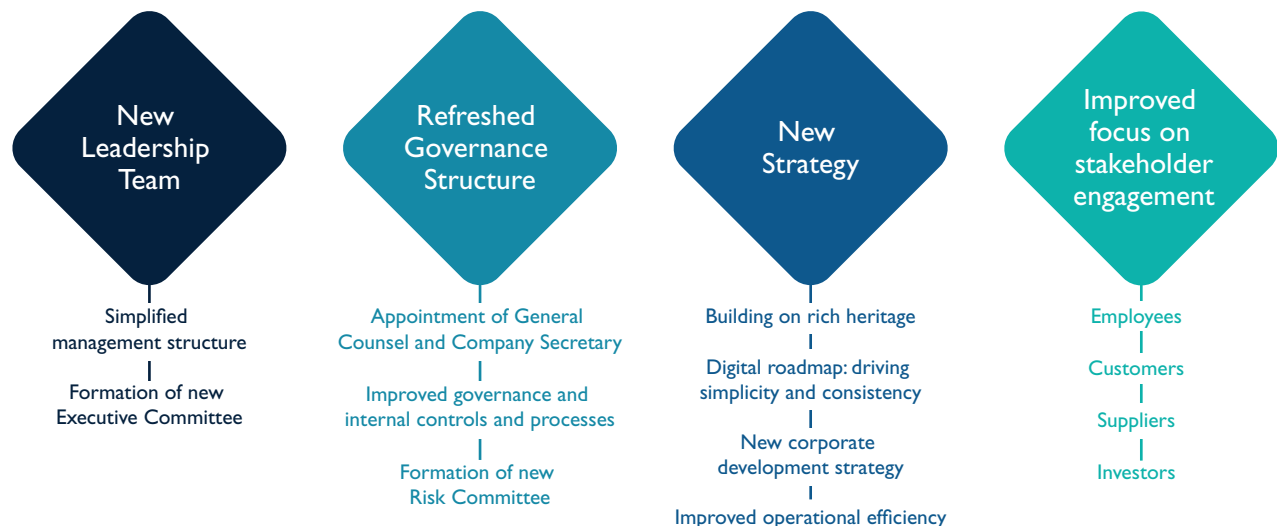
Board and senior leadership training

January 2024

- Anti Trust and Competition Law Training

February 2024

- Directors' Duties
- UK Market Abuse Regulations
- Horizon Scanning: Legal & Regulatory
- UK Corporate Governance Code 2024
- Key activities by the Board during the year



Corporate governance report

Jeremy Pilkington
Chair



Dear shareholders

Introduction from the Chair

The Company is led by an effective Board, which promotes the long-term success of the Company and engages with its shareholders and stakeholders. The Board has established the Company's purpose, values and strategy, and is satisfied that these, and its culture, are aligned. The Board is also responsible for the effectiveness of the Group's corporate governance.

The values and ethical standards of the Group are based upon principles of fairness, integrity and mutual respect and the Board seeks to promote and exemplify these values in discharging its responsibilities. These principles are commercially central to delivering our strategic and growth objectives and the long-term success of the Group.

The Corporate governance report is set out on pages 62 to 93 and includes the Remuneration report on pages 70 to 84. This section of the Annual Report aims to communicate the Group's corporate governance standards, policies and practices and to provide an overview of the Group's business model and operations, structure, activities and performance.

The Board reports that throughout the year, the Company has applied the principles of, and complied with the provisions, of the UK Corporate Governance Code 2018 (the Code) with the following exceptions:

- Phil White has served as a Non-Executive Director for more than nine years. This is considered as an indicator of independence impairment by provision 10 of the Code. Having considered the independence of Phil White, the Board is of the opinion that, given Phil's extensive experience in listed businesses together with his knowledge of the business and management team, Phil brings a valuable level of seniority and experience during what has been a period of change for the Group. Phil has also onboarded Mark Bottomley and Stuart Watson as new Non Executive Directors (each of whom were appointed in January 2023). The Board has therefore concluded that Phil White remains an independent Non



The values and ethical standards of the Group are based upon principles of fairness, integrity and mutual respect”

Executive Director. Furthermore, Phil will remain as the Senior Independent Director as he contributes as a consistent and experienced member of the Board, who is available to both the Chair and shareholders as required.

- I have served as Chair for more than nine years. The Code recommends that the term of a Chair's appointment does not exceed nine years (provision 19). The Board is of the view that I bring invaluable stability, corporate memory, industry expertise and strategic oversight. As such, the Board considers that it is important to retain my services in a strategic capacity.
- I previously received pension contributions of 15% of base salary, which does not comply with provision 38 as it is not in line with the wider workforce. As of 1 April 2024, this is being reduced to 10% to bring it within the Code. In line with the Group's Remuneration Policy, Anna Bielby and Keith Winstanley receive a lower pension contribution of 10%.
- The Group is not compliant with provision 5 in respect of effective engagement with its workforce. Workforce engagement does occur throughout the year, and this has been materially improved throughout the year. The methods of engaging with our workforce are set out on page 24 to 25 in the Stakeholder engagement section and this is led by our Chief Executive, our Chief Operating Officer and our Human Resources Director.
- Mark Bottomley became Chair of our Remuneration Committee in July 2023. On appointment Mark is, and remains, an independent Non-Executive Director but he has not served on a previous Remuneration Committee for 12 months, which is non compliant with provision 32 of the Code. Given Mark's experience in the listed business environment and his knowledge of the workings of Remuneration Committees as an Executive Director, the Board felt there were clear advantages to appointing someone new in role as Chair to bring a fresh perspective to the Committee.

The Board continues to review its governance procedures to maintain proper control and accountability and, notwithstanding the explanations above, the Board and its Committees continued to act in accordance with the spirit of the Code's principles. The UK Corporate Governance Code 2018 is available from the Financial Reporting Council at www.frc.org.uk

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

Jeremy Pilkington
Chair

4 June 2024

Corporate governance

Board structure

During the year, the composition of the Board changed. On 1 September Anna Bielby, previously the Chief Financial Officer, became Chief Executive replacing Neil Stothard who stood down as Chief Executive with effect from 1 September 2023 and who retired from the Board on 30 September 2023. The Board immediately undertook a formal recruitment process for a new Chief Financial Officer, using an external recruiter. During this process, Anna Bielby undertook the role of Chief Financial Officer until 1 January 2024, when Keith Winstanley was appointed as Chief Financial Officer. The Board is now comprised of two Executive Directors, three Non-Executive Directors and the Executive Chair.

Additionally in September 2023 the Board appointed Sarah (Sally) Jones as the Group's General Counsel and Company Secretary.

All Directors are subject to annual re-election by shareholders at the Group's Annual General Meeting (AGM). Details of the Group's Directors are provided on page 60.

The roles of the Chair and Chief Executive are separate and clearly defined. The Chair, Jeremy Pilkington, is responsible for the effective working of the Board and leading the strategic agenda for the Group. The Chief Executive, Anna Bielby, has operational responsibility for the management of the Group's business and for implementation of the strategy, as agreed by the Board.

The role of the Non-Executive Directors is to provide independent and considered advice to the Board on matters of strategy, risk and performance while also providing constructive challenge, governance and oversight through the operation of the Board's Committees.

As set out in the Chair's introduction on page 62, whilst the Chair and one of the Non-Executive Directors have served for more than nine years each, the Board has reviewed these directorships and has satisfied itself that the contribution by the Chair and Phil White from a strategic, oversight, continuity and seniority perspective means that the Board is satisfied that both Jeremy Pilkington and Phil White should remain on the Board. The other two Non-Executive Directors are considered as independent. There are no circumstances or relationships which may affect judgements.

Our Non-Executive Directors are 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.

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

The Board is assisted by the Audit, Remuneration and Nomination Committees, from which it receives regular updates. Separate reports from these Committees can be found on pages 65 to 84.

Board meetings and operation

There is a clear division of responsibilities between the running of the Board and the running of the business.

At each Board meeting, the Chief Executive delivers an overview of performance and her thoughts on the strategic direction, key projects and challenges facing the business, and the Chief Financial Officer reports on the financial performance of the Group. The Board reviews business and financial performance, considers specific reports, and is updated on key business areas including strategy, health & safety, risk, people, ESG, governance, together with an update on ongoing transformation activities. Additionally throughout the year, the Executive Committee, managing directors and other members of senior management deliver presentations to the Board on proposed strategies, initiatives and ongoing or upcoming projects.

To assist the Board's planning and to provide clarity as to where responsibility for decision making lies, the Board has a clearly documented schedule of matters reserved for its approval including:

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

To support the refreshed governance, reporting and controls and processes, during the course of the year, a review was undertaken of the delegated authorities and capital expenditure controls in place across the Group, following which updated controls processes were implemented.

The Company Secretary assists the Chair in ensuring that Board procedures are followed and is available to assist Directors generally, as well as advising on matters of corporate governance.

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

While Jeremy Pilkington, Neil Stothard (until 30 September 2023) and Anna Bielby are not members of the Audit Committee, they did attend all meetings; they also attended, as appropriate, Remuneration and Nomination Committee meetings. Keith Winstanley similarly attended such Committee meetings following his appointment.

Corporate governance report continued

During the year, the Non-Executive Directors met with the Chair without the Executive Directors present, and the Non-Executive Directors also met without the Chair present, including an appraisal of the Chair's performance led by the Senior Independent Director.

The Board is satisfied that the Chair 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.

Appointments to the Board

The Nomination Committee is chaired by the Company's Chair, Jeremy Pilkington, supported by the Group's Non-Executive Directors. The Nomination Committee meets as required to consider succession planning and to ensure that appointments to Board roles are made after due consideration of the skills, knowledge and experience of the potential candidates. The report of the Nomination Committee is shown on page 65.

As referred to on page 63, Anna Bielby was appointed as Chief Executive Officer with effect from 1 September 2023, and Keith Winstanley was appointed as Chief Financial Officer from 1 January 2024.

The Board appointed a Company Secretary Sarah (Sally) Jones as General Counsel and Company Secretary in September 2023. Sally is a lawyer with over 20 years of experience in both private practice and senior in-house roles.

The Group's policy on diversity is set out on page 33 in the Strategic report.

Executive Committee

In order to support robust and effective reporting and communication, and to support engagement with the workforce, an Executive Committee was established in December 2023 made up of the Chief Executive, Chief Financial Officer, Company Secretary, Chief Operating Officer, Group HR Director, Group Risk and Sustainability Director, Group IT Director and the Interim Director of Communications. The Committee meets monthly and in advance of each meeting receives detailed papers, including an overview of business and financial performance. At the meetings, each of the members of the Committee report on their areas of responsibility, highlighting key projects and initiatives and any areas of concern.

Training and induction

All new Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisers and visits to the Group's operational locations. In addition, the Board undertook training from its solicitors in February 2024 on: Director's Duties; UK Market Abuse Regime; and the UK Corporate Governance Code. The training requirements of the Board are kept under regular review.

Advice is also available from the Company's solicitors, Auditors and brokers as required. There is an agreed procedure for

Directors to take independent professional advice at the Company's expense.

Performance evaluation

The Board undertakes a periodic appraisal of its performance. An internal evaluation of Board performance was undertaken in 2022. Given the changes to the Board during the course of 2023, the Board has agreed to undertake a formal external Board effectiveness evaluation during the FY2024/25.

Whistleblowing Policy

The Group's Whistleblowing Policy enables colleagues to report concerns on matters affecting the Group or their employment, without fear of recrimination. Posters publicising whistleblowing channels are distributed to all branches, depots and offices. The Group has a dedicated whistleblowing hotline and email inbox, which are both managed independently from the Group. During the year, the Whistleblowing Policy was reviewed and approved by the Audit Committee, and the Audit Committee receives regular summaries of whistleblowing contacts and resolutions.

Risk management

The Board retains overall responsibility for setting the Group's risk appetite as well as risk management and internal control systems. As set out in the Strategic Report on page 51, the effectiveness of the Group's risk management and internal control systems is under frequent review by the Board.

A Risk Committee was established during the year which is comprised of the Chief Executive, Chief Financial Officer, Group Risk and Sustainability Director, Chief Operating Officer, Company Secretary, Group IT Director and Group HR Director. This Committee meets quarterly, and reports into the Audit Committee and includes all Non-Executive Directors. The Director of Risk and Sustainability is also a member of the Group's Executive Committee and provides monthly updates to that Committee on all risk-related matters, management and governance.

A detailed report regarding the Group's systems of risk management and internal controls is prepared annually. Having reviewed and discussed this report, the Board is satisfied that these systems and processes are effective. The principal and emerging risks to which the Group is exposed and the measures to mitigate such risks are described on pages 52 to 55.

Directors' report

The respective responsibilities of the Directors and the independent Auditors in connection with the accounts are explained on page 87 and the Statement of the Directors in respect of going concern appears on page 86. The Group's viability statement is set out on page 56.

Annual General Meeting ("AGM")

The AGM will be held at Ridding Park on Thursday 25 July 2024. The Notice of the AGM and explanatory notes regarding the ordinary and special business to be put to the meeting will be set out in a separate circular to shareholders.

Nomination Committee report

Jeremy Pilkington

Chair of the Nomination Committee



Dear shareholders

As Chair of the Nomination Committee I am pleased to report on the work of the Committee in leading the process for appointments to the Board and senior management roles, and building an appropriate succession plan for the Group.

Background

The role of the Nomination Committee is to establish a framework for appointment of Executive and Non-Executive Directors and to ensure plans are in place for orderly and diverse succession to both.

The Nomination Committee meets as required to assist the Board in considering the skills, knowledge, independence, diversity and experience requirements of the Board and senior management, ensuring the Board and senior management's size, structure and composition is reviewed and refreshed as required.

The Committee also considers succession planning in order to ensure the continued ability of the Group to support continuous and efficient business function, whilst nurturing diversity and inclusion. The Group's policy on diversity is set out on page 33 in the Strategic report.

Membership and meetings

In addition to my role as Chair, the Committee includes the Group's Non-Executive Directors.

The Committee met twice during the year in order to discuss the succession of the Group's previous Chief Executive, Neil Stothard, the appointment of Anna Bielby as the new Chief Executive and the appointment of a new Chief Financial Officer.

Appointment of Directors

During the year, appointments were facilitated through both personal recommendation and an external recruitment process.

Anna Bielby was appointed as Chief Executive Officer following meetings held with each member of the Board. The Committee discussed the merits of appointing Anna, as well as the



The Board supports the principle of diversity across its Board, Executive Committee, senior leadership teams and wider workforce.

alternative options, together with impact on the business, and it was unanimously agreed that she had the right skills, attitude and capability to lead Vp as Chief Executive Officer.

Following an external recruitment process, and discussion with each member of the Board, Keith Winstanley was appointed as Chief Financial Officer.

Shareholders are asked to vote annually in resolutions proposing each Director for re-election at the Annual General Meeting.

Board culture

The Board aims to enlist differences of opinion and areas of expertise. The Chair encourages open debate to foster a supportive and co-operative approach for all participants, during which strategic decisions are discussed openly and constructively. In line with its overarching strategy, the Board aims to be open and transparent with shareholders and other stakeholders, and for the Company to conduct itself responsibly, ethically and fairly in all of its relationships. It is the Board's belief that this contributes to the greater success of the Company, as well as being an appropriate way to conduct relations between parties engaged in a common purpose.

Performance evaluation

As stated in the corporate governance report, the Board undertakes a periodic appraisal of its performance. An internal evaluation of Board performance was undertaken in 2022. Given the changes to the Board during the course of 2023, the Board has agreed to undertake a formal external Board effectiveness evaluation during the financial year 2024/2025.

Diversity policy

The Board supports the principle of diversity across its Board, Executive Committee, senior leadership teams and wider workforce. The Group's policy is that the Board and its Committees should be comprised of directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge and that appointments to the Board and its Committees should be made on merit, against objective criteria, including diversity in its broadest sense.

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Directors believe that this will make the Board and its Committees more effective at promoting the long-term sustainable success of the Company and generating value for shareholders by ensuring there is a breadth of perspective among the Directors and the challenge needed to support good decision making.

Nomination Committee continued

When appointing new Board members, the Directors will consider gender and ethnic diversity alongside knowledge, skills and experience. However, the Board does not feel that it would be appropriate to set targets as all appointments are made on merit.

The Board is aware that gender representation objectives have been set for FTSE 350 companies and that targets concerning ethnic diversity have been recommended for each FTSE 250 board to have the same by 2024.

Board diversity

The Board is supportive of the FCA's recently updated Listing Rules (LR 9.8.6R(9)) to encourage greater diversity on listed company boards to the effect that:

- i. at least 40% of the individuals on its board are women;
- ii. at least one of the senior board positions is held by a woman; and
- iii. at least one individual on the board is from a minority ethnic background.

The FCA's disclosure requirements apply to financial years starting on or after 1 April 2022 and will serve as guidelines when appointing new Directors.

The Company has chosen to align its diversity reporting reference date with the Company's financial year-end and proposes to maintain this alignment for future reporting periods. The Company has met one of the three targets on

board diversity as at its chosen reference date, 31 March 2024, the Chief Executive is a woman. Moreover, approximately two-thirds of the Executive Committee is made up of women. There have been no changes to the Board that have occurred between the reference date of 31 March 2024 and the date on which the annual financial report will be approved.

The relatively small size of the Company's Board and, therefore, more infrequent vacancies and opportunities for recruitment, make achieving diversity on the Board a more challenging, but ongoing, process. As succession planning of the Board progresses over future years, the Company will continue to strive for increased diversity on its Board through its Diversity policy.

As required under LR 9.6.8 R(10), further details in respect of the three targets outlined above, as at 31 March 2023 and 31 March 2024, are disclosed as set out below. For the purposes of the disclosures set out below, made pursuant to LR 9.8.6 R(9) and (10), the relevant data comes from the Board directly and, in the case of executive management, the data is contained within the Group's human resources management system. The data is provided with the consent of the relevant individuals. The Group considers that improved employee ethnicity data is required and this will be worked upon in the coming year.

I hope that you find this report a clear account of the Committee's decisions for the year and I would be happy to answer any questions you may have at the upcoming AGM.

	Number of Board members		Percentage of the Board		Number of senior positions on the Board (CEO, CFO, SID and Chair)		Number in Executive management		Percentage of Executive management	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Men	5	5	83	83	3	3	–	3	–	38
Women	1	1	17	17	1	1	–	5	–	62
Not specified/prefer not to say	–	–	–	–	–	–	–	–	–	–
Total	6	6	100	100	4	4	–	8	–	100
White British or other White (including minority White groups)	6	6	100	100	4	4	–	8	–	100
Mixed/multiple ethnic groups	–	–	–	–	–	–	–	–	–	–
Asian/Asian British	–	–	–	–	–	–	–	–	–	–
Black/African/Caribbean/	–	–	–	–	–	–	–	–	–	–
Black British	–	–	–	–	–	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–	–	–	–	–	–

Jeremy Pilkington

Chair of the Nomination Committee

4 June 2024

Audit Committee report

Stuart Watson

Chair of the Audit Committee



Dear shareholders

I am pleased to present our Audit Committee report for the year ended 31 March 2024.

Main responsibilities of the committee

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

- Reviewing the financial statements of the Group, including its annual and interim reports, trading updates and preliminary results announcements, reporting to the Board on the significant issues considered by the Committee in relation to the financial statements and how these were addressed;
- Advising the Board in relation to whether the Annual Report is fair, balanced and understandable;
- Keep under review the Group's internal financial controls and risk management systems, including arrangements for whistleblowing and the detection of fraud and error;
- Monitor and review the scope, remit and effectiveness of the Group's internal audit function;
- Consider and recommend to the Board the appointment, reappointment, and remuneration of the external Auditors, including considering tendering the external audit appointment;
- Assessing the scope and results of the annual external audit and reporting to the Board on the effectiveness of the audit and the independence and objectivity of the Auditors;
- Reviewing significant legal and regulatory matters; and
- Reporting to the Board on how the Committee has discharged its responsibilities.



The Board is responsible for the overall system of internal controls for the Group and for reviewing its effectiveness.”

- Developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services and considering the impact this may have on independence.

Membership and meetings

Committee members	Meetings attended
Stuart Watson – Chair	3/3
Phil White	3/3
Mark Bottomley	3/3

Since the year-end we have met twice.

As mentioned in the introduction from the Chair, Phil White has served as a Non-Executive Director for more than nine years. Both the Board and the Committee have considered the independence of Phil White and have concluded that Phil remains an independent Non-Executive Director within the spirit and meaning of the UK Corporate Governance Code. In particular, Phil White facilitates experienced management of the Group and has a valuable level of seniority and experience during what has been a period of change for the Group.

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

The qualifications of the Committee members are outlined in the Directors' biographies on page 60. The Board is satisfied that each member of the Committee has recent and relevant financial experience as required by the Code. The effectiveness of the Committee in fulfilling its remit was considered by the Board as part of the most recent evaluation of its performance.

Other regular attendees

The Chair, Chief Executive, Chief Financial Officer, Head of Internal Audit, Group Risk and Sustainability Director, External Audit Partner and members of the external audit team attend by invitation as required.

The Group's Company Secretary attends as secretary to the Committee.

Meetings with internal and external Auditors without management present are held at least once a year.

Audit Committee report continued

Activities undertaken during the year

The activities undertaken included:

- Reviewed PwC's audit strategy and plan for the audit of the year ended 31 March 2024, including materiality and areas of particular audit focus;
- Agreed the PwC audit engagement letter and the statutory audit fee for the year ended 31 March 2024;
- Confirmed the independence of the external Auditors and assessed the effectiveness of their work;
- Reviewed and discussed the report from PwC setting out their comments and findings arising from their audit;
- Reviewed and discussed the financial statements and considered management's significant accounting judgements and policies being applied;
- Reviewed the basis for preparing the financial statements as a going concern and the viability statement included in the financial statements, and recommending them to the Board;
- Assessed the Annual Report and recommended it to the Board as being fair, balanced and understandable;
- Considered the findings of Group Internal Audit and the management response to their findings;
- Reviewed and approved the Group Internal Audit plan for the year to 31 March 2024;
- Reviewed the effectiveness of the risk management and internal control systems and recommended to the Board that they be considered effective; and
- Undertook the annual review of the effectiveness of the Audit Committee.

Significant accounting issues

In respect of the year to 31 March 2024, the following significant issues were reviewed.

Going concern and viability statement

The basis for adopting the going concern assumption in the financial statements is discussed on page 86 of this report. The Group Viability statement is on page 56.

The Committee, therefore, reviewed management's paper on the budget and forecasts for two years, including downside sensitivity analysis.

We reviewed and approved the continued adoption of the going concern assumption in the financial statements, concluded that two years remains an appropriate time horizon for the Viability statement and approved the Viability statement disclosure in the financial statements.

Existence and valuation of rental equipment

The Group holds a significant quantum and carrying amount of rental equipment. Management carries out fleet checks to confirm the existence of the rental fleet. We have reviewed management's judgement in estimating the useful economic lives, residual values and any impairment of rental assets.

Intangible assets – goodwill

The Group's opening balance sheet includes £44.6 million of goodwill. The Group has taken a £28.1 million impairment charge against intangible assets, including £26.1 million against goodwill. This goodwill is not amortised but is subject to an annual impairment test. We have considered the appropriateness of the assumptions and estimates used by management in assessing the carrying value of goodwill. The Committee has specifically considered the discount and growth rates used in the cashflow projections used to assess the carrying value of goodwill allocated to the Brandon Hire Station CGU. Cashflow projections for Brandon Hire Station have also been considered against current year performance and budgets. More information is available in note 10.

Fair balanced and understandable views

The Committee reported to the Board its conclusion that the Report and Accounts for the year ended 31 March 2024, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal controls

The Board is responsible for the overall system of internal controls for the Group and for reviewing its effectiveness. The responsibilities and processes in respect of risk management are described on page 51. The Committee has reviewed the process for identifying, evaluating and managing significant risk faced by the Group. Risk management reports for each of the divisions, as reviewed also by Group Internal Audit, were submitted for review to the Audit Committee. The reports highlighted risks and mitigating controls. The Committee also considered the risk tolerance levels that the Group is prepared to accept in the course of carrying out its business.

The Committee monitored and reviewed the Group's internal control systems, accounting policies and practices, risk management procedures and compliance controls. Internal control systems are designed to manage rather than eliminate business risk. They provide reasonable but not absolute assurance against material misstatement or loss. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group.

The Committee also reviews the Group's whistleblowing policy. There have been no whistleblowing reports that required changes in the control environment during the year.

The Committee has concluded that the Group continues to operate a well designed and effective system of internal controls.

Group internal audit

The Group Internal Audit function provides assurance that the Group's system of internal control is effective and appropriate to the level of risk facing the Group.

The Internal Audit plan is considered and approved at set intervals by the Committee. The current plan runs from 2023 to 2025, with facility to engage with emerging and new risks as required. In reviewing the proposed plan, the Committee considers the Group's strategic priorities, specific initiatives which could impact the business, and the Group's risk register. The Committee assess the appropriateness of the Group Internal Audit plan and the resourcing of the Group Internal Audit function to deliver it. Progress against the plan is assessed at each Committee meeting.

During the year, the Chair of the Committee met with the Head of Internal Audit twice, to discuss completed projects and issues arising. The Head of Internal Audit attended each Audit Committee meeting and presented Group Internal Audit reports. The Committee considered the results of Group Internal Audit and the adequacy of management's response to matters raised in them. The Committee were satisfied with the reports and the management response to them.

Auditor's effectiveness and independence

The Committee keeps the scope, cost and effectiveness of the external audit under review. The Committee assessed the effectiveness of the external audit process during the year, based on feedback from the Group Finance Team and Group Internal Audit, and through Committee interactions with the external Auditors. As a result, the Committee has satisfied itself that PricewaterhouseCoopers LLP (PwC), the external Auditors, has provided an effective audit service.

The Committee ensures that the Auditors remain independent of the Group and reviews this on an annual basis. PwC provided a written report to the Committee to show its compliance with professional and regulatory requirements designed to ensure their independence. The Committee has satisfied itself that they remain independent.

The Committee has a policy in relation to the use of the Auditors for non-audit services, set out in an appendix to the Committee terms of reference. In the year, the only non-audit service provided by the Auditors was a subscription to an accounting knowledge portal with fees of £1,300 representing 0.2% of the audit fee.

PwC were first appointed as the Group's Auditors in October 2014 for the audit of the year ended 31 March 2015 and re-appointed in October 2021 following a tender process. Tom Yeates has completed his third year as the Group's audit partner.

The Committee recommended to the Board that a resolution to re-appoint PwC as Auditors be proposed at the Annual General Meeting. I hope that you find this report a clear account of the Committee's decisions for the year and I would be happy to answer any questions you may have at the upcoming AGM.

Stuart Watson

Chair of the Audit Committee

4 June 2024

Remuneration report

Mark Bottomley

Chair of the Remuneration Committee



Dear shareholders

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2024. I am delighted to have taken over as Remuneration Committee Chair following the AGM in July 2023, having served on the Committee since my appointment to the Board at the start of the 2023 calendar year. Phil White, former Chair of the Committee, remains a member of the Committee and I would like to thank him for his continued support.

As in previous years, this report is split into three sections: this Annual statement, the Directors' remuneration policy report and our Annual report on remuneration for the year ended 31 March 2024. Our Remuneration policy was last submitted to shareholders at the 2023 AGM, with the Committee pleased to receive 91.38% votes in favour. No changes are being proposed to the policy this year; however, we have reproduced the Policy report in full over pages 72 to 76 for ease of reference and in order to provide context to the decisions taken by the Committee during the year.

Background

The year to 31 March 2024 saw robust overall results despite a mixed market backdrop. Group revenues and adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items (PBTAE) were 0.8% and 1.9% down on the prior year. Challenging conditions in the general construction and housebuilding divisions were offset by further strong performance across the rail, transmission and water sectors covered by our infrastructure division. Operational excellence has remained a priority throughout the year, with continued progress against both the Group's digital roadmap and ESG ambitions, reflecting our customers' needs and providing an important point of differentiation for Vp.

Our focus moving into FY2025 is on starting to implement a refreshed long-term strategy and continuing to deliver sector leading results across each of our key markets. In approving remuneration outcomes for the year ended 31 March 2024, the Committee took into account the aforementioned financial and operational performance and considered also the experience of its main stakeholders. We are comfortable that actions taken on pay during the year across the Group were appropriate.

Board changes

During the year, Vp made a number of changes to its Board and senior leadership team, with the Committee in each case having determined the remuneration arrangements for outgoing and incoming Directors, in accordance with the policy approved by shareholders.

After 26 years with Vp, including roles as Finance Director, Managing Director and most recently Chief Executive, Neil Stothard retired from the Group and stood down from the Board on 30 September 2023. Neil's notice period runs until 30 June 2024, during which time he will continue to receive base salary, pension and other contractual benefits in accordance with the policy. As a retiree, Neil was considered a "Good Leaver" for the purposes of his variable incentives, and remained eligible for an annual bonus in respect of the financial year ended 31 March 2024, pro-rated for his period of active service. Neil's outstanding LTIP awards granted in 2021, 2022 and 2023 were pro-rated for time served (where applicable) and remain subject to the original performance conditions set. Further details are set out on page 79.

Neil was succeeded as Chief Executive by Anna Bielby, who had served as Chief Financial Officer of the Group since 1 January 2023. In determining Anna's remuneration package in her new role, the Committee took into account her recent experience serving as a Board Director at Vp and previous experience at a number of other UK-listed companies. Anna's starting salary as CEO was set at £400,000 - slightly lower than her predecessor and around 10% below market for the role (based on data provided by the Committee's external adviser). In line with the policy, and subject to her continued performance and development in role, the Committee intends to increase Anna's salary to a more market-aligned rate of £450,000 with effect from April 2025. Anna continues to receive a pension contribution of 10% of salary, and her variable incentive opportunities remain unchanged at 150% of salary under the annual bonus and 100% of salary under the LTIP (in both cases aligned with her predecessor).

After considering a range of internal and external candidates, the Board was pleased to appoint Keith Winstanley as Vp's new Chief Financial Officer with effect from 1 January 2024. Keith's base salary was set at £270,000 – 13% lower than his predecessor – which took into account his relevant experience in senior finance leadership roles at other FTSE-listed companies, while acknowledging that this would be his first Board Director role. In line with the policy, the Committee will look to increase Keith's salary to market levels over the short to medium term subject to his performance and development

in role. The remainder of Keith's remuneration package was aligned with his predecessor and our recruitment policy, including a pension contribution of 10% of salary, an annual bonus opportunity of 150% of salary and a maximum annual LTIP award of 100% of salary.

2023/24 Remuneration outcomes

Base salary – also see page 77

In line with the Group-wide salary increase, the Committee approved a 4% salary increase for Anna Bielby and Neil Stothard which took effect from 1 April 2023; Jeremy Pilkington's salary was not increased during the year. As noted above, on taking up the role of Chief Executive, Anna's base salary was increased to £400,000. Keith Winstanley's salary on appointment as Chief Financial Officer was set at £270,000.

Pensions – also see page 77

As long-serving employees, pension contributions for Jeremy Pilkington and Neil Stothard (until his retirement) remained at 15% of base salary during the year. As of 1 April 2024, this is being reduced to 10% for Jeremy Pilkington. Anna Bielby and Keith Winstanley received a pension contribution of 10% of salary.

Annual bonus – also see page 77

The maximum bonus opportunity for the financial year ended 31 March 2024 was 150% of salary.

Targets for the annual bonus were set by the Committee at the beginning of the financial year and were based upon growth PBTA. Targets are set by the Committee to be stretching and generally reflect year-on-year growth, with entry thresholds set in line with the Group's budget PBTA for the relevant financial year and full payout requiring a material outperformance of budget. A similar approach to target setting is taken in respect of other Group and divisional participants to ensure fairness and alignment.

For 2023/24, the Committee approved a PBTA range of £42.0 million (threshold) to £48.0 million (maximum), which was considered to be both stretching and motivational at the time the targets were set. Reflecting challenging market conditions, actual PBTA¹ was £39.7 million, which meant that no bonuses were payable to Executive Directors in respect of the 2023/24 financial year. No discretion was used to adjust this formulaic result, reflecting the Committee's view that the outcome is a genuine reflection of the performance of the business and appropriately reflects the experience of stakeholders during the year.

LTIP – also see page 77

LTIP awards granted to Jeremy Pilkington and Neil Stothard in 2021 reached the end of their performance period at 31 March 2024. Vesting of these awards was based wholly on three-year absolute EPS performance, underpinned by a minimum ROACE hurdle. Similar to the annual bonus, and despite the Group's resilient performance, a mixed market backdrop meant that the

stretching performance targets were not met and accordingly these awards will lapse in full in July 2024. The Committee considered that this outcome was both appropriate and a fair reflection of underlying performance over the period, and accordingly has not exercised any discretion in respect of this vesting result.

Implementation of policy for 2024/25

Base salary – also see page 81

Following a review of Executive Directors' base salaries, the Committee approved an increase of 3% for Anna Bielby and Keith Winstanley with effect from 1 April 2024, in line with the average increase applied across the wider workforce. Jeremy Pilkington's salary will again remain unchanged.

Pensions – also see page 81

To align more closely with the wider workforce pension contributions for Jeremy Pilkington will reduce from 15% to 10% of base salary. Anna Bielby and Keith Winstanley will continue to receive a pension contribution of 10% of salary.

Annual bonus – also see page 81

The maximum bonus opportunity will remain at 150% of base salary for all Executive Directors. Bonuses will be based on challenging growth targets for PBTA derived from the Group's budget, with the maximum payout target set at a level which is stretching and appropriately reflects the maximum opportunity available. As in previous years, details of the target range and the Group's actual performance will be disclosed in next year's report. In line with the policy, deferral may apply to any bonus earned in excess of 100% of salary where a Director has not, at the time of payment, met their minimum share ownership requirement.

LTIP – also see page 81

Executive Directors will each receive an LTIP award in 2024/25 with face value of 100% of salary. Vesting of this year's awards will continue to be based on the achievement of challenging EPS growth targets, underpinned by a minimum ROACE hurdle, details of which are set out later in this report.

Looking forward

The Committee will continue to monitor market developments throughout the year and will consider the appropriateness of any emerging trends for the Group. I hope that you find this report a clear account of the Committee's decisions for the year and I would be happy to answer any questions you may have at the upcoming AGM.

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

Mark Bottomley

Chair of the Remuneration Committee

4 June 2024

¹ These measures are explained and reconciled in the Alternative Performance Measures section on page 143.

Remuneration report continued

Directors' remuneration policy report

This report has been prepared in accordance with the provisions of the Companies Act 2006, and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

The Vp remuneration policy was approved by shareholders at the 2023 AGM on 20 July 2023, and came into effect from that date. The report, save for the minor changes listed below, is as disclosed in the 2023 Directors' remuneration report, which is available to download from the Company's website at www.vpplc.com/investors:

- References to financial years have been updated where appropriate.
- Pay-for-performance charts have been updated to reflect packages for Executive Directors for the financial year ending 31 March 2025.
- New service contract dates have been added and details of external appointments have been updated.

Policy overview

The Group aims to balance the need to attract, retain and motivate Executive Directors of a high calibre with the need to be cost effective, while at the same time appropriately rewarding performance. The Committee has designed a remuneration policy that balances those factors, taking account

of prevailing best practice, investor expectations and the level of remuneration and pay awards made generally to employees of the Group. Our remuneration policy is consistent with the principles set out in Provision 40 of the 2018 UK Corporate Governance Code, namely:

- The policy is clear, simple and easy to understand, with a single short and long-term incentive and a small number of important financial targets. Our approach to remuneration has remained broadly consistent for a number of years and is well-understood both internally and externally;
- The design and implementation of the policy takes into account possible risks. Incentive targets are set by the Committee ahead of each cycle to be appropriately stretching and achievable within the risk appetite set by the Board, and the Committee has discretion to adjust outcomes where the formulaic assessment would lead to an outcome that is misaligned with underlying Company performance. Where it is deemed appropriate, an expanded list of recovery provisions ensures that the Committee can withhold or recover incentives in certain cases;
- Incentives are clearly and appropriately capped. The balance of pay is aligned with market norms and a significant proportion is dependent on the achievement of stretching short and long-term targets; and
- Performance measures are aligned with our strategy and culture.

Policy table for Directors

Purpose and link to 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, taking into account a range of relevant reference points. Any changes are normally effective from 1 April in the financial year	Current salary levels are set out on page 77. In determining Executive Director salary increases, the Committee considers the range of increases for the broader employee population	None
Pension To provide retirement benefits in a cost-efficient manner	All Executive Directors are either members of a defined contribution scheme or receive a cash allowance in lieu of pension contribution	The maximum pension contribution for Executive Directors appointed prior to July 2020 is 15% of salary. As of 1 April 2024 the pension contribution for Jeremy Pilkington has been reduced to 10%. The maximum pension contribution for Executive Directors appointed since July 2020, and for future Executive Director appointments, is 10% of base salary	None

Purpose and link to strategy	Operation	Opportunity	Performance metrics
<p>Taxable benefits To provide market consistent benefits</p>	<p>Can include car allowance, health insurance and other benefits paid from time to time. The cost of providing benefits is paid monthly or as required for one-off events</p>	<p>Benefits values vary by role and are reviewed periodically relative to the market. It is not anticipated that the cost of benefits provided will change materially year-on-year over the period for which this policy will apply</p>	<p>None</p>
<p>Annual bonus To provide a direct link between annual performance and reward. To incentivise achievement of stretching short-term performance targets</p>	<p>Performance measures and targets are set by the Committee at the start of the year to reflect the Group's strategic priorities. At the end of the year, the Committee determines the extent to which these have been achieved</p> <p>Annual bonuses are typically paid in cash following year-end. For the 2023/24 annual bonus onwards, where an Executive Director has not met their minimum share ownership requirement at the time of payment, any bonus earned in excess of 100% of salary will be deferred in shares</p> <p>Payments under the annual bonus are subject to malus and clawback provisions, further details of which are set out in the notes to this table</p>	<p>Up to 150% of base salary</p>	<p>Bonuses for Executive Directors will be based primarily on financial performance. The Committee retains flexibility to introduce an element based on relevant non-financial measures, where appropriate (with a total weighting of not more than 25% of bonus)</p> <p>The Committee retains discretion to adjust the formulaic bonus outcome (either upwards or downwards) if it considers that the payout is inconsistent with the Company's underlying performance when taking into account any factors it considers relevant</p>
<p>Long-Term Incentive Plan (LTIP) To drive sustained long-term performance that supports the creation of shareholder value</p>	<p>Annual grant of nil cost options, which normally vest after three years, made in accordance with the LTIP rules</p> <p>For awards made from 1 April 2021, an additional holding period applies so that the total vesting and holding period is at least five years. Shares subject to awards may accrue dividend equivalents. Sufficient shares can be sold at the end of three years to cover tax liabilities</p> <p>The LTIP award to Jeremy Pilkington will typically be in the form of notional shares settled by cash. LTIP awards are subject to malus and clawback provisions, further details of which are set out in the notes to this table</p>	<p>Up to 100% of base salary</p>	<p>The vesting of awards will be subject to continued employment and performance against relevant metrics measured over a period of at least three years. The Committee will select performance measures ahead of each cycle that reinforce delivery of the Company strategy. Details of the performance measures attaching to awards (and the targets for these) will be disclosed in the relevant Annual report on remuneration</p> <p>The Committee retains discretion to adjust the formulaic LTIP outcome (either upwards or downwards) if it considers that the payout is inconsistent with the Company's underlying performance when taking into account any factors it considers relevant</p>

Remuneration report continued

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Save as you Earn To encourage share participation in the entire workforce	HMRC approved plan under which regular monthly savings are made over a three-year period and can be used to fund the exercise of an option whereby the exercise price is discounted by up to 20%	Up to the savings limit as determined by HMRC from time to time (or such lower limit as determined by the Committee), across all sharesave schemes in which an individual has enrolled	None
Share Ownership Guidelines To ensure strong alignment between Executive Directors and shareholders	Shareholding to be built up within five years of an Executive Director's appointment	At least 100% of salary for Executive Directors On stepping down from the Board, Executive Directors will typically be required to retain shares to the lower of 100% of salary or their actual shareholding at the time. These shares must be held for at least one year post-cessation	None
Non-Executive Director fees To attract and retain high calibre Non-Executive Directors To reflect the time commitment and responsibilities of the role, and the fees paid by similar sized companies	Fees are reviewed on an annual basis and are currently paid 100% in cash The Company retains flexibility to pay either a single 'all-in' fee or to differentiate fees to reflect additional responsibilities (e.g. to the Senior Independent Director, Chairs of Board Committees, etc.)	No prescribed maximum increase	None

Notes to the policy table

Malus and clawback policy

Annual bonus payments and LTIP awards granted prior to the approval of the remuneration policy detailed in this report (i.e. prior to July 2023) are subject to clawback in the event of a material misstatement of results.

For annual bonuses and LTIP awards granted following approval of this policy, malus and clawback will apply in cases of a material misstatement of results, an error in determining performance outcomes, gross misconduct, corporate failure as determined by the Remuneration Committee, or where a participant has been deemed to have caused, in full or in part, a material loss for the Group as a result of negligent, reckless or wilful actions or inappropriate behaviour or values. Cash bonuses will be subject to clawback, with deferred shares subject to malus. LTIP awards will be subject to malus and clawback over the vesting period to the fifth anniversary of grant.

Payments under existing awards

The Company will honour any commitment entered into, and Directors will be eligible to receive payment from any award granted, prior to the approval and implementation of the remuneration policy detailed in this report, even if these commitments and/or awards fall outside the above policy (but were in line with the policy in force at the time, if so required).

Performance measures and targets

Performance measures applying to the annual bonus and LTIP are selected at the start of each performance cycle to reflect the Group's short and longer-term strategic objectives. Incentive targets are set at an appropriately stretching level, taking into account relevant internal and external reference points. LTIP targets will typically be disclosed prospectively in the remuneration report.

Illustration of application of remuneration policy

The chart below illustrates the total remuneration for each Executive Director that could result from the remuneration policy in 2024/25 under different performance scenarios.

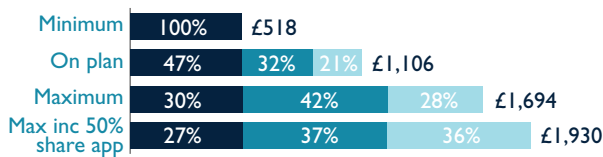
The value of base salary for 2024/25 is set out on page 77.

The value of taxable benefits in 2024/25 is taken to be the value of taxable benefits received in 2023/24 as shown in the single total figure of remuneration table set out on page 77 (valued on a full-year equivalent basis for Keith Winstanley). On target performance assumes bonus payout of 75% of salary and LTIP vesting at 50% of maximum award.

Maximum performance assumes bonus pay out of 150% of base salary and LTIP vesting at 100% of maximum award. Share price appreciation has been included in the value of the LTIP under the fourth scenario, at an assumed 50%.

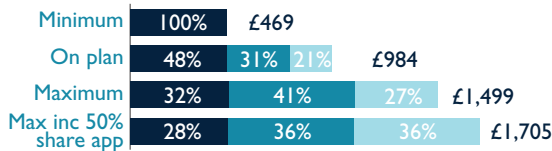
Jeremy Pilkington

Percentages/Amounts (£000)



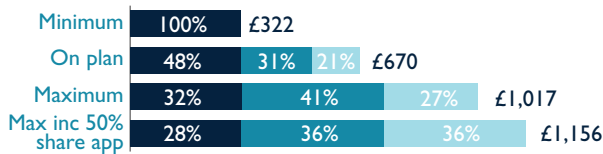
Anna Bielby

Percentages/Amounts (£000)



Keith Winstanley

Percentages/Amounts (£000)



- Bonus salary, benefits and pension
- Annual bonus
- LTIP

Consideration of employment conditions elsewhere in the Group

In designing this remuneration policy, the Committee did not expressly seek the views of employees. Through the Board, however, the Committee is regularly updated as to employee views on remuneration more generally. Additionally, when making decisions around Executive Director remuneration, the Committee takes into account the pay and conditions of other employees to ensure fairness.

Overall, there is a strong degree of alignment between the pay of senior executives and other employees, as follows:

- 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.

- There are a number of pension arrangements across the Group. However, with the exception of some legacy arrangements for long-serving employees, the majority of senior management is eligible for a pension contribution of up to 10% of salary, subject to their own contribution level.
- Most employees are eligible to participate in an annual bonus scheme. The maximum opportunities available are based upon the seniority and responsibility of the role with business area specific metrics incorporated where appropriate.
- Certain senior managers can qualify to participate in the LTIP. 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 employment 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. In particular:

- The base salary of a new Executive Director will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. The Committee may set the salary for a newly appointed Executive Director above that of their predecessor where it considers it necessary in order to recruit an individual of sufficient calibre for the role. Alternatively, where a new Executive Director has their starting salary set below market level, any shortfall may be managed with phased increases over a period of up to two years subject to the individual’s development in the role (and which may exceed the workforce average increase).
- New appointees will receive company 10% pension contributions or an equivalent in cash allowance. Benefits will generally be aligned to those offered to other Executive Directors.
- The annual bonus structure described in the policy table will apply to new Executive Director appointees, with the maximum opportunity (i.e. up to 150% of salary) being pro-rated to reflect the proportion of the year worked.
- New appointees will be granted awards under the LTIP on the same terms as other Executives Directors, as described in the policy table (i.e. up to 100% of salary).

Remuneration report continued

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 the relevant Listing Rule to make awards using a different structure. Any “buy-out” awards would have a fair value no higher than the awards forfeited.

Date of Directors’ service contracts or letter of appointment

Director	Date of service contract/ letter of appointment
Jeremy Pilkington	10 June 2002
Phil White	15 April 2013
Anna Bielby	1 January 2023
Mark Bottomley	3 January 2023
Stuart Watson	3 January 2023
Keith Winstanley	1 January 2024

The service agreements of the Executive Directors are terminable by either the Company or the Director on between six and 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 one of which is terminable on six months’ notice and the other two are terminable on thirty days notice. There were no other significant contracts with Directors.

The terms and conditions of appointment the Executive and 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.

The following payments may also be made to departing Executive Directors, depending on circumstances. In all cases, 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:

- An annual bonus may be payable for the period of active service in certain prescribed “good leaver” circumstances and in other circumstances at the discretion of the Committee and subject to the achievement of the relevant performance targets. Outstanding deferred bonus awards will typically be retained by a departing Executive Director with no acceleration of the applicable deferral period;
- Unvested LTIP awards will normally lapse. For “good leavers”, unvested awards will typically vest on the normal vesting date subject to the achievement of any relevant performance condition(s) and with a pro-rata reduction applied to reflect the proportion of the vesting period served. LTIP awards, which are subject to an additional holding period, will typically be retained and released at the end of the relevant holding period;
- At the discretion of the Committee, a contribution to reasonable outplacement costs may be made where considered appropriate. The Committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment; and
- Any payment for statutory entitlements or to settle claims in connection with a termination of any existing or future Executive Director may be made, as necessary.

Policy on external appointments

Executive Directors are encouraged to hold a non-executive role in addition to their full-time position in order to broaden their experience, and may retain any fees received in respect of such roles. All appointments must first be agreed by the Committee and must not represent a conflict to their current role. During the year:

- Jeremy Pilkington, Keith Winstanley and Neil Stothard held no external directorships and
- Anna Bielby is a director of BLB (UK) Limited, a dormant professional services company.

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 ongoing review of remuneration. Given the best-practice nature of changes proposed, the Committee did not engage directly with major shareholders during the most recent policy review. The Committee, however, remains committed to engagement with investors and their respective bodies should any material changes be made to the remuneration policy in future.

Details of votes cast for and against the resolution to approve last year’s Annual report on remuneration and in respect of the current remuneration policy are set out on page 84.

Annual report on remuneration

The following section provides details of how the remuneration policy was implemented during the financial year ending 31 March 2024 and how it is proposed to be implemented in the financial year ending 31 March 2025. Any information in this section of the report subject to audit is highlighted.

Single total figure of remuneration (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2024 together with the comparative figures for 2023.

		Salaries and fees £000	Taxable benefits £000	Pensions £000	Annual bonus £000	Grant date face value of vested LTIP shares £000	Share price appreciation (depreciation) £000	Total £000	Total fixed pay £000	Total variable £000
Executive Directors										
Jeremy Pilkington	2024	471	–	71	–	–	–	542	542	–
	2023	471	–	71	212	34	(6)	782	542	240
Neil Stothard	2024	204	12	31	–	–	–	247	247	–
	2023	392	25	59	176	27	(5)	674	476	198
Anna Bielby	2024	363	16	36	–	–	–	415	415	–
	2023	75	4	8	34	–	–	121	87	34
Keith Winstanley	2024	68	4	7	–	–	–	79	79	–
	2023	–	–	–	–	–	–	–	–	–
Non-Executive Directors										
Phil White	2024	50	–	–	–	–	–	50	50	–
	2023	46	–	–	–	–	–	46	46	–
Mark Bottomley	2024	50	–	–	–	–	–	50	50	–
	2023	12	–	–	–	–	–	12	12	–
Stuart Watson	2024	50	–	–	–	–	–	50	50	–
	2023	12	–	–	–	–	–	12	12	–

The table above reflects the following changes in roles and responsibilities:

- Neil Stothard stood down as Chief Executive on 1 September 2023 and retired from the Board with effect from 30 September 2023;
- Anna Bielby joined the Board as Chief Financial Officer on 1 January 2023, and was promoted to Chief Executive with effect from 1 September 2023;
- Keith Winstanley joined the Board as Chief Financial Officer on 1 January 2024; and
- Mark Bottomley and Stuart Watson joined the Board as Non-Executive Directors on 3 January 2023.

Base salaries and fees

Following a review of the Executive Directors' base salaries, the Committee approved an increase of 4% for Neil Stothard and Anna Bielby with effect from 1 April 2023, in line with the average increase applied across the Group. Anna's salary was increased to £400,000 on her promotion to CEO and Keith Winstanley was appointed as CFO on a salary of £270,000. Jeremy Pilkington's salary remained unchanged and there was no increase to the fees payable to Non-Executive Directors during the year.

Taxable benefits

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

Pension benefits

As long-serving employees, Jeremy Pilkington and Neil Stothard received 15% of base salary in lieu of pension contributions. As of 1 April 2024, this is being reduced to 10% for Jeremy Pilkington. Anna Bielby and Keith Winstanley receive 10% of base salary in lieu of pension contributions.

Annual report on remuneration continued

Annual bonus payments

The annual bonus out-turn presented in the table was based on Group profit before tax, amortisation, impairment of intangible assets and exceptional items targets as measured over the 2023/24 financial year.

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

For 2023/24, the Committee approved a PBTAE target range of £42.0 million (threshold) to £48.0 million (maximum), which was considered to be suitably stretching and motivational. Reflecting challenging market conditions, actual PBTAE was £39.7 million, which meant that no bonuses were payable to Executive Directors in respect of the 2023/24 financial year. Although disappointing, the Committee is satisfied that this outcome delivered is a genuine reflection of the performance of the business and appropriately reflects the experience of stakeholders in financial year.

Executive	Maximum (% of salary)	PBTAE	PBTAE	Actual PBTAE £m	Actual % of salary	Actual bonus £000
		required for threshold bonus (0% of salary) £m	required for maximum bonus (150% of salary) £m			
Jeremy Pilkington	150	42.0	48.0	39.7	–	–
Neil Stothard	150	42.0	48.0	39.7	–	–
Anna Bielby	150	42.0	48.0	39.7	–	–
Keith Winstanley	150	42.0	48.0	39.7	–	–

Vesting of LTIP awards (audited)

The LTIP figures included in the 2022/23 single total figure of remuneration have been updated from last year's report to reflect the actual share price at the date of vesting in July 2023 of £5.75 (vs. a three-month average share price to 1 May 2023 of £6.88).

The 2023/24 single total figure of remuneration includes zero value in respect of the LTIP. Vesting of the awards granted in July 2021 was dependent on earnings per share performance over the three years ended 31 March 2024, the achievement of a minimum return on average capital employed of 12% and continued service until July 2024. Despite the Group's resilient performance, as a result of a mixed market backdrop, the stretching performance targets were not met and these awards will lapse in full.

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

Metric	Threshold target	Stretch target	Actual	% Vesting
Earnings per share ¹	89.65 pence	109.58 pence	74.8 pence	–
ROACE ²	12.0%	12.0%	14.5%	–

¹ EPS is measured on a net basis, in accordance with International Financial Reporting Standards, but excluding IFRS 16 profit impact and assuming a fixed corporation tax charge on profits currently at the rate of 25% and excluding any amortisation, impairment of intangible assets and exceptional items shown on the face of the Income Statement or in the notes to the Company's accounts and utilising the whole of the issued ordinary share capital of the Company, assuming a constant level of issued ordinary share capital over the three years, in this case 40.154 million shares.

² Return on average capital employed is calculated by dividing the profit before tax, interest, amortisation, impairment of intangible assets and exceptional items excluding IFRS 16 profit impact 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.

Vesting of LTIP awards (audited) – continued

The LTIP award details for the Executive Directors are as follows

Metric	Number of shares at grant July 2021	Number of shares to vest July 2024	Grant date face value of vested shares £000	Estimated value of shares vesting £000
Jeremy Pilkington	51,800	–	–	–
Neil Stothard	41,900	–	–	–

The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. As recent joiners, neither Anna Bielby nor Keith Winstanley held awards under the 2021 LTIP.

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	20 July 2023	5.68	82,996	471	31 March 2026
Neil Stothard	LTIP	100% of salary	20 July 2023	5.68	71,894	408	31 March 2026
	SAYE	N/A	24 July 2023	5.98	753	5	N/A
Anna Bielby	LTIP	100% of salary	20 July 2023	5.68	54,978	312	31 March 2026
	SAYE	N/A	24 July 2023	5.98	753	5	N/A

The share price at the date of grant has been used to calculate the face value of the awards granted. Targets for LTIP awards were disclosed in last years report, with performance in line with threshold resulting in 0% vesting, rising on a straight-line to 100% vesting for stretch performance. Anna Bielby's 2023 LTIP was granted when she was Chief Financial Officer, using her base salary at the time. Keith Winstanley did not receive an LTIP award during the 2023/24 financial year.

Leaver arrangements for Neil Stothard (audited)

Neil Stothard retired as Chief Executive on 1 September 2023, and stood down from the Board on 30 September 2023, with his notice period running until 30 June 2024. As noted in the Chair's Statement on page 62, the Committee determined the remuneration arrangements for Neil in line with the approved policy, as follows:

- Neil will continue to receive base salary, pension and other contractual benefits until 30 June 2024. In respect of the period to 31 March 2024 covered by this report, Neil received phased payments in lieu of base salary of £203,774, pension supplements of £30,566 and benefits of £12,498 after stepping down from the Board.
- As a retiree and "Good Leaver", Neil remained eligible for an annual bonus in respect of the financial year ended 31 March 2024, pro-rated for his period of active service. As noted on page 78, no bonus was earned by Executive Directors for 2023/24.
- Neil was similarly treated as a "Good Leaver" for the purposes of his outstanding 2021 LTIP award. As noted on page 73, the performance conditions applying to the 2021 LTIP were not met and accordingly the entire award will lapse. Neil has been treated as a "Good Leaver" also for the purposes of his outstanding 2022 and 2023 LTIP awards. In both cases, these awards were pro-rated to reflect the proportion of the period served (equating to 33,133 and 23,965 shares respectively). The proportion of these awards, which ultimately vests, will be calculated in accordance with the original performance conditions.

Payments to past directors and for loss of office (audited)

Details of the leaver arrangements for Neil Stothard are detailed in the section above. No other payments were made to past Directors or for loss of office in the year ended 31 March 2024.

Annual report on remuneration continued

Outstanding share awards (audited)

The table below sets out details of unvested share awards held by Executive Directors. Details of vested awards are shown in the statement of Directors' shareholdings and share interests as below.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 1 Apr 2023	Granting during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2024	Exercise period	End of performance period
Jeremy Pilkington	Total LTIP	Various	Nil	179,000	82,996	4,718	62,682	194,596	Jul 2024 to Jul 2033	31 Mar 2024 to 31 Mar 2026
Neil Stothard	Total LTIP	Various	Nil	145,000	71,894	3,738	114,158	98,998	Jul 2024 to Jul 2033	31 Mar 2024 to 31 Mar 2026
	SAYE	2020	5.84	616	–	616	–	–	Oct 2023 to Mar 2024	N/A
	SAYE	2021	6.93	519	–	–	29	490	Oct 2024 to Mar 2025	N/A
	SAYE	2022	5.60	642	–	–	321	321	Jan 2026 to Jun 2026	N/A
	SAYE	2023	4.78	–	753	–	544	209	Oct 2026 to Mar 2027	N/A
	Total SAYE			1,777	753	616	894	1,020		
Anna Bielby	Total LTIP	29 July 2023	Nil	–	54,978	–	–	54,978	Jul 2026 to Jul 2033	31 Mar 2026
	SAYE	2023	4.78	–	753	–	–	753	Oct 2026 to Mar 2027	N/A

Keith Winstanley held no outstanding share awards at any point in the year.

Statement of Directors' shareholdings and share interests (audited)

	Shareholding as % of salary /fee at 31 Mar 2024	Shares beneficially owned at 31 Mar 2024	Shares beneficially owned at 31 Mar 2023	Options vested but not yet exercised 31 Mar 2024	Options vested but not yet exercised 31 Mar 2023	Unvested LTIP awards ¹	Outstanding SAYE awards
Jeremy Pilkington	*	29,220	29,220	257,281	252,563	194,596	–
Neil Stothard ²	2,334%	864,790	864,790	–	–	98,998	1,914
Anna Bielby	–	–	–	–	–	54,978	753
Keith Winstanley	–	–	N/A	–	N/A	–	–
Stuart Watson	17%	1,505	–	N/A	N/A	N/A	–

Neither of Phil White or Mark Bottomley held any shares at any point in the year.

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 2024: £5.50.

*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 2024, Ackers P Investment Company Limited owned 20,181,411 shares (2023: 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, to be built up within five years of appointment. Both Anna Bielby and Keith Winstanley have five years to meet this requirement having been appointed on 1 January 2023 and 1 January 2024 respectively.

There were no changes in the interests of the Directors between 31 March 2024 and 4 June 2024.

¹ Unvested LTIP awards are subject to performance conditions.

² Shareholding and share interests for Neil Stothard reflect the position as at the date of stepping down from the Board on 30 September 2023.

Implementation of the remuneration policy for the year ending 31 March 2025 (unaudited)

A summary of how the Directors' remuneration policy will be applied during the year ended 31 March 2025 is set out below.

Base salary and fees

The Committee approved a 3% increase in base salary for Anna Bielby and Keith Winstanley from 1 April 2024, in line with the average salary increase across the Group. No increases are proposed for the Executive Chairman or for the Non-Executive Directors.

	1 April 2024 £000	1 April 2023 (or date of appointment) £000	% increase
Jeremy Pilkington	471	471	–
Anna Bielby	412	400	3%
Keith Winstanley	278	270	3%
Phil White	50	50	–
Mark Bottomley	50	50	–
Stuart Watson	50	50	–

A salary increase averaging 3% across the Group was proposed at the annual 2024 pay review, effective from 1 April 2024.

Pension arrangements

To align more closely with the wider workforce, pension contributions for Jeremy Pilkington will reduce from 15% to 10% of base salary. Anna Bielby and Keith Winstanley will continue to receive 10% of base salary in lieu of pension contributions.

Annual bonus

The maximum bonus potential will remain at 150% of base salary. Bonuses will continue to be based on challenging growth targets for PBTA, with the maximum payout target set at a level that appropriately reflects maximum opportunity available.

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

Long-term incentives

The maximum LTIP award in 2024 will remain at 100% of salary for all Executive Directors. Consistent with past awards, the extent to which any LTIP awards granted in 2024 will vest will be dependent upon the achievement of a challenging target growth in the Group's adjusted earnings per share, underpinned by Group ROACE.

The targets for the LTIP awards granted in 2024 are as follows:

Year of award	Threshold target (0% vesting) for EPS	Stretch target (100% vesting) for EPS	Target for ROACE
2024	82.68	97.62	12%

Clawback and malus provisions in the event of significant misstatement of the results will apply to both the annual bonus and the long-term incentive as noted on page 74.

Annual report on remuneration continued

Performance graph and table (unaudited)

The following graph charts the Total Shareholder Return of the Group and the FTSE Small Cap Index over the ten-year period from 1 April 2014 to 31 March 2024.



The FTSE Small Cap index excluding investment trusts is regarded as an appropriate benchmark for the Group's shareholders, being an index which the Group has previously been a constituent of during the period shown. Total shareholder return is defined as the total return a shareholder would receive over the period inclusive of both share price growth and dividends.

The total remuneration and incentive payouts for the Executive Chair, Jeremy Pilkington, across the same period were as follows:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single figure (£000)	2,259	1,613	1,580	1,498	1,770	919	915	1,098	782	542
Annual bonus (% of maximum)	100	27	72	57	94	–	75	54	30	–
LTIP vesting (% of maximum)	100	100	100	100	100	71	–	24	7	–

Executive Chair pay ratio (unaudited)

The table below provides the ratio between the Executive Chair single figure of total remuneration and total remuneration for UK employees identified at the lower quartile, median and upper quartile. Consistent with previous years, and reflecting that the data is already readily available, we have selected the comparative employees using hourly rate data as at 5 April 2023 collected for our reporting under the gender pay gap legislation (Option B). The day by reference to which the date for the three percentiles was determined was 31 March 2024.

	Year	Method	Pay ratio			Remuneration		
			25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Total remuneration	2024	B	22	18	12	£24,265	£29,331	£46,010
Salary	2024	B	20	17	11	£23,507	£28,293	£42,417
Total remuneration	2023	B	34	28	20	£23,502	£27,863	£39,743
Salary	2023	B	21	18	13	£22,955	£27,000	£35,598
Total remuneration	2022	B	49	41	29	£22,527	£26,880	£38,200
Salary	2022	B	21	18	14	£22,160	£26,000	£34,334
Total remuneration	2021	B	44	38	27	£20,554	£24,238	£33,366
Salary	2021	B	23	20	15	£20,466	£23,968	£30,905
Total remuneration	2020	B	44	37	27	£20,650	£24,624	£33,731
Salary	2020	B	23	20	15	£20,131	£23,915	£30,600

The Committee has considered the pay data for the three individuals identified and believes that it fairly reflects pay at the relevant quartiles among our UK workforce. The median total remuneration ratio has fallen further this year (from 28:1 to 18:1) reflecting that there was no payout recorded under either the annual bonus or long-term incentive. The Committee has considered the findings of the pay ratio analysis and believes that it is reasonable in the context of the Group's sector and taking into account the composition of the Group's UK workforce.

Percentage change in all Directors' remuneration (unaudited)

The table below shows the percentage change in the Directors' salary, benefits and annual bonus between the financial year ended 31 March 2023 and 31 March 2024 compared to the percentage change for UK employees of the Group for each of these elements of pay.

		Salary	Taxable benefits	Annual bonus ¹
Jeremy Pilkington	2024	–	–	(45%)
	2023	–	(100%)	9%
	2022	5%	1,600%	100%
	2021	(5%)	(33%)	(100%)
Neil Stothard	2024	4%	–	(43%)
	2023	3%	–	43%
	2022	8%	2%	100%
	2021	(4%)	(4%)	(100%)
Anna Bielby	2024	32%	–	N/M
	2023	N/A	N/A	N/A
Keith Winstanley	2024	N/A	N/A	N/A
Phil White	2024	8%	–	N/A
	2023	3%	–	N/A
	2022	5%	–	N/A
	2021	(4%)	–	N/A
Mark Bottomley	2024	–	–	N/A
	2023	N/A	N/A	N/A
Stuart Watson	2024	–	–	N/A
	2023	N/A	N/A	N/A
UK Employees	2024	(5%)	(18%)	(19%)
	2023	5%	10%	43%
	2022	12%	5%	169%
	2021	1%	(7%)	(67%)

N/A – not applicable, either because the Director is not eligible for the element of pay or there is no prior year comparative figure.

N/M – not meaningful, e.g. a change from a prior year comparative figure of zero.

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

The employee data set includes employees from all employing entities, including Vp plc, in order to reflect fairly the position across the Group.

¹ To be comparable to the data for the UK employees the annual bonus for the Directors disclosed above is the bonus paid in the relevant tax year.

Annual report on remuneration continued

Relative importance of spend on pay (unaudited)

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

		2023	2024	% change
Staff costs	£m	123.3	124.3	1%
Dividends	£m	14.5	15.0	3%

Dividend figures relate to amounts paid in respect of the relevant financial year.

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; and
- 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 (Committee Chair until 20 July 2023)
- Mark Bottomley (Committee Chair from 21 July 2023)
- Stuart Watson

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 60 and 66.

External Advisors

During 2023/24, the Committee received advice on remuneration matters from Ellason LLP (Ellason), who were recommended by the Committee members' external networks. Ellason are signatories of the Code of Conduct for Remuneration Consultants, details of which can be found at remunerationconsultantsgroup.com, and the Committee is therefore satisfied that the advice it receives from Ellason is independent and objective. The Committee is also satisfied that there is no connection between the advisers and the Company or individual Directors. The fees paid by the Company to Ellason during the financial year were £9,360 (on the basis of time and materials) which related to Executive Director benchmarking and Remuneration Reporting drafting support. Ellason provided no other material services to the Company or to the Group,

Annual General Meeting voting outcomes (unaudited)

The following table details votes for and against the 2023 Directors' remuneration policy and the Directors' remuneration report for 2022/23, along with the number of votes withheld. The Committee will continue to consider the views of shareholders when determining and reporting on remuneration arrangements.

	Directors' remuneration policy 2023	Directors' remuneration report 2022/23
Votes for	30,858,360 (91.38%)	33,760,970 (99.98%)
Votes against	2,910,178 (8.62%)	7,768 (0.02%)
Votes withheld	900	700

The Company's remuneration policy was approved by shareholders at the Annual General Meeting held on 20 July 2023 and applies for up to three years. The Remuneration Committee's Annual Report for 2022/23 was approved at the Company's Annual General Meeting held on 20 July 2023.

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 2024.

Principal activities

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

Strategic report

Pursuant to sections S414c(11) Companies Act 2006, elements of required reporting including future developments, engagement with others, and environmental matters are included within the Strategic report, which can be found on pages 1 to 57.

Results and dividend

Group loss after tax for the year was £5.3 million (2023: profit £23.0 million). The Directors recommend a final dividend of 27.5 pence per share. Subject to approval, the final dividend will be paid on 7 August 2024 to all shareholders on the register as at 21 June 2024.

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 60. Details of Directors' interests in shares are provided in the directors' remuneration report on page 79. During the financial year, and up to the date of approval of these financial statements, the Group has maintained an appropriate level of Directors' and Officers' insurance whereby Directors were indemnified against liabilities to third parties. This is a qualifying third party indemnity provision.

Share capital

Details of the Company's share capital structure are shown in note 21 to the accounts. All shares have the same voting rights. There are no restrictions on the transfer of shares in the Company or restrictions on voting rights.

Substantial shareholders

As at 22 March 2024, 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 issues ordinary shares %
Ackers P Investment Company Limited	20,209,411	50.33
Jupiter Asset Management	1,824,250	4.54
Chelverton Asset Management	1,633,921	4.07
Invesco Asset Management Limited	1,430,017	3.56
Aberforth Partners	1,427,965	3.56
Schroder Investment Management	1,421,073	3.54
Canaccord Genuity Wealth Management	1,250,000	3.11

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

Financial risk management

Consideration of the financial risk management of the Group has been included in the Strategic report on page 54.

Engagement with stakeholders

We set out on page 24 of the Strategic report how the Group meets the needs and expectations of its stakeholders.

Disclosure of information under Listing Rule 9.8.4.

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

Pursuant to Listing Rule 9.8.4 the Company is required to disclose that an arrangement is in place whereby the trustee of the Company employee benefit trust has agreed to waive present and future dividend rights in respect of certain shares that it holds, as the Trust only holds the shares to facilitate future share awards.

Employee engagement

The Directors are committed to maintaining effective communication with its workforce on matters which affect their continued employment, job roles, and future prospects as well as being transparent about the Group's financial and business performance, strategy, market challenges, and key projects, both operational and transformational.

This communication is multi layered in the form of: communications from the Chief Executive and wider Executive Committee, delivered either in person, by video conference or by emails and/or via the website.

The Group is committed to ensuring opportunities for employment are available to all those in our communities. With particular reference to those employers with disabilities, we have signed a commitment to a government initiative called Disability Confident, whose aim it is to encourage employees to recruit and retain disabled people, and those with other health conditions. It is the policy of the Group to employ and train disabled people whenever their skills and qualifications allow and suitable vacancies are available. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

Further details regarding employees are provided in the strategic report on pages 26 to 41.

Political and charitable contributions

The Group made no political contributions during the year. Donations to charities amounted to £109,520 (2023: £85,000). The donations made in the year principally relate to environmental initiatives and sponsorship of employee driven fund raising activities on behalf of local and national charities.

Directors' report continued

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 2024 was 36 days (2023: 37 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year-end compared to the average purchases during the year.

Taxation principles

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

In 2023/24 the Group paid £9.2 million (2023: £5.5 million) in corporate taxes. We are a responsible corporate tax payer and conduct our affairs to ensure compliance with all laws and relevant regulations in the countries in which we operate.

Contracts

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

Purchase of own shares

A resolution is to be proposed to the Company's shareholders at the AGM to authorise the Company to purchase its own shares up to a maximum of 10% of the Company's issued share capital either to be cancelled or retained as treasury shares. This resolution will be proposed as a special resolution in line with previous years. The maximum and minimum prices that may be paid for an ordinary share in exercise of such powers are set out in paragraphs (b) and (c) of Resolution 12 of the Notice of Meeting. The Directors undertake to shareholders that they will only exercise this power after careful consideration, taking into account the financial resources of the Company, future funding opportunities and the price of the Company's shares. The Directors will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally.

During the year ended 31 March 2024, the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

Going concern

The Group ended the financial year in a healthy financial position. The Group continues to generate strong cash flows. Net debt, excluding lease liabilities reduced by £9.2 million from £134.4 million at 31 March 2023 to £125.2 million at 31 March 2024. This was after funding an increase in fleet capital investment of £62.8 million. EBITDA before exceptional items¹ and IFRS 16 impact totalled £91.0 million, which was 2% lower than prior year of £92.9 million. The business review on pages 14 to 21 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond.

The Group finances its operations through a combination of shareholders' funds, bank borrowings, finance leases and operating leases.

The capital structure is monitored using the gearing ratio of adjusted Net Debt/EBITDA. The Group allocates its capital using a disciplined capital allocation policy that prioritises organic growth and ordinary dividends.

In November 2023, the Group refinanced its committed revolving credit facility with a new three year, £90 million facility, maturing in November 2026. The revolving credit facility agreement also includes a £30 million uncommitted accordion facility. Financial covenants associated with the revolving credit facility remain unchanged from the previous facility.

As at 31 March 2024, the Group had £183.0 million of debt capacity (2023: £183.0 million) comprising committed revolving credit facilities of £90.0 million and £93.0 million private placements, which are subject to covenant testing. At 31 March 2024, £132.0 million of the combined facilities were drawn down (2023: £146.0 million). In addition to the committed facilities, the Group net overdraft facility at the year-end was £7.5 million (2023: £7.5 million). The Board has evaluated the facilities and covenants on the basis of the budget for 2024/25 (including 2025/26 long-term forecast). All of which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. Stress scenarios have also been considered by the Board. Under these scenarios material revenue reductions have been applied for the financial year ended 31 March 2025 against the Group's original budget and extended to 30 September 2025. All scenarios retain adequate headroom against borrowing facilities and fall within the existing covenants.

Our most severe downside modelling, which reflects a 15% reduction in revenue levels demonstrates headroom over borrowing facilities and existing covenant levels throughout the forecast period to the end of September 2025.

On the basis of this testing, the Directors have a reasonable expectation that the Group and Parent Company has adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis has been adopted in preparation of the consolidated financial statements. This is covered further in note I Basis of Preparation on page 104.

Corporate governance

The Corporate governance statement on pages 62 to 64 forms part of the Directors' report.

¹ These measures are explained and reconciled in the Alternative Performance measures section on page 143

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

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

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

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

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

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in the governance section of the Annual Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the business review and financial review includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

Independent Auditors

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

By order of the Board

Jeremy Pilkington

Chair

4 June 2024

Independent Auditors' report to the members of Vp plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Parent Company Balance Sheets as at 31 March 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity and the Consolidated and Parent Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Audit scope

- The group is organised into 12 reporting units. The group financial statements are a consolidation of these reporting units.
- Of the 12 reporting units, we identified three which, in our view, required an audit of their complete financial information.
- Audit procedures were also performed over certain financial statement line items within two further reporting units.
- Reporting units over which we performed full scope audit procedures accounted for 77% of the group's reported revenues and 70% of the group's profit before tax, amortisation, impairment of intangible assets and exceptional items. These coverages are based on absolute values.

Key audit matters

- Existence of fleeted rental equipment (group and parent)
- Short term cash flows used in determining the valuation of goodwill and other intangible assets in relation to the Brandon Hire Station CGU (group)

Materiality

- Overall group materiality: £1,993,000 (2023: £2,000,000) based on 5% of profit before tax, amortisation and impairment of goodwill, trade names and customer relationships and exceptional items.
- Overall company materiality: £3,274,000 (2023: £3,000,000) based on 1% of total assets.
- Performance materiality: £1,494,000 (2023: £1,500,000) (group) and £2,455,000 (2023: £2,250,000) (company).

The scope of our audit

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

Key audit matters

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

This is not a complete list of all risks identified by our audit.

Short term cash flows used in determining the valuation of goodwill and other intangible assets in relation to the Brandon Hire Station CGU is a new key audit matter this year. Material uncertainty related to going concern and the valuation of rental equipment (group and parent), which were key audit matters last year, are no longer included because of, respectively, the renewal of the group's revolving credit facility in November 2023 and limited audit findings in relation to the recoverable amount of rental equipment in recent years. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Existence of fleeted rental equipment (group and parent) Refer to page 68 (Significant accounting issues), page 104 (Material accounting policies) and note 9 in the financial statements.</p> <p>We focused on this area because the group and parent company hold a significant quantum and carrying amount of rental equipment in the normal course of business. The net book value of rental equipment was £226.0 million and £103.3 million as at 31 March 2024 (2023: £220.6 million and £100.9 million) for the group and parent company respectively. Given the volume of assets and the frequency of movement (through purchases, hires and sales) there is the potential for assets to go missing. This results in complexity in maintaining an accurate fixed asset register.</p> <p>We consider the significant risk to be focused on the fleeted rental equipment (typically higher value and itemised assets with a unique serial identifier) given the individual value of these items and proportion that these make up of the overall rental equipment balance.</p>	<p>Our audit work in respect of the existence of fleeted rental equipment included understanding and evaluating management's key controls in this area, confirming the correct recording of fleeted assets movements on the fixed asset register on a sample basis and substantively testing the existence of a sample of assets.</p> <p>For a sample of fleeted asset purchases in the year we agreed to invoice and capitalisation onto the fixed asset register, confirming the value and the appropriateness of capitalisation. We agreed the existence of a sample of fleeted assets out on hire at the year end to rental invoice and, for settled invoices, cash receipt. We attended a sample of year end fleeted asset counts and:</p> <ul style="list-style-type: none"> • Considered the design and implementation of count controls by understanding and observing the count procedures; • Counted a sample of assets and reconciled these to both management's count and the fixed asset register; and • Tested the movements of these assets between the inspection and year end date in order to confirm their existence at 31 March 2024. <p>We found, based on the results of our testing, that the amounts recorded, and disclosures made in the financial statements were consistent with the supporting evidence obtained.</p>
<p>Short term cash flows used in determining the valuation of goodwill and other intangible assets in relation to the Brandon Hire Station CGU (group) Refer to page 68 (Significant accounting issues), page 105 (Material accounting policies) and note 10 in the financial statements.</p> <p>Vp holds a significant amount of goodwill and other intangible assets on the balance sheet, £33.9 million of which was allocated to the Brandon Hire Station ('Brandon') cash generating unit ('CGU') prior to impairment.</p> <p>Management is required to perform an annual impairment assessment over CGUs to which goodwill is allocated in line with IAS 36, using a value in use ('ViU') model based on discounted future cash flows or a calculation of fair value less costs to sell ('FVLCTS'). The recoverable amount of the CGU is the higher of the two valuations.</p> <p>After assessing the results of the Brandon CGU for the year ended 31 March 2024 and the group's outlook for the division we considered the risk of impairment of goodwill attached to the CGU to be a significant risk, specifically in relation to short term cash flow projections given the estimation uncertainty in determining the timing and pace of growth.</p>	<p>We obtained management's impairment model for the Brandon CGU. Procedures performed included:</p> <ul style="list-style-type: none"> • tested the mathematical accuracy of the impairment model and agreed the carrying value of the CGU being assessed for impairment to the year-end balance sheet of Brandon included in the consolidation; • evaluated the historical accuracy of the budgeting process to assess management's ability to forecast accurately; • compared cash flows in the forecast period to: <ul style="list-style-type: none"> i. recent actual performance; and ii. external market commentary on expected growth in the UK construction sector <p>to assess the achievability of those forecasts;</p> <ul style="list-style-type: none"> • traced the forecast financial information within the model to the latest Board approved budgets; • assessed management's fair value less costs to sell ('FVLCTS') valuation cross-check, which they prepared in accordance with IAS 36 so as to conclude on the appropriate recoverable amount; • performed sensitivity analysis over the short term cash flows to understand the impact on the impairment charge of reasonable changes in growth assumptions; and • assessed the disclosures in the Annual Report relating to goodwill and impairment for compliance with the accounting framework. <p>We found, based on the results of our testing, that the impairment recognised in relation to the goodwill and other intangible assets allocated to the Brandon CGU to be appropriate.</p>

Independent Auditors' report to the members of Vp plc continued

How we tailored the audit scope

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

The group's accounting process is structured around a group finance function at its head office in Harrogate which is responsible for the group's reporting units. The group is organised into 12 reporting units and the group financial statements are a consolidation of these reporting units. Of the 12 reporting units, we identified three which, in our view, required an audit of their complete financial information. The reporting units over which we performed full scope audit procedures accounted for 77% of the group's revenues and 70% of the group's profit before tax, amortisation, impairment of intangible assets and exceptional items (calculated on an absolute value basis).

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

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and parent company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. In particular we considered the nature and useful economic lives of the group's and parent company's rental equipment and the potential impact on the group of maintaining / replacing these assets in line with climate targets. Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

Materiality

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

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

	Financial statements - group	Financial statements - company
Overall materiality	£1,993,000 (2023: £2,000,000).	£3,274,000 (2023: £3,000,000).
How we determined it	5% of profit before tax, amortisation and impairment of goodwill, trade names and customer relationships and exceptional items.	1% of total assets
Rationale for benchmark applied	We have chosen this as our benchmark as it is a key performance measure disclosed to users of the financial statements. This figure takes prominence in the Annual Report, as well as the communications to both the shareholders and the market. The benchmark is consistent with the prior year.	We have used an asset based measure for the parent company, which is a generally accepted auditing benchmark. Where applicable, we have performed our testing to a lower, group allocated, materiality for individual balances that contribute to the consolidated group results.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £50,000 and £1,750,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £1,494,000 (2023: £1,500,000) for the group financial statements and £2,455,000 (2023: £2,250,000) for the company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 (group audit) (2023: £100,000) and £163,000 (company audit) (2023: £150,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

Independent Auditors' report to the members of Vp plc continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as

UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in key accounting estimates and posting of inappropriate journal entries to improve the group's result for the period. Audit procedures performed by the engagement team included:

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

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 15 October 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 March 2015 to 31 March 2024.

Other matter

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

Tom Yeates (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds

4 June 2024



FINANCIAL STATEMENTS

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Consolidated Income Statement

for the year ended 31 March 2024

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

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

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

Consolidated Balance Sheet

as at 31 March 2024

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

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

Jeremy Pilkington

Chair

Keith Winstanley

Director

Company number: 481833

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

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

Parent Company Statement of Changes in Equity

as at 31 March 2024

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

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

Parent Company Balance Sheet

for the year ended 31 March 2024

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

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

Jeremy Pilkington

Chair

Keith Winstanley

Director

Company number: 481833

Parent Company Statement of Cash Flows

for the year ended 31 March 2024

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

* The comparative figures have been restated to reclassify movements in intercompany balances. See note 1 for further details.

Notes

(forming part of the financial statements)

I. Material accounting policies

Basis of preparation

Vp plc is a public limited company (limited by shares), which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. These consolidated Financial Statements of Vp plc, for the year-ended 31 March 2024, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

Statement of compliance

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

The Financial Statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis (further details are provided in the Directors' report) and historic cost basis, except that of defined benefit pension plans and cash-settled share options are stated at fair value.

Going concern

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

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

Material accounting policies

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

Future standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These standards are as follows:

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

Basis of consolidation

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

Property, plant and equipment

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

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

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

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

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

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

Business combinations and goodwill

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

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

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

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

Goodwill is stated at cost less any accumulated impairment losses and is included on the balance sheet as an intangible asset. It is allocated to cash-generating units and is not amortised, but is tested annually for impairment.

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

Other intangible assets

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

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

Impairment

The carrying amounts of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised through the Income Statement. For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is tested at each balance sheet date. The recoverable amount of a CGU is determined either by reference to discounted forecast cash flows from the CGU or an estimate of its fair value less costs of disposal, whichever is higher. A CGU is defined as the smallest identifiable group of assets that generates largely independent cash inflows.

Notes

(forming part of the financial statements) continued

I. Material accounting policies *continued*

Investments

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

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

Inventories

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

Raw materials and consumables are held primarily for the repair and maintenance of fleet assets. Goods for resale is inventory held for sale to customers.

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows. The Group has a legal right and an intention to settle these balances net.

Interest-bearing loans and borrowings

Financial assets and liabilities are recognised on the balance sheet when the Group becomes party to the contractual provision of the instrument. Interest-bearing borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the periods of the borrowings on an effective interest basis. Cash flows for interest paid and interest received on financial assets held for cash management purposes are presented as operating cash flows in the Statement of Cash Flows.

Taxation

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

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

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

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

Trade and other payables

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

Employee benefits – pensions

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

The Group's net obligation, in respect of its defined benefit pension plans, is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine

its present value, and the fair value of any plan assets is deducted. The liability discount rate is the yield at the balance sheet date on AA credit-rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method.

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

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

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

Dividend

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

Share capital

Ordinary shares are classified as equity.

Employee trust shares

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

Treasury shares

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

Revenue

Revenue represents the amounts (excluding Value Added Tax) derived from the hire of equipment and the provision of goods and services to third-party customers during the year. Revenue from equipment hire, which is the vast majority of Group revenues, is accounted for under IFRS 16 'Leases'. Revenue is recognised from the start of hire through to the end of the agreed hire period, predominantly on a time-apportioned basis. Revenue for services and sales of goods are accounted for under IFRS 15 'Revenue from Contracts with Customers'. Revenue from providing services is recognised in the accounting period in which the services are rendered. The majority of services provided are short term and only an immaterial proportion bridge a financial year-end. Any increases or decreases in estimated revenues or costs arising from changed circumstances are reflected in profit in the period in which they become known by management. Revenue from sale of goods primarily relates to consumables and new machine sales. Revenue is recognised when a Group entity sells a consumable to the customer or when control of the new machine has transferred ownership to the buyer upon delivery. Depending on the type of sale, a receivable is recognised when the goods are delivered or due immediately. Amounts due from customers are payable by customers on standard credit terms and there is no significant financing component or variable consideration within amounts due from customers. As the Group does not, in the course of its ordinary activities, routinely dispose of equipment held for hire, gains or losses on disposal are included in cost of sales. Below summarises the disaggregation of revenue from contracts with customers from the total revenue disclosed in the consolidated income statement:

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

Notes

(forming part of the financial statements) continued

1. Material accounting policies *continued*

Share-based payments

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

The fair values are calculated using an appropriate option pricing model. The Group's approved, unapproved and Save As You Earn (SAYE) schemes have been valued using the Black–Scholes model and the Income Statement charge is adjusted to reflect the expected number of options that will vest, based on expected levels of performance against non-market-based conditions and the expected number of employees leaving the Group. The fair values of the Group's Long-Term Incentive Plan (LTIP) and Share Matching scheme are calculated using a discounted grant price model, again adjusted for expected performance against non-market-based conditions and employees leaving the Group.

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

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

The Group's results are subject to fluctuations caused by the cash-settled share options and national insurance costs on LTIPs and share option schemes as these are required to be remeasured at each reporting date based on the Company share price. Changes in the Company's share price during the reporting period, therefore, impact the charge to the Income Statement for cash-settled options and national insurance, including vested but not exercised options, as well as unvested options. A movement of 10 pence in share price would impact the charge to the Income Statement by £31,000 (2023: £33,000).

Foreign currencies

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

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

Net financial expenses

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

Leases (as lessee)

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

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

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

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

Right-of-use assets are, generally, depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Where a lease has ended and we have moved to an ongoing rental with the supplier, no right-of-use asset or lease liability is recognised until a new contract is signed. Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are certain leases with a lease term of 12 months or less. Low-value assets comprise certain IT equipment and small items of office equipment.

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

Provisions accounting policy

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

Exceptional items

The Group makes certain adjustments to the statutory profit measures in order to derive certain alternative performance measures. Certain pre-tax items, excluding amortisation and impairment of intangible assets, are presented as exceptional items on the face of the consolidated income statement. Exceptional items are those items that, in the judgement of the Group, need to be disclosed separately due to their size, nature or irregularity. Separate disclosure provides assistance in understanding the underlying performance of the business. Restructuring and transformational costs are considered on a case-by-case basis as to whether they meet the exceptional criteria. Other items are considered against the exceptional criteria based on specific circumstances. The presentation is consistent with the way financial performance is measured by management and reported to the Board. Further discussion is disclosed in note 4.

Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's and Company's Annual Report and Accounts for the year-ended 31 March 2024 have been reviewed and approved by the Board.

Key accounting estimates

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

Depreciation Rates

The Group continually reviews depreciation rates and, using its judgement, adopts a best estimate policy in assessing the estimated useful economic lives of fleet assets. The rate of technological and legislative change and impact of climate-related risks is factored into the estimates, together with the diminution in value through use and time. The Group also takes account of the profit or loss it makes on the disposal of fixed assets in determining whether depreciation policies are appropriate. The net book value of rental equipment at 31 March 2024 is £226.0 million (2023: £220.6 million).

Impairment of goodwill and intangible assets

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

Key accounting judgements

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

Notes

(forming part of the financial statements) continued

Prior year restatement on the parent company statement of cash flows

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

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

2. Segment reporting

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's reportable segments are the two units, UK and International. This has been determined on the way in which financial information is organised and reported to the Group Board, who are responsible for the key operating decisions of the Group, the allocation of resources and the assessment of performance and, hence, are the chief operating decision makers. Total external revenue in 2024 was £368.7 million (2023: £371.5 million). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £32.9 million (2023: £31.9 million) of revenue relating to the sale of goods; the rest of the revenue is service related, including hire revenue. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Geographical segments

Revenue is generated mainly within the United Kingdom with no single overseas geographical area accounting for more than 10% of the Group revenue. Total overseas revenue was £68.0 million (2023: £63.3 million), including overseas revenue generated by the UK-based divisions.

Business segments

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

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

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

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

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

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

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

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

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

3. Operating profit

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

4. Exceptional items

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

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

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

Notes

(forming part of the financial statements) continued

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

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

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

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

5. Employment costs

Group

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

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

The aggregate payroll costs of these persons were as follows:

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

Company

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

	Number of employees	
	2024	2023
Operations	403	403
Sales	123	123
Administration	191	187
	717	713

Company

The aggregate payroll costs of these persons were as follows:

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

6. Remuneration of Directors

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

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

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

7. Net financial expense

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

8. Income tax expense

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

Reconciliation of effective tax rate

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

Notes

(forming part of the financial statements) continued

8. Income tax expense continued

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

Tax recognised in reserves

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

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

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

The main reconciling items are:

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

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

The closing unremitted earnings of subsidiaries is approximately £175 million (2023: £183 million). No deferred tax liability is recognised on investments in subsidiaries and branches because the Parent Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

9. Property, plant and equipment

GROUP	Land and buildings	Rental equipment	Motor vehicles	Other assets	Total
Cost or deemed cost	£000	£000	£000	£000	£000
At 1 April 2022	45,333	442,908	5,720	37,904	531,865
Additions	2,532	59,944	714	3,670	66,860
Disposals	(280)	(48,487)	(258)	(407)	(49,432)
Exchange rate differences	(3)	769	69	(82)	753
Transfer between categories	-	(5)	-	5	-
At 31 March 2023	47,582	455,129	6,245	41,090	550,046
Additions	3,408	62,831	866	2,771	69,876
Disposals	(615)	(52,848)	(623)	(911)	(54,997)
Transfer to intangible assets	-	-	-	(3,285)	(3,285)
Exchange rate differences	(24)	(2,128)	(106)	(191)	(2,449)
Transfer between categories	-	(2)	-	2	-
At 31 March 2024	50,351	462,982	6,382	39,476	559,191
Accumulated depreciation and impairment losses					
At 1 April 2022	24,054	226,284	2,663	31,338	284,339
Charge for year	2,093	40,888	876	2,996	46,853
On disposals	(195)	(32,943)	(231)	(383)	(33,752)
Exchange rate differences	(7)	264	11	(47)	221
Transfer between categories	-	(3)	-	3	-
At 31 March 2023	25,945	234,490	3,319	33,907	297,661
Charge for year	2,270	38,757	873	2,238	44,138
On disposals	(459)	(35,275)	(603)	(845)	(37,182)
Transfer to intangible assets	-	-	-	(1,213)	(1,213)
Exchange rate differences	(21)	(967)	(45)	(124)	(1,157)
Transfer between categories	-	11	-	(11)	-
At 31 March 2024	27,735	237,016	3,544	33,952	302,247
Net book value					
At 31 March 2024	22,616	225,966	2,838	5,524	256,944
At 31 March 2023	21,637	220,639	2,926	7,183	252,385
At 31 March 2022	21,279	216,624	3,057	6,566	247,526

Notes

(forming part of the financial statements) continued

9. Property, plant and equipment continued

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

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

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

10. Intangible assets

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

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

Notes

(forming part of the financial statements) continued

10. Intangible assets *continued*

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

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

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

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

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

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

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

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

Sensitivity analysis

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

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

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

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

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

II. Leases

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

(a) Amounts recognised in the balance sheet

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

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

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

Notes

(forming part of the financial statements) continued

II. Leases continued

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

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

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases for the year-ended 31 March 2024:

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

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

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

12. Investments in subsidiaries

Company

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

See note 30 for details of subsidiary undertakings.

13. Inventories

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

During the year, as a result of the year-end assessment of inventory, there was a £292,000 decrease in the Group provision for impairment of inventories (2023: £56,000 increase) and a £80,000 decrease for the Company (2023: £104,000 increase). The provision reflects the Group's best estimate of potential inventory obsolescence. The cost of goods for resale expensed during the year was £25.2 million (2023: £23.9 million). Inventories are stated after provisions for impairment of £1,578,000 (2023: £1,870,000). Due to the nature of the spares expenditure, and the approach to accounting for spares, it is not possible to provide the value of spares inventory expensed.

14. Trade and other receivables

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Gross trade receivables	71,421	77,618	22,291	22,643
Trade receivables provisions	(4,923)	(4,646)	(1,833)	(1,183)
Amounts owed by subsidiary undertakings	–	–	3,395	3,633
Other receivables	1,641	1,732	238	1,099
Prepayments and accrued income	6,614	6,809	2,992	2,171
	74,753	81,513	27,083	28,363

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

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as shown above. The Group does not hold any collateral as security.

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

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

On this basis, there are £19.2 million (2023: £13.6 million) (Group) and £5.4 million (2023: £5.8 million) (Company) trade receivables at the balance sheet date that have not been provided against. There is no indication as at 31 March 2024 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are unprovided. On this basis, there is no material difference between the fair value and the carrying value.

Notes

(forming part of the financial statements) continued

14. Trade and other receivables continued

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

15. Cash and cash equivalents

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

16. Interest-bearing loans and borrowings

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

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

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

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

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

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

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to SONIA. The unutilised bank facilities available to the Group as at 31 March 2024 were £51 million (2023: £37 million). In November 2023, the Group refinanced its committed revolving credit facility with a new three-year, £90 million facility maturing in November 2026. The revolving credit facility agreement also includes a £30 million uncommitted accordion facility.

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

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

There is no material difference between the carrying value and fair value of the Group's borrowings. Further details relating to the Group's funding strategy (including the maturity details of the bank loans) and its credit, interest rate and currency risk policies are provided in the Financial Review on pages 22 to 23, the Risk Management Report on pages 51 to 55 and the Directors' Report within going concern on pages 85 to 86. The loans are subject to covenants. Interest cover before amortisation was 7.3 times (2023: 8.3 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.36 (2023: 1.44); both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3 times and lower than 2.5 times respectively.

Notes

(forming part of the financial statements) continued

16. Interest-bearing loans and borrowings *continued*

Liquidity risk

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

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

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

17. Financial instruments

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

Capital management

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

Financial risks

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

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

Exchange rate risk: The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. The Group regards its interests in overseas subsidiary companies as long-term investments and manages its transactional exposures through the currency matching of assets and liabilities where possible. All debt is in GBP and the majority of cash held is also in GBP.

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

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

There are no material differences between the carrying value and the fair value of the Group's other financial instruments, including trade debtors and trade creditors.

Notes

(forming part of the financial statements) continued

17. Financial instruments *continued*

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

Financial instrument sensitivity analysis

10% movements in sterling exchange rates and interest rates in the current and prior year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.

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

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

18. Trade and other payables

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

Within accruals is £1.6 million (2023: £2.0 million) in relation to the liability for cash-settled share options, which are also valued at fair value. All other liabilities are valued at amortised cost. There are no material liabilities in relation to contracts with customers. Amounts owed to subsidiary undertakings are repayable on demand, unsecured and interest free.

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

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

19. Provisions

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

GROUP

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

20. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

GROUP	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2022		12,183	4,727	(818)	(2,414)	13,678
Recognised in income statement		2,445	(664)	582	837	3,200
Recognised in reserves		3	–	(122)	–	(119)
Recognised in equity	8	–	–	(78)	–	(78)
Foreign exchange		(94)	(18)	20	31	(61)
At 31 March 2023		14,537	4,045	(416)	(1,546)	16,620
Re-categorised		(490)	490	–	–	–
Recognised in income statement	8	1,085	(1,137)	128	52	128
Recognised in reserves		(1)	–	(98)	–	(99)
Recognised in equity	8	–	–	20	–	20
Foreign exchange		(50)	(14)	16	28	(20)
At 31 March 2024		15,081	3,384	(350)	(1,466)	16,649

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

Notes

(forming part of the financial statements) continued

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

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

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

21. Capital and reserves

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

The Company articles authorise 60,000,000 shares (2023: 60,000,000). All shares have the same voting rights.

Reserves

Full details of reserves are provided in the consolidated and Parent Company statements of changes in equity on pages 98 and 101.

Own shares held

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

22. Dividends

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

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

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

23. Earnings per share

Basic earnings per share

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

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

Diluted earnings per share

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

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

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

24. Share option schemes

SAYE scheme

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

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

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

Notes

(forming part of the financial statements) continued

24. Share option schemes *continued*

Approved Share Option Scheme

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

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

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

Unapproved Share Option Scheme

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

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

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

Long-Term Incentive Plan

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

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

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2021 to 2023 are subject to the achievement of performance targets over a three-year period as shown in the Annual Report on Remuneration on page 77. The awards for 2020 and prior are vested, but not yet exercised.

Share matching

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

Date of grant	Number of shares
July 2014	1,000
August 2015	900
August 2016	1,200
	3,100

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

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

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

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

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

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

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

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

The expected volatility is based on historic volatility, which is based on the latest three years' share price data. The cost of share options charged to the Income Statement is shown in note 5.

The total carrying amount of cash-settled transaction liabilities, including associated national insurance at the year-end was £1,633,000 (2023: £1,991,000). £1,610,000 of this liability had vested at the year-end (2023: £1,937,000).

Notes

(forming part of the financial statements) continued

25. Capital commitments

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

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Contracted	15,965	10,715	3,600	5,137

26. Employee benefits

Defined benefit schemes

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

The Group has two defined benefit pension schemes, the main scheme is the Vp Pension Scheme with a net present value surplus of £1.8 million (2023: £2.1 million). In addition, Torrent Trakside participate in a small section of the Railways Pension Scheme with a net present value surplus of £0.0 million (2023: £0.2 million net present value obligation). The two schemes are considered below.

Vp pension scheme

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

There are two Pension Scheme member categories:

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases in deferment linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined benefit obligation as at 31 March 2024 was nine years (2023: 11 years).

The Trustee is required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 March 2021. The valuation revealed a funding surplus of approximately £2,000,000. The Company, therefore, does not expect to pay any contributions into the Scheme during the accounting year beginning 1 April 2024. The difference between the actuarial valuation and the IAS 19 valuation reflects the different valuation dates, the last actuarial valuation was as at 31 March 2021, and the assumptions adopted. The actuarial valuation uses assumptions determined by the Scheme Trustees to evaluate the Scheme funding requirements on a triannual basis and the IAS 19 valuation uses assumptions that are chosen by the Company, but heavily prescribed by the accounting standard.

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

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

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

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

Torrent Railways Pension Scheme

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

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

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to the CPI inflation. The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Section's defined obligation as at 31 March 2024 was 15 years.

The Trustee is required to carry out an actuarial valuation every three years. The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2022. This valuation revealed a shortfall in the Section of £10,000 on the Scheme Funding basis. The Company agreed to pay annual contributions of 20.9% pa of members' section pay prior to 30 June 2018, and 21.7% pa of members' pensionable salaries from 1 July 2018; all subject to the Omnibus rate as defined in the Rules. The Company expects to pay around £15,000 to the Section during the accounting year beginning 1 April 2024. The difference between the actuarial valuation and the IAS 19 valuation is due to the same principles as described in the Vp plc details above, albeit the last actuarial valuation was performed at 31 December 2022.

The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2022. This valuation revealed a surplus in the Section of £33,000 on the Scheme Funding basis. The Company agreed to pay annual contributions of 20.9% pa of members' section pay prior to 30 June 2018, and 21.7% pa of members' pensionable salaries from 1 July 2018; all subject to the Omnibus rate as defined in the Rules. The difference between the actuarial valuation and the IAS 19 valuation is due to the same principles as described in the Vp plc details above, albeit the last actuarial valuation was performed at 31 December 2022.

Notes

(forming part of the financial statements) continued

26. Employee benefits *continued*

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

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

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

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

All actuarial gains and losses are recognised in the year in which they occur in the Statement of Comprehensive Income.

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

The movement in the defined benefit surplus is as follows:

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

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

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

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

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

Notes

(forming part of the financial statements) continued

26. Employee benefits *continued*

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

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

Scheme assets and returns

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

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

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

Principal actuarial assumptions

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

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

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

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

History of schemes

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

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

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

(Losses)/gains recognised in statement of comprehensive income

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

Notes

(forming part of the financial statements) continued

26. Employee benefits continued

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

Sensitivity analysis

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

Vp plc scheme

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

Torrent Railways scheme

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

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

Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £2,386,000 (2023: £2,310,000) in the year.

27. Related parties

Material transactions with key management (being the Directors of the Group) mainly constitute remuneration including share-based payments, details of which are included in the remuneration report on pages 70 to 76 and in note 6 to the Financial Statements.

Trading transactions with subsidiaries – Group

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

Trading transactions with subsidiaries – Parent Company

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

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

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

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

The Company and certain subsidiary undertakings has entered into cross guarantees of bank loans, private placement loans and overdrafts to the Company. The total value of such borrowings at 31 March 2024 was £132.0 million (2023: £146.0 million).

28. Contingent liabilities

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

29. Ultimate Parent Company

The Company is an immediate subsidiary undertaking of Ackers P Investment Company Limited, which is the ultimate Parent Company incorporated in United Kingdom and registered at Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD. Consolidated accounts are prepared for this company, being the largest group into which the results of this Group are consolidated, and are available from the registered office address. Ackers P Investment Company Limited is, ultimately, controlled by a number of Trusts of which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person.

Notes

(forming part of the financial statements) continued

30. Subsidiary undertakings

The investments in trading subsidiary undertakings as at 31 March 2024 and 31 March 2023 are:

	Country of registration or incorporation	Principal Activity	Country of principal operation	Class and percentage of shares held
Torrent Trackside Limited	England	Rail equipment hire	UK	Ordinary shares 100%
Hire Station Limited	England	Tool hire	UK	Ordinary shares 100%
Airpac Rentals Pte Limited	Singapore	Oilfield services	Singapore	Ordinary shares 100%
Airpac Bukom Oilfield Services (Curacao) NVA*	Curacao	Oilfield services	Curacao	Ordinary shares 100%
Airpac Bukom Oilfield Services Middle East FZE	Sharjah	Oilfield services	Sharjah	Ordinary shares 100%
Airpac Rentals (Australia) Pty Limited	Australia	Oilfield services	Australia	Ordinary shares 100%
Airpac Rentals Holdco Limited**	England	Oilfield services	UK	Ordinary shares 100%
Airpac Rentals UK Limited**	England	Oilfield services	UK	Ordinary shares 100%
Vp GmbH	Germany	Equipment hire	Germany	Ordinary shares 100%
Vp Equipment Rental (Ireland) Limited	Ireland	Equipment hire	Ireland	Ordinary shares 100%
Vp Equipment Rental Pty Limited	Australia	Holding company	Australia	Ordinary shares 100%
TR Pty Limited	Australia	Equipment hire	Australia	Ordinary shares 100%
Tech Rentals (Malaysia) SDN BHD	Malaysia	Equipment hire	Malaysia	Ordinary shares 100%
TR TechRentals Pte Limited**	Singapore	Equipment hire	Singapore	Ordinary shares 100%
Vidcom New Zealand Limited	New Zealand	Equipment hire	New Zealand	Ordinary shares 100%

The full list of the dormant subsidiary undertakings is:

	Country of registration or incorporation	Principal activity	Country of principal operation	Class and percentage of shares held
Stoppers Specialists Limited	England	Dormant	N/A	Ordinary shares 100%
Trench Shore Limited	England	Dormant	N/A	Ordinary shares 100%
Vibroplant Investments Limited*	England	Dormant	N/A	Ordinary shares 100%
Bukom General Oilfield Services Limited*	England	Dormant	N/A	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	N/A	Ordinary shares 100%
Domindo Tool Hire Limited*	England	Dormant	N/A	Ordinary shares 100%
Instant Tool Hire Limited*	England	Dormant	N/A	Ordinary shares 100%
The Handi Hire Group Limited*	England	Dormant	N/A	Ordinary shares 100%
Hire & Sales (Canterbury) Limited*	England	Dormant	N/A	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	N/A	Ordinary shares 100%
UM (Holdings) Limited*	England	Dormant	N/A	Ordinary shares 100%
U-Mole Limited*	England	Dormant	N/A	Ordinary shares 100%
727 Plant Limited*	England	Dormant	N/A	Ordinary shares 100%
Cannon Tool Hire Limited*	England	Dormant	N/A	Ordinary shares 100%
M.E.P. Hire Limited	Scotland	Dormant	N/A	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	N/A	Ordinary shares 100%
Vibroplant Limited	England	Dormant	N/A	Ordinary shares 100%

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

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

	Country of registration or incorporation	Principal activity	Country of principal operation	Class and percentage of shares held
Mr Cropper Limited	England	Dormant	N/A	Ordinary shares 100%
Direct Instrument Hire Limited*	England	Dormant	N/A	Ordinary shares 100%
Test & Measurement Hire Group Limited	England	Dormant	N/A	Ordinary shares 100%
Test & Measurement Hire Limited	England	Dormant	N/A	Ordinary shares 100%
Higher Access Limited	England	Dormant	N/A	Ordinary shares 100%
Zenith Survey Equipment Limited	England	Dormant	N/A	Ordinary shares 100%
Survey Connection Scotland Limited	England	Dormant	N/A	Ordinary shares 100%
Brandon Hire Group Limited	England	Dormant	N/A	Ordinary shares 100%
Brandon Hire Group Holdings Limited	England	Dormant	N/A	Ordinary shares 100%
Brandon Hire Limited	England	Dormant	N/A	Ordinary shares 100%
FNPR Holdings Limited	England	Dormant	N/A	Ordinary shares 100%
First National Plant Rental Limited	England	Dormant	N/A	Ordinary shares 100%
TPA Portable Roadways Limited	England	Dormant	N/A	Ordinary shares 100%
Sandhurst Limited	England	Dormant	N/A	Ordinary shares 100%
M. & S. Hire Limited	England	Dormant	N/A	Ordinary shares 100%

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

The registered offices of the companies are:

Country of Registration	Registered Office Address
England	Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD
Scotland	Tofthills Avenue, Midmill Business Park, Kintore, Aberdeenshire AB51 0QP
Singapore	9 Pioneer Sector 2, Singapore 628371
Sharjah	SAIF Office P8-13-10, PO Box 121378, Sharjah, United Arab Emirates
Australia	18 Joseph Street, Blackburn North, Victoria 3130
Germany	Lurgiallee 6-8, 60439 Frankfurt
Ireland	70 Sir John Rogerson's Quay, Dublin 2
Malaysia	Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS22/21, Damansara Jaya, 47400 Petaling Ja-ya, Selangor Dami Ehsan
New Zealand	27 Exmouth Street, Eden Terrace, Auckland 101

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

Company	Registered number
Torrent Trackside Limited	01132882
Vibroplant Limited	02644935

Five-year summary

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

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

** Dividends per share statistics are the dividends related to that year whether paid or proposed. The special dividend of 22.00 pence per share declared on 17 January 2021 is in relation to the financial year-ended 31 March 2020

Alternative performance measures

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

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

The key measures used as APMs are reconciled below.

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

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

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

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

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

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

Directors and advisers

Executive Directors

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

Non-Executive Directors

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

Company Secretary

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

Registered Office

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Registered in England and Wales: No 481833
Telephone: 01423 533400

Independent Auditors

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

Lawyers

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

Registrars and Transfer Office

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

Bankers

HSBC Bank Plc
Lloyds Bank Plc
Bank of Ireland

Investment Bankers

N M Rothschild & Sons Limited

Brokers

Singers Capital Markets
Berenberg

Public Relations

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