Vp plc

ANNUAL REPORT AND ACCOUNTS 2017

Equipment Rental since 1954

www.vpplc.com

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About Us

Vp is a specialist rental business.

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

Our Business Model and Strategy

Our aim is to create sustainable value

Resilient & proven model
- specialist equipment rental
- market leading positions in niche sectors
- diverse markets in UK and Overseas

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

Enhancing our offer
- embrace change and innovate
- take long term view
- continue to exceed customer expectations
- provide value added services

Building on core attributes
- retain and attract the best people
- safe and sustainable business
- product service reliability and operational excellence

How we measure success (Key Performance Indicators)

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

*shown in CSR report

Over 60 Years in Business

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

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

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

1954
Vibratory Roller & Plant Hire (Northern) Limited founded

1973
Floated on main market as Vibroplant plc

1980
Shoring division established

1982
US powered access business established

1996
Tool Hire: Cannon Tool Hire acquired in 1996

1954

1973

1980

1990

1975
First move into specialist plant - Airpac

1990
Groundforce acquired from SGB

1996
Exit from USA; UK specialist businesses expanded

1997
Rail: Torrent Trackside acquired

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

2000 2009 2011 2016 2017

2000
UK Forks division created

2001
Hire Station formed through merger of five regional tool businesses

2001
Renamed Vp plc

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

2005
TPA and ESS acquired

2006
Acquisition of Bukom Oilfield Services (Airpac Bukom formed)

2007
Continuing growth in specialist areas via the acquisition of MEP

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

2011
Mainland Europe - Groundforce

2013
Acquisition of "Mr Cropper"

2014
Vp plc celebrated its 60th Anniversary

60 YEARS
Equipment Rental since 1954

2016
Acquisitions of Higher Access and TR Group

2000: £55m | 2010: £129m | 2015: £206m | 2017: £249m

Group Businesses

UK division

Hire Station

Tools for Industry, Construction & DIY

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

Torrent Trackside

Railway Plant. Railway People.

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

Groundforce

Specialist Construction Solutions

TPA

Portable Roadways

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

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

Group Businesses

UK Forks
Materials Handling Specialists

UK Forks has established itself as the UK's leading specialist hirer of telescopic handlers and tracked access platforms working closely with our customers to improve safety and productivity on building sites.

International division

Airpac Bukom
Oilfield Services

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

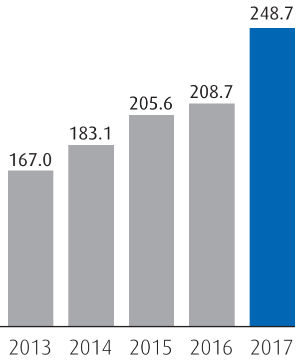
TR Group

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

Financial Highlights

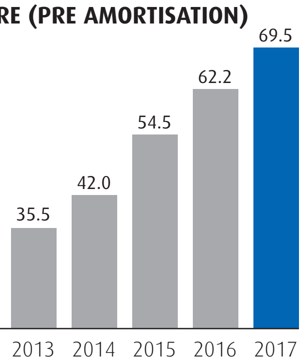
GROUP REVENUE

£248.7m
+19.2%



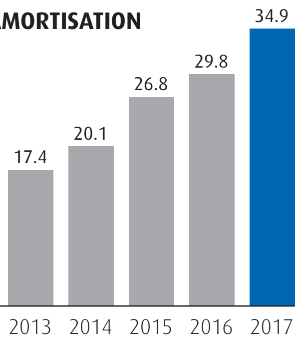
BASIC EARNINGS PER SHARE (PRE AMORTISATION)

69.5p
+11.7%



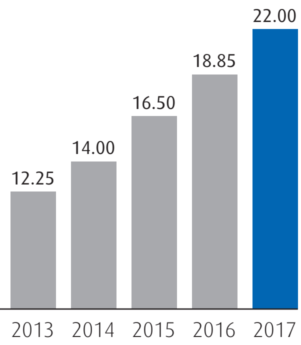
PROFIT BEFORE TAX AND AMORTISATION

£34.9m
+17.0%



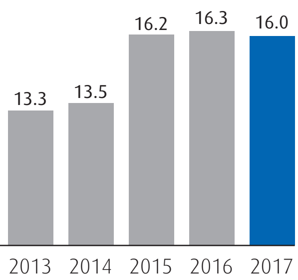
DIVIDENDS PER SHARE

22.00p
+16.7%



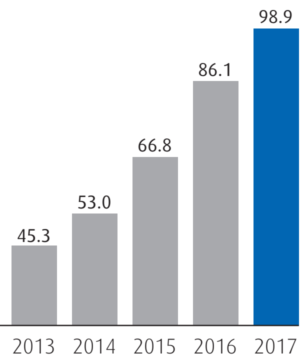
RETURN ON AVERAGE CAPITAL EMPLOYED

16.0%
-1.8%



NET DEBT

£98.9m
+14.9%



Chairman's Statement

I am delighted to report to shareholders on another record year for the Group.

Chairman: Jeremy Pilkington

Profits before tax and amortisation increased 17% to £34.9 million (2016: £29.8 million) on revenues ahead by 19% at £248.7 million (2016: £208.7 million), delivering a very robust 16% return on average capital employed. Reflecting the Group's very strong cash generation, net debt at the year end was £98.9 million (2016: £86.1 million) after funding £57.6 million investment in the rental fleet (2016: £45.9 million) and acquisitions of £10.0 million.

Earnings per share increased 12% to 69.5 pence per share (2016: 62.2 pence per share). The rate of increase in earnings per share is lower than that of the growth in profits due to an increase in the effective tax rate this year.

In view of this excellent set of results, the Board is recommending a final dividend of 16.0 pence per share making a total for the year of 22.0 pence per share, an increase of 17%. Subject to shareholders' approval at our Annual General Meeting on 1 August 2017, it is proposed to pay the final dividend on 8 August 2017 to members registered as at 14 July 2017.

In the UK, all of our businesses delivered strong organic growth supported by solid market demand and carefully targeted capital investment into the rental fleets. The UK results were further enhanced by the first full year contribution from Higher Access which we acquired in March 2016.

Within the International division, the key development was the acquisition of TR Pty Ltd ('TR') in April 2016. Founded in 1974, TR is the market leader in Australia for technical equipment rental, testing and calibration services. In November 2016, TR acquired Tech Rentals New Zealand ('TRNZ'), reuniting this business with its original parent. TR and TRNZ have settled in well to the Group and delivered a pleasing first time contribution. Overall growth in the International division was slowed by the ongoing challenges faced in the oil and gas market, however we are starting to see some signs of modest stability returning to this sector.

We believe that the sectors within which we operate should continue to be broadly supportive over the coming year. We are also very pleased to have completed two further acquisitions in April 2017, JMS M&E and Zenith Survey Equipment. These businesses add a further nine locations to our specialist tool hire business in the UK.

Building on this very strong performance and with the positive momentum in the business, we remain confident in our ability to deliver growth in specialist rental markets both in the UK and overseas.

Looking ahead, the new financial year has started well and at this very early stage, I believe there is every prospect that we may look forward to another year of significant progress for the Group.

It is my pleasure on behalf of shareholders and the Board, to thank all our employees, whether long serving or newly joined, for their commitment and hard work which has delivered the outstanding results we are reporting today.

Jeremy Pilkington
Chairman
6 June 2017

Business Review

Overview

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

Chief Executive: Neil Stothard

	Year ended 31 March 2017	Year ended 31 March 2016
Revenue	£248.7 million	£208.7 million
Operating profit before amortisation	£37.8 million	£31.9 million
Operating margin	15.2%	15.3%
Investment in rental fleet	£57.6 million	£45.9 million
Return on Average Capital Employed	16.0%	16.3%

The Group has made further significant progress in the current year, reporting an 18% increase in operating profits before amortisation.

Operating profits before amortisation were £37.8 million which compares with £31.9 million in the prior year. Operating margins remained healthy at 15.2%, and our key measure of profit quality, return on average capital employed, continued to be robust at 16.0%. Revenues in the year grew by 19% to £248.7 million (2016: £208.7 million).

Consistent with the previous financial year, market conditions have been varied, but generally favourable. Across our four core sectors, we have seen good support in the infrastructure, housebuilding and construction markets, whereas our international exposure to oil and gas, and mining, remained a challenge for our businesses that serve those sectors.

Importantly, the Group continues to deliver strong cash generation from operations, highlighted by an increase of 20% in EBITDA, which grew to £71.2 million (2016: £59.3 million).

Investment in rental fleet remained strong at £57.6 million (2016: £45.9 million) delivering growth and ensuring maintenance of a young, high quality rental fleet. Fleet disposal proceeds reduced slightly to £16.7 million (2016: £17.2 million) generating profit on disposal of £5.8 million (2016: £6.2 million).

In addition to organic fleet investment, the Group made two acquisitions in the period. TR Pty Ltd ('TR') was acquired in Australia on 21 April 2016 for a cash consideration of AUS $17.4 million (Australian dollars) and assumed net debt of AUS $6.6 million. TR subsequently purchased Tech Rentals NZ Ltd ('TRNZ') on 25 November 2016 for a cash consideration of NZ $2.592 million (New Zealand dollars). TRNZ is engaged in the specialist rental of test and measurement equipment and calibration services in New Zealand. The business is complementary to TR which provides these same services in Australia and Malaysia, and consolidates TR's position as the number one technical equipment rental group in Australasia.

Post the year end, we have made two further acquisitions. On 7 April 2017, we announced the acquisition of the mechanical & electrical rental and sales activity of Jackson Mechanical Services (UK) Limited ('JMS M&E') for a cash consideration of £3.6 million. Operating from locations in Harpenden and Leeds, JMS M&E has integrated within Hire Station, Vp's specialist tool hire business.

On 25 April 2017, we announced the acquisition of the entire issued share capital of Zenith Survey Equipment Limited ('Zenith') for a cash consideration of £3.85 million plus assumed debt of £2.3 million. Zenith is engaged in the specialist rental and sale of survey & safety equipment from seven locations across the UK. Zenith will also be integrated within Hire Station.

Business Review

UK Division

Vp's UK division had an excellent trading year delivering a 17% increase in operating profits before amortisation to £35.9 million (2016: £30.7 million). Revenues grew by 14% to £220.0 million (2016: £193.6 million).

	Year ended 31 March 2017	Year ended 31 March 2016
Revenue	£220.0 million	£193.6 million
Operating profit before amortisation	£35.9 million	£30.7 million
Investment in rental fleet	£53.9 million	£44.5 million

The UK division comprises four main business groupings: UK Forks, Groundforce/TPA, Hire Station and Torrent Trackside. All four enjoyed good demand from their end markets.

The UK Forks activity continued to experience steady demand from the housebuilding sector which remained stable and supportive throughout the year. The Higher Access business, acquired in March 2016, completed a first full year in the Group. It made excellent progress on good construction and utility demand, supported by investment in widening their product range. Whilst UK Forks and Higher Access both operate in very competitive markets, a sustained focus on the quality of service, product and support is enabling the division to maintain market leadership and to deliver growth.

In Groundforce/TPA, the core shoring activity made good progress in the financial year, with the combination of sustained demand in the water sector from Asset Management Programme 6 (AMP 6) and successes on basement excavation projects particularly in the London region. Demand for the wider range of Groundforce services was mixed across the regions of the UK, though strong in the South East. Activity in mainland Europe, whilst still relatively small, was steady and improving, and we anticipate further progress in this region in the coming financial year. Portable roadway activity was satisfactory against a highly competitive and over supplied market backdrop, particularly in the UK.

The Hire Station business, comprising three elements: Hire Station (tool hire); ESS Safeforce (safety and survey); and MEP (press fitting tools and low level access) had an excellent trading year. Growth was delivered in all areas as Hire Station capitalised on the quality of its varied service offering, continuing to secure further market share as well as leveraging the relative stability of their construction, housebuild, shop fitting, industrial and utility customer base. Fleet investment in the division was strong in support of business growth and the level of return on capital continued to improve. As highlighted above, shortly after the year end the business made two acquisitions: the first was JMS, a mechanical & electrical equipment rental and sales business which will be integrated within MEP. The second was Zenith, specialists in survey & safety rental and sale, and this business will be integrated within ESS Safeforce. The Hire Station operations have been further expanded during the year with nine new or relocated branches added to the network. A simple, but highly focussed, approach to product availability and quality continues to pay off for Hire Station.

The UK rail market remained busy during the year and Torrent Trackside rose to the challenge from customers to deliver cost savings. A focus on service delivery, compliance and safety has helped Torrent maintain its position as the supplier of choice for small rail portable plant in the UK rail market. The business has defended margins by further improving operational efficiency and delivering internal cost savings. Torrent continues to play an important role in support of Network Rail and was awarded a contract extension during the year. As plain line renewal work has reduced due to CP5 expenditure restraints, Torrent has been busy in support of a number of the major nominated contractors on switches and crossings (S+C) work. The Government has reiterated its commitment to invest in the major UK electrification programme and we look forward to engaging with that major initiative. Capital investment has been directed to support that particular area of activity.

Business Review

International Division

Operating profits before amortisation in the International division were £1.9 million (2016: £1.2 million), an increase of 53%, on revenues of £28.7 million (2016: £15.2 million).

	Year ended 31 March 2017	Year ended 31 March 2016
Revenue	£28.7 million	£15.2 million
Operating profit before amortisation	£1.9 million	£1.2 million
Investment in rental fleet	£3.7 million	£1.4 million

The International division comprises two business groupings: Airpac Bukom and TR Group and the increase in profitability is wholly due to the acquisition of TR Group in April 2016.

Airpac Bukom, which provides compressors and steam generators in support of a range of global energy applications, continued to experience challenging trading conditions in the oil and gas segment. Well testing and rig maintenance demand remained very subdued, but LNG held up well in Australia. Exploration activity reduced further as operators maintained a tight control on all areas of spend with major contracts either delayed or postponed. Trading improved in the second half of the year, albeit modestly, as some stability returned, primarily driven by the recovery in oil price. Inquiry levels have started to increase in certain territories and we anticipate a continuation of a slow, but choppy, recovery in the market.

TR, which operates in Australia, New Zealand and Malaysia, made an 11 month contribution to the Vp Group during the financial year. In November 2016, TR Group acquired Tech Rentals New Zealand, broadening the test and measurement offering to New Zealand. Despite some impact from the oil and gas market and reduced demand from the Australian mining sector, this was balanced by good progress in other key markets such as telecommunications, utilities and defence. Overall TR has settled in well and delivered a satisfactory first trading period in the Group.

Outlook

The new financial year has started in line with our expectations against the backdrop of an excellent prior year trading performance for the Group. Expectations for our core markets are for a relatively similar pattern of demand over the new year.

We anticipate that the UK construction market will continue to be stable, with modest overall growth in Housing and non-residential construction, a small reduction in repair and maintenance, and stability in the infrastructure segment. From an international viewpoint, we see the possibility of some marginal improvement in the oil and gas sector. The increased commitment to infrastructure investment from the Australian State and National Governments should create a positive market backdrop for TR.

Vp has good momentum and this should be further enhanced by the two April 2017 acquisitions, referred to earlier.

We are targeting further growth both in the UK and in our International division. Notwithstanding the increased prospect of inflationary pricing pressures, the UK election and Brexit negotiations, subject to a stable economic backdrop, Vp is well positioned to deliver further progress for the business, the employees and our shareholders in the coming year.

Neil Stothard
Chief Executive
6 June 2017

Financial Review

Group Finance Director: Allison Bainbridge

Group revenues increased by 19% to £248.7 million (2016: £208.7 million). Profit before tax and amortisation rose by 17% to £34.9 million (2016: £29.8 million) with PBTA margins unchanged at 14% (2016: 14%) and statutory profit before tax was £30.3 million (2016: £27.5 million). The return on average capital employed was 16.0% (2016: 16.3%).

EARNINGS PER SHARE, DIVIDEND AND SHARES

Basic earnings per share before the amortisation of intangibles increased from 62.21 pence to 69.52 pence, an increase of 12%. Basic earnings per share after the amortisation of intangibles was 60.31 pence (2016: 57.49 pence).

It is proposed to increase the final dividend to 16.0 pence per share. If approved, the full year dividend would be increased by 3.15 pence (17%) to 22.0 pence with a dividend cover of 3.2 times (2016: 3.3 times) based on earnings per share before amortisation. The final dividend will be paid on 8 August 2017 to all shareholders on the register on 14 July 2017. At 31 March 2017, 40.2 million shares were in issue of which 0.8 million shares were held by the Employee Trust. The average number of shares in issue during the year was 39.2 million (2016: 38.9 million) after adjusting for shares held by the Employee Trust.

BALANCE SHEET

Net assets increased by £15.9 million to £137.3 million. The Group's balance sheet is summarised below:

	As at 31 March 2017 £'million	As at 31 March 2016 £'million
Property, plant and equipment	**195.6**	167.2
Intangible assets / goodwill	**47.5**	46.4
Working capital	**(1.9)**	(2.3)
Pension asset	**1.9**	1.5
Deferred tax liability	**(6.9)**	(5.3)
Net debt	**(98.9)**	(86.1)
Net assets	**137.3**	121.4

Property, plant and equipment increased by £28.4 million to £195.6 million. The movement in the year mainly comprised; £61.8 million (2016: £52.0 million) total capital expenditure and £8.9 million from acquisitions, offset by £33.5 million total depreciation and £10.9 million net book value of disposals, the balance being foreign exchange movement. Rental equipment at £173.9 million (2016: £147.2 million) accounts for 89% of property, plant and equipment net book value.

Expenditure on equipment for hire was £57.6 million (2016: £45.9 million) and depreciation of rental equipment £30.2 million (2016: £24.7 million).

The Group carried forward £8.6 million (2016: £7.1 million) of intangible assets and £38.9 million (2016: £39.3 million) of goodwill at 31 March 2017. The movement in the year reflects £5.6 million additions in respect of the acquisitions of TR Pty Limited and TechRentals NZ Limited, less amortisation and impairment of intangibles and goodwill of £4.5 million. Taking into account current and budgeted financial performance the Board remains satisfied with the carrying value of these assets.

Debtor days reduced to 51 days compared to 56 days in the previous year. Gross trade debtors were £47.4 million at 31 March 2017 (2016: £42.2 million). Bad debt and credit note provisions totalled £3.7 million (2016: £3.8 million) equivalent to 8% (2016: 9%) of gross debtors. The bad debt write off for the year ended 31 March 2017 as a percentage of total revenue was 0.4% (2016: 0.4%).

The Group's defined benefit pension schemes have a surplus of £1.9 million which is recorded as an asset on the balance sheet.

Financial Review

CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows and EBITDA totalled £71.2 million (2016: £59.3 million). After funding significant capital expenditure and acquisitions, net debt increased by £12.8 million from £86.1 million at 31 March 2016 to £98.9 million at 31 March 2017. The Group's cash flow is summarised below:

	2017 £'million	2016 £'million
EBITDA	**71.2**	59.3
Cash generated from operations	**69.9**	47.9
Net capital expenditure	**(48.0)**	(33.0)
Interest and tax	**(7.4)**	(6.9)
Dividends	**(7.6)**	(6.6)
Acquisitions	**(10.0)**	(7.1)
Other	**(5.8)**	(10.5)
Cash movement	**(8.9)**	(16.2)
Debt acquired	**(3.9)**	(3.1)
Change in net debt	**(12.8)**	(19.3)

After adjusting for an outflow for capital creditors of £2.8 million cash flows in respect of capital expenditure were £64.6 million (2016: £50.2 million). Proceeds from disposal of assets amounted to £16.7 million (2016: £17.2 million), producing a profit on disposal of £5.8 million (2016: £6.2 million). The margin on profit on sale from disposals of fleet assets at 35% (2016: 36%) reflects prudent depreciation policies and strong asset management.

Net interest expense for the year totalled £2.9 million (2016: £2.1 million). Interest cover before amortisation was 13.0 times (2016: 15.2 times) and Net Debt/EBITDA was 1.39 (2016: 1.45), both comfortably within our banking covenants of greater than 3 times and lower than 2.5 times respectively. Gearing calculated as net debt divided by total equity was 72% (2016: 71%).

In April 2016 the Group acquired the entire share capital of TR Pty Limited for consideration of AUS$17.4 million, (£9.3 million) and in November 2016 we also acquired the entire share capital of TechRentals NZ Limited for NZ$2.6 million, (£1.5 million). The cash cost of these acquisitions was £10.0 million after adjusting for cash acquired with the businesses. The acquisition of TR Pty Limited also included the assumption of bank facilities in Australia which increased net debt.

Dividend payments to shareholders totalled £7.6 million (2016: £6.6 million), and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £4.5 million (2016: £10.6 million).

CAPITAL STRUCTURE AND TREASURY

The Group finances its operations through a combination of shareholders' funds, bank borrowings, finance leases and operating leases. The capital structure is monitored using the gearing ratio quoted above. The Group's funding requirements are largely driven by capital expenditure and acquisition activity. As at 31 March 2017 the Group had £120 million (2016: £95 million) of committed revolving credit facilities. The year on year increase in the facility reflects the additional facility of £20 million taken out in April 2016 using the step up facility and the replacement of the two facilities which were due to expire in October 2017, which totalled £50 million, with a new facility of £55 million taken out in December 2016. In addition to the committed facilities the Group has a new uncommitted step up facility of £20 million and a net overdraft facility of £5 million (2016: £5 million). These facilities are with Lloyds Bank plc and HSBC Bank plc. Borrowings under the Group's bank facilities are priced on the basis of LIBOR plus a margin, the interest rate margin is linked to the net debt to EBITDA leverage of the Group.

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating interest rates. At the year end the Group had eleven interest rate swaps to hedge the risk of exposure to changes in interest rates, these swaps have fixed interest rates net of bank margin at between 0.29% and 1.40% and are detailed in note 15 on page 74 of the accounts. In the year ended 31 March 2017, the fixed element of borrowings was £38.0 million and in early April this was increased to £44.0 million or 41% of average net debt in the year.

Financial Review

The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. The Group regards its interests in overseas subsidiary companies as long term investments and manages its translational exposures through the currency matching of assets and liabilities where possible. The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. The Group has exposure to a number of foreign currencies. During the year the Group had fifteen foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2017. It also has further foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2017 to 30 June 2018.

TAXATION

The overall tax charge on profit before tax was £6.7 million (2016: £5.1 million), an effective rate of 22.0% (2016: 18.6%). The current year tax charge was increased by £149,000 (2016: £15,000 increase) in respect of adjustments relating to prior years. The underlying tax rate was 21.5% (2016: 18.5%) before prior year adjustments. The effective tax rate in the prior year was also reduced by 1.3% (£0.3 million) as a result of a reduction in the deferred tax liability due to the reduction in the future standard tax rate in the UK to 19%. This reflects the reduction in the rate to 19% for the year ended 31 March 2018. The expected further reduction to 17% in the year ended 31 March 2021 is not reflected at either year end as it is deemed that a significant proportion of the deferred tax balance will reverse before 31 March 2020. A more detailed reconciliation of factors affecting the tax charge is shown in note 7 to the Financial Statements.

SHARE PRICE

During the year the Company's share price increased by 23% from 660 pence to 814.5 pence, compared to a 16% increase in the FTSE small cap index excluding investment trusts. The Company's shares ranged in price from 615 pence to 852 pence and averaged 735.5 pence during the year.

Allison Bainbridge
Group Finance Director
6 June 2017

Viability Statement

The directors have assessed the viability of the Group up to 31 March 2019.

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

The assessment of the Group's prospects by the directors covers the two years to 31 March 2019 and is underpinned by management's 2017 – 2019 business plan which includes projections of the Group's profit performance, cash flow, investment plans and returns to shareholders.

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

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

Risk Management

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

RISK ASSESSMENT

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

All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. The summary divisional and departmental risk registers and action plans were reviewed at risk meetings held in April 2017. In all cases it is considered that the risk registers are being used as working documents which provides the required assurance that existing risks are being managed appropriately. In addition, the risk registers provide a process for recognising, scoring and thus appropriately managing new risks.

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

To promote risk awareness amongst group and divisional employees, risk registers have now been disseminated further down levels of management.

Further information is provided on pages 18 and 19 on our principal risks and uncertainties section along side the mitigating activities to address them.

Risk Management

Our risk reporting framework is set out below:

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

Divisional Boards
- Determine appropriate control procedures are in place
- Review performance against budget and forecasts

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

Internal Audit
- Risk based programme of internal audit project work
- Compliance testing and assurance
- Production of KPI data on the Group's key risks
- Maintenance of Group Risk Register
- High level risk review (strategic, reputational, fraud and loss)

Principal Risks and Uncertainties

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

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2016
Market risk A downturn in economic recovery could result in worse than expected performance of the business, due to lower activity levels or prices.	Vp provides products and services to a diverse range of markets with increasing geographic spread. The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand.	→
Competition The equipment rental market is already competitive and could become more so, impacting market share, revenues and margins.	Vp aims to provide a first class service to its customers and maintains significant market presence in a range of specialist niche sectors. The Group monitors market share, market conditions and competitor performance and has the financial strength to maximise opportunities.	→

Principal Risks and Uncertainties

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2016
Investment/Product Management In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	Vp has well established processes to manage its fleet from investment decision to disposal. The Group's return on average capital employed was a healthy 16.0% (2016: 16.3%) in 2016/17. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies.	→
People Retaining and attracting the best people is key to our aim of exceeding customer expectations and enhancing shareholder value.	Vp offers well structured reward and benefit packages, and nurtures a positive working environment. We also try to ensure our people fulfil their potential to the benefit of both the individual and the Group, by providing appropriate career advancement and training.	→
Safety The Group operates in industries where safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.	The Group has robust health and safety policies and management systems. Our induction and training programmes reinforce these policies. We provide support to our customers exercising their responsibility to their own workforces when using our equipment.	→
Financial risks To develop the business Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.	The Group has a revolving credit facility of £120 million and strong relationships with all banking contacts. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, with growing EBITDA, which allows us to invest into opportunities. Our treasury policy requires a significant proportion of debt to be at fixed interest rates and we facilitate this through interest rate swaps. We have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days reduced to 51 (2016: 56) days at the year end and bad debts as a percentage of revenue remained low at 0.4% (2016: 0.4%).	→
Contractual risk Ensuring that the Group commits to appropriate contractual terms is essential; commitment to inappropriate terms may expose the Group to financial and reputational damage.	The Group mainly engages in supply only contracts. The majority of the Group's hire contracts are governed by the hire industry standard terms and conditions. Vp has robust procedures for managing non standard contractual obligations.	→

↓ Decreased risk ↑ Increased risk → No change

Corporate Social Responsibility

OVERVIEW

The Group has always conducted its business responsibly and ethically. Corporate social responsibility forms an integral part of our business strategy and is focussed on our people, health and safety, the environment, our communities and our ethics.

Our People
- recruitment
- retention
- opportunity

Our Communities
- positive impact
- employee participation
- charitable giving

Environment
- energy and resource efficiency
- mandatory greenhouse gas reporting

Health & Safety
- initiatives
- monitoring
- training

Our Ethics
- open and honest
- comply with laws and regulations
- expect high standards of behaviour

OUR PEOPLE

Recruitment

Our continued business success is reliant upon the skills, talent and commitment of our global workforce. Retaining and attracting the best people supports our aims of exceeding our customers' expectations and enhancing shareholder value. We continue to attract new talent to the Group as well as nurturing and promoting talent from within the business.

Vp recognises the need to train the engineers of the future and has successfully operated apprentice schemes for many years having reintroduced our scheme in 2007. We work closely with the Construction Industry Training Board to recruit and support our apprentices. The apprenticeship offered by Vp is based around a three year NVQ, which combines college learning with work experience ensuring there is a balance of technical skills and practical experience.

We currently have 39 apprentices across the UK, 14 are completing their first year, 11 are completing their second year and 14 will complete their apprenticeships this year. We are recruiting a further 24 apprentices to start in September 2017.

We recognise that a diverse workforce helps to promote innovation and business success. The Group is an equal opportunity employer committed to providing the same level of opportunity to all, regardless of creed, colour, age, sex, disability or sexual orientation. The rental industry traditionally has more men than women employees; however women are represented at all levels of our organisation, including the board.

Workforce by gender	Male	Female	Female %
Board of directors	4	1	20
Senior management	28	7	20
All employees	1,768	365	17

Corporate Social Responsibility

Retention

Retaining talented people is vital to our continued success. We aim to make the Group an employer of choice who maintains an excellent relationship with its employees. We take our duty of care to our employees seriously; we encourage them to achieve an appropriate work life balance and we provide access to confidential advice and support on personal issues such as health and financial problems.

Employee share ownership is encouraged and where practical the Group offers the opportunity to participate in share schemes. At 31 March 2017, approximately 48% (2016: 48%) of our UK employees were participating in the Save As You Earn Scheme.

A major contributory factor in our success in delivering operational excellence and outstanding customer service is the continuity provided by long service which is recognised and celebrated by the business. As a group, over 41% of our employees have in excess of five years' service and a further 23% have more than ten years' service. We aim to keep employee turnover as low as possible. Our employee turnover was 20% in the year (2016: 19%).

We operate extensive training programmes which commence with a detailed induction programme and then progress to cover all technical skills that our employees require to carry out their roles. Management development programmes are run for all individuals new to management roles and we actively encourage and sponsor individuals to develop themselves through further education programmes.

Human Rights

At Vp, we believe in the rights of individuals and take our responsibilities seriously with regard to all our employees, as well as those who may be affected by our activities. We have policies in place, such as our whistle blowing procedure which protects our employees. This procedure was recently updated. These policies are embedded in our day to day operations and therefore whilst we do not manage human rights matters separately we continue to assess potential risks in this area and we rate the risk in our business as low.

Modern Slavery Act 2015

Vp fully supports the Modern Slavery Act 2015. Vp plc is a specialist rental business with the majority of our activity taking place in the UK. The Group does not tolerate any slavery or human trafficking within its business operations and we expect all those in our supply chain to comply with our values. Our procurement activities are aligned to our company values and to the laws of the countries in which we operate. We take a risk based approach regarding our supply chain; where possible we build longstanding relationships with our suppliers and make clear our expectations of behaviour and we have systems in place to encourage the reporting of concerns. In the small number of instances where we assess the risk to be relatively high we carry out checks to ensure compliance with stated policies and procedures.

HEALTH & SAFETY

Excellent health and safety performance is fundamental to our business. It is essential that we provide equipment that is safe to use and that we ensure that accidents and dangerous occurrences are avoided.

We aim to continually improve standards of health and safety within all our businesses and with our customers. Below are a few of the ways in which we have set out to achieve this aim in 2016/17:

After more than ten years as development members, Hire Station has been granted full membership of the Lifting Equipment and Engineers Association ("LEEA"). Upgraded membership was achieved through a programme of successful external audits of our new Lifting Centres of Excellence ("LCOE"). LEEA also consider Hire Station to be setting the standard of best practice in the hire industry with the methodology around our LOLER thorough examinations. By utilising our team of independent lifting inspectors, we can ensure the high level of independence required for thorough examinations. We have also recently developed a supplier audit programme to ensure our suppliers also meet the required criteria as we need to ensure our suppliers can maintain the same procedures we do when they perform third party inspections on our behalf or supply equipment and consumables direct to our customers.

Corporate Social Responsibility

We are always looking at how we can provide contractors with new solutions to common problems and ways of making the job safer, easier and quicker. The latest product from Groundforce's on-going product development forum is SheetMaster. The new three-in-one tool from Groundforce is a multi-function sheet handling and installation attachment. As the sheet is held firmly in the device, it is more easily controlled by the driver. Normally, a banksman would need to manually steady the sheet to position it, but with SheetMaster there is no need for anybody to go near the suspended sheet during this critical operation, so it is much safer.

ESS Safeforce is clearly recognised as the market leader in the provision of Confined Space Equipment and Working at Height training. 30,000 delegates are trained each year in confined space procedures; however the need to offer Working at Height training has also been identified. ESS Safeforce Wellingborough has recently undergone some changes and now features an impressive new Working at Height training facility. Working closely with both RoSPA and City & Guilds has enabled ESS to be able to offer a range of approved, accredited and bespoke Working at Height courses. The training facility also complies with the training centre requirements of the Industrial Rope Access Trade Association ("IRATA") to allow for future growth and servicing of our customer needs.

General health and safety training is provided as part of the induction process for all new employees. In addition, role appropriate health and safety training is also provided. Our policies and procedures are designed to ensure that the health and safety of all our employees, customers and anyone else affected by our activities is safeguarded.

We ended the year with an Accident Frequency Rate of 0.13, in line with our 2016 rate of 0.12. The AFR is calculated by multiplying the number of RIDDOR reportable accidents by 100,000 (the average number of hours worked in a lifetime), divided by the overall number of hours worked by all members of staff. Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences regulations 1995 were 5 in the year (2016: 4).

	2017	2016	2015
Accident frequency rate	0.13	0.12	0.26

COMMUNITY

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

During the year we donated over £30,000 (2016: £41,000) to charities. This included donations in support of employees participating in fund raising activities.

We encourage our employees to proactively support charities through volunteering and participation in personal challenges including the following activities.

Hire Station Stevenage, Hire Station Sittingbourne and ESS Aylesford answered the call to help the BBC DIY SOS team with their "Big Build". The projects took several days to complete and we supplied a wide range of equipment including tower lights, scaffold towers and generators - all delivered within an hour of the request.

Corporate Social Responsibility

TR again entered a team in the "Around the Bay" cycle ride in Melbourne, Australia, an annual event in support of a charity for disadvantaged children that has raised AUS $30,000 to date.

Another team from MEP successfully completed the Great North Run and raised £3,000 in support of a north-east based charity supporting families who have had premature babies or who have suffered the tragedy of a cot death.

Several events have raised over £1,000 for the Yorkshire Air Ambulance and other colleagues completed an 8-mile sponsored walk in support of the local hospice in Exeter.

Another example of direct support to the community is given by colleagues in Manchester who have volunteered for the Manchester street kitchen providing hot food, snacks and drinks to the homeless community every Sunday.

ENVIRONMENT

We are aware of the impact our business has on the environment and it is our aim to ensure that we minimise any adverse impacts from our operations. The Group is committed to mitigating its impact on the environment by continually reviewing, managing, controlling and improving its environmental performance. It is our intention to achieve our business aims whilst meeting rising environmental standards.

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

Scope 1	
Direct emissions resulting from combustion of fuels	
Tonnes CO_2e	
2017	**13,701**
2016	**13,138**
2015	**13,091**

Scope 2	
Indirect emissions from electricity purchased	
Tonnes CO_2e	
2017	**2,877**
2016	**2,510**
2015	**2,645**

Scope 3	
Other indirect emissions, e.g. road freight	
Tonnes CO_2e	
2017	**5,521**
2016	**5,290**
2015	**5,097**

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

2017	**89**
2016	**100**
2015	**101**

Corporate Social Responsibility

Whilst absolute CO_2 emissions have increased, once adjusted for higher activity levels normalised CO_2 emissions actually reduced by 13% from 100.3 tonnes per £1 million of revenue to 88.8 tonnes per £1 million revenue.

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

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

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

Neil Stothard
Chief Executive
6 June 2017

The Board

Jeremy Pilkington BA (Hons)
Chairman

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

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

Committee membership
Chairman of the Nomination Committee.

Neil Stothard MA, FCA
Chief Executive

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

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

Committee membership
None

Allison Bainbridge MA, FCA
Group Finance Director

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

Experience
Allison was previously Group Finance Director of Kelda Group Limited, the holding company of Yorkshire Water and also Finance Director of Yorkshire Water. With effect from 1 June 2017 Allison has been appointed a non-executive director of RPS Group Plc.

Committee membership
None

Steve Rogers BSc, FCA, JP
Non-executive Director

Appointment
Appointed to the board in October 2008.

Experience
Steve retired as a senior partner of PricewaterhouseCoopers in 2007. He is a non-executive director of Arran Isle Group (formerly Heywood Williams Plc).

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

Phil White BCom, FCA, CBE
Non-executive Director

Appointment
Appointed to the board in April 2013.

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

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

Governance

INTRODUCTION FROM THE CHAIRMAN

The Board is accountable to our shareholders and stakeholders for the Group's activities and is responsible for the effectiveness of corporate governance. As a Board, we believe that good governance rests upon principles of fairness, integrity and respect. We believe these principles underpin the long term success of the Company, helping us to deliver our strategic and growth objectives.

The Corporate Governance Report is set out on pages 25 to 52 including the Directors' Remuneration Report on pages 32 to 44. This section of the annual report sets out how we manage the Group and how we comply with the provisions of the UK Corporate Governance Code. Vp continues to maintain and review its systems, processes and policies to support its governance practices.

I am pleased to report that we have complied with the provisions of the code. Our Statement of Compliance is set out below.

We are mindful of the ethical foundation of good governance and as a Board we are committed to acting responsibly and with integrity towards all our stakeholders. In discharging its responsibilities, the Board also seeks to set, promote and demonstrate adherence to our values and ethical standards for the Group.

Jeremy Pilkington
Chairman
6 June 2017

CORPORATE GOVERNANCE

A review has been performed of the Company's compliance with the code published by the Financial Reporting Council ("FRC") in September 2014 and which was effective for financial years beginning on or after October 2014. We have also reflected on the updated code which the FRC published in April 2016 and which applies to companies with financial years starting on or after 17 June 2016 within which the changes mainly concerned the impact of the EU's Audit Regulation and Directive. The Board confirms that throughout the year ended 31 March 2017 the Company has been in compliance with all of the provisions of the Codes. The following paragraphs explain how the Company has applied good governance and the relevant principles of the Codes.

LEADERSHIP

The role of the Board is to provide entrepreneurial leadership of the Company, whilst maintaining good corporate governance, highest standards of behaviour and managing risk. The Board reviews its progress against this objective on a regular basis. The Board exercises control over the performance of each operating company within the Group, principally by monitoring performance against agreed budgetary targets. The names and biographic details of the members of the board are set out on page 25.

Length of service of director	31 March 2017
One to two years	-
Two to three years	-
Four to six years	1
More than six years	4

Balance of directors	31 March 2017
Gender	
Male	4
Female	1

Balance of directors	31 March 2017
Role	
Executive Chairman	1
Executives	2
Non executives	2

Governance

The Board has a clearly documented schedule of matters reserved for its approval, including strategy, half-yearly reports, any preliminary announcements of the final results and any other announcements concerned with the financial performance of the Group, annual budgets, major capital expenditure, significant investments or disposals and treasury policy. In certain areas, specific responsibility is delegated to committees of the Board within defined terms of reference.

The roles of the Chairman and Chief Executive are separate and clearly defined. The Chairman, Jeremy Pilkington, is responsible for the effective working of the Board and leading the development of the strategic agenda for the Group. The Chairman is also responsible for promoting a culture of openness and debate, in addition to ensuring constructive and productive relations between executive and non-executive directors. Chief Executive, Neil Stothard, has operational responsibility for the management of the Group's business and for implementation of the strategy as agreed by the Board.

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

EFFECTIVENESS

Committees

The board has established three principal Board committees to which it has delegated certain responsibilities. They are the Audit Committee, Remuneration Committee and Nomination Committee. The roles, membership and activities of these committees are described in more detail below.

Meetings

In the year ended 31 March 2017, the Board met formally six times. In addition, the Board also met on an ad hoc basis to deal with urgent business including the consideration and approval of major transactions. The table below lists the directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2017.

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

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

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

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

Independence

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

Appointments to the Board

The Nominations Committee is chaired by the Group's Chairman, Jeremy Pilkington, with the two non-executive directors also on the committee. The Nomination Committee meets as required to ensure that appointments to Board roles within the Group are made after due consideration of the relevant and necessary skills, knowledge and experience of the potential candidates. In addition it considers succession planning in order to ensure the continued ability of the Group to compete effectively in the market place. The Group's policy on diversity is set out on page 20 in the Strategic Report.

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

Induction, development and support

All new directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisers and visits to the Group's operational locations. The Board calendar is planned to ensure that directors are briefed on a wide range of topics throughout the year and are given the opportunity to visit sites and discuss aspects of the business with employees. The Board recognises the importance of continued training for the individual directors and they are encouraged to attend external seminars and briefings appropriate to their role on the Board.

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

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

There is an agreed procedure for directors to take independent professional advice at the Company's expense if deemed necessary for the correct performance of their duties. The Company Secretary, Allison Bainbridge, who is also the Group Finance Director, is available to all directors to provide advice and she is responsible for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. The Board continues to keep the Company Secretary role under review, but feels that the combination of the roles continues to work well for the business as a whole.

Performance evaluation

The evaluation of the Chairman, the Board and its committees in 2017 was conducted by way of a review completed by all of the directors, the results of which were considered by the entire Board. Based upon this evaluation, the Board concluded that performance in the past year had been good. The outcome of the evaluation will be used to make further improvements where appropriate, to ensure the performance of the Board continues to be optimised.

Re-election

From 2015 all directors have retired at each Annual General Meeting ('AGM') and offered themselves for re-election by shareholders. Accordingly, all the directors will retire at the AGM in August 2017 and their details are provided on page 25.

Accountability

The directors and auditors set out their respective responsibilities for preparing and reviewing the financial statements in the statement of directors' responsibilities on page 48 and the independent auditors' report on pages 49 to 52.

RELATIONS WITH SHAREHOLDERS

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

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

We held a Capital Markets day in September 2016, which allowed investors to further understand how we grow the business and what differentiates us. These events also allow us to demonstrate the strength and depth of our management team.

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

Audit Committee Report


Steve Rogers

STATEMENT FROM STEVE ROGERS, CHAIRMAN OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year ended 31 March 2017. The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control.

In line with the Corporate Governance Code the Committee has reviewed the Group's financial reports and has advised the Board that it considers the report to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

As a Fellow of the Institute of Chartered Accountants in England and Wales, and a retired senior partner of PricewaterhouseCoopers, the Board is satisfied that I have recent and relevant financial experience as required by the code. The other member of the Audit Committee is Phil White whose qualifications are outlined in the directors' biographies on page 25. The members of the Audit Committee have been selected with the aim of providing a range of financial and commercial expertise which includes competence relevant to the sector in which the Group operates and allows the Committee to fulfil its function.

There were three committee meetings during the year which were all attended by the committee members, and by invitation the Chairman, Chief Executive, Group Finance Director and Head of Internal Audit. The Group Financial Controller and the external auditors were invited to and attended two of these meetings.

RESPONSIBILITIES

The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls.

The principal responsibilities are:

- review the financial statements (half yearly and annual reports) and announcements relating to the financial performance of the Group;
- provide an assessment to the Board on whether the financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy;
- oversee the relationship with the external auditors, including the external audit process, audit and non audit fees and independence and make recommendations to the Board on the appointment of the external auditors;
- review the Group's internal financial controls and risk management systems and assess the effectiveness of those systems;
- monitor and review the effectiveness of the internal audit function;
- oversee the Group's policies and procedures for handling allegations from whistle blowers.

FINANCIAL REPORTING

We reviewed the integrity of the half yearly and annual financial statements of the Group. This included discussions with management and took account of the views of the external auditors. Amongst other matters our role would include review of the quality and appropriateness of accounting policies, clarity of disclosures, material areas of judgement and correspondence with regulators in relation to financial reporting (if any). The key area reviewed was the existence and carrying value of the rental fleet. Management carry out fleet checks at interim and year end periods, on the existence of the rental fleet. They also review annually the appropriateness of the useful lives and residual lives assigned to rental equipment. We are satisfied with the existence of assets in the fleet and that the judgements taken are appropriate and consistent with prior years.

EXTERNAL AUDIT

The Committee oversees the Group's relationship with the external auditors and formally reviews the relationship, policies and procedures to ensure their independence. PwC were appointed as external auditors on 15 October 2014. The Committee assessed the effectiveness of the external audit process during the year, based upon the Committee's interactions with the external auditors and through feedback from the Group Finance Team and Internal Audit. As a result the Committee has satisfied itself that PwC continue to provide an effective audit service to the Company and its subsidiaries and the Committee has made a recommendation to the Board that a resolution for the re-appointment of PwC be proposed at the AGM.

Audit Committee Report

The Group has policies and procedures in place to ensure that independence and objectivity of the external auditor is not impaired. These include restrictions on the types of services that they can provide, in line with APB Ethical Standards on Auditing. To further safeguard the independence of the external auditors non-audit services provided by the external auditors are considered and where appropriate authorised by the Committee in accordance with a non-audit services policy. The policy is contained in an appendix to the Committee's Terms of Reference. PwC also provides confirmation to the Committee on the arrangements and safeguards it has in place to maintain its independence and objectivity. The Committee continues to be satisfied with their independence.

The total fees payable to PwC for the year ended 31 March 2017 (together with a comparison for the year ended 31 March 2016) can be found in note 3 to the consolidated financial statements. Non-audit fees for the year ended 31 March 2017 were £17,000 (2016: £16,000). The non-audit services related to the half year review and overseas accountants reports.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has responsibility for reviewing risk management systems and the effectiveness of these systems. The responsibilities and processes in respect of risk management are described in detail on pages 17 and 18.

There is in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process is regularly reviewed by the Board. Risk Management Reports, prepared by the operating divisions supported by Internal Audit, were submitted to the Committee at its meeting in July 2016. The Reports identified the significant risks to the Group, highlighted controls that mitigate the risks and the resultant post-mitigation risk. The Committee also considered the tolerance levels (risk appetite) that the Group is prepared to accept.

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

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

INTERNAL AUDIT

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

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

WHISTLE BLOWING

The Group has a formal whistle blowing process, whereby any employee may contact nominated members of senior management to raise concerns they may have in complete anonymity. These concerns will then be investigated independently and the results shared with the whistle blower for further discussion if necessary. The Committee monitors the Group's whistleblowing policy. The Group's provision has been updated with the implementation of a new phone number and email address. Work has been completed to publicise the new options open to employees should they require to use them.

At the 2017 AGM, I shall be available to respond to any questions shareholders may raise on this report or on any of the Audit Committee's activities.

Steve Rogers
Chairman of the Audit Committee
6 June 2017

Remuneration Report Annual Statement

Phil White

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 31 March 2017. This has been prepared in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

As set out in the annual report on remuneration, the Group has continued to perform well against our key measures of growth in profit before tax and amortisation, earnings per share (EPS) and return on average capital employed (ROACE). ROACE in 2016/17 was a very satisfactory 16%. Our bonus and long-term incentive structures which we believe are in line with market best practice are based on stretch targets. The Committee believes that this year's pay outcomes reflect the current year's performance.

Profit before taxation and amortisation at £34.9 million grew by 17% on prior year. Therefore, given the level of profit growth achieved by the Group against the stretch targets, executive directors will qualify for bonuses of 72% of base salary, out of a maximum of 100%.

Our 2013 LTIP award vested in July 2016 at 100% of the total award reflecting the excellent EPS growth of the Group between 2013 and 2016. Again as a result of strong compound annual growth performance in EPS of 20% per annum between 2014 and 2017, our 2014 LTIP award is due to vest at 100% in July 2017.

REMUNERATION POLICY

The current Remuneration Policy was first adopted by shareholders at our AGM in 2014 and, under Company Law, shareholders must be asked again to approve the policy which will run for a maximum three year period. Accordingly, we will be submitting the policy to shareholders to vote on at the AGM to be held on 1 August 2017. In preparing for that submission, the Committee has reviewed the present policy and consider it to remain appropriate. Therefore, the Committee is not proposing to make any changes to the Remuneration Policy as set out overleaf. A review of executive directors base salaries was carried out during the year. The increases effective from 1 April 2017 are set out on page 41. The annual bonus scheme for 2017/18 will operate in a similar manner to prior years, with financial targets linked to profitability. The maximum bonus opportunity is 100% of salary. The performance conditions for the 2017/18 LTIP awards will be consistent with 2016/17 policy and will be based upon achievement of target growth in EPS over a three year period and the achievement of a minimum ROACE. The policy allows for LTIP awards equating to 100% of base salary to be granted to executive directors in July 2017.

ALIGNMENT WITH SHAREHOLDERS

In making the proposals for the Remuneration Policy, the Committee has given consideration to feed back from our shareholders as well as prevailing sentiment on reward and pay for executive directors. We continue to be mindful of our shareholders' interests. Our share ownership guidelines and claw back provisions for the annual bonus and long term incentive scheme support an on-going commitment to the business from our executives and continued alignment of shareholder and executive objectives.

We are proud of the support we have received in the past from our shareholders, with 98.3% approval for our Remuneration Policy in 2014 and 99.5% approval for our Remuneration Report last year. As mentioned above, Directors' Remuneration Policy is subject to a shareholder vote this year and has been reproduced on the following pages for ease of reference. In addition, a resolution to approve the Annual Report on Remuneration will also be proposed at the forthcoming AGM on 1 August 2017. We hope that we will continue to receive your support.

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

Phil White
Chairman Remuneration Committee
6 June 2017

Directors' Remuneration Policy (unaudited)

This part of the report sets out the Group's policy for the remuneration of executive and non executive directors (referred to as either 'the Remuneration Policy' or 'the Policy'). The Policy is determined by the Remuneration Committee and is not subject to audit by the external auditors.

The Remuneration Policy approved by shareholders in 2014 expires and the Committee have reviewed the existing Policy. As a result of the review the Committee is satisfied that the policy remains appropriate and does not propose any changes. Should shareholders approve the Policy at the 2017 AGM, it will be effective from the date of the AGM.

POLICY OVERVIEW

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

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

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

SUMMARY REMUNERATION POLICY

The table below summarises the directors' Remuneration Policy approved at the 2014 AGM. No changes are proposed.

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salary	To attract, retain and motivate individuals with skills and experience required to deliver the strategy. To provide a competitive fixed reward.	Base salaries are reviewed annually, and any changes are effective from 1 April in the financial year.	There is no prescribed maximum annual increase. The Committee also considers average increases across the Group. Current salary levels are set out on page 41.	None.
Pension	To provide retirement benefits.	All executives are either members of a defined contribution scheme or receive a cash allowance in lieu of pension contribution.	The executive chairman receives a cash equivalent pension contribution of 25% of salary, benefits and bonus. Other executive directors receive a pension contribution ranging between 15% and 17.5% of base salary or an equivalent cash allowance.	None.
Taxable Benefits	To provide market consistent benefits.	Cost of providing benefits paid monthly or as required for one off events.	Car allowance, health insurance and other benefits paid from time to time.	None.

Directors' Remuneration Policy (unaudited)

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Annual Bonus	To incentivise achievement of demanding performance targets.	Annual bonuses are generally paid three months after the end of the financial year to which they relate. Clawback provisions apply in the event of a material misstatement of the results.	Up to 100% of base salary.	Growth in profit before tax and amortisation.
Long Term Incentive Plan	To drive sustained long term performance that supports the creation of shareholder value.	Annual grant of nil cost options which normally vest after 3 years based on the achievement of profit targets, a minimum ROACE requirement and continual service. Clawback provisions apply in the event of a material misstatement of the results.	Normal grant limit of 100% of base salary.	Subject to a vesting period of three years and the achievement of target growth in EPS over a three year period. Minimum ROACE requirement, currently set at 12%.
Share Matching Scheme	To encourage share ownership and alignment with shareholders.	Annual grant of nil cost options in proportion to the number of shares purchased by an executive director from their own funds. Clawback provisions apply in the event of a material misstatement of the results.	Maximum award of shares to the value of 10% of salary.	Achievement of target growth in EPS over a three year period and a minimum ROACE, currently set at 12%.
Save As You Earn	To encourage share participation in the entire workforce.	HMRC approved plan under which regular monthly savings are made over a 3 year period and can be used to fund the exercise of an option whereby the exercise price is discounted by up to 20%.	Maximum permitted savings of £300 per month across all ongoing share save contracts in line with current legislation.	None.
Share Ownership Guidelines	To increase alignment between executives and shareholders.	Shareholding to be built up over 5 years.	100% of salary for executive directors.	None.
Non-Executive Director Fees	Reflects time commitments and responsibilities and fees paid by similar sized companies.	Cash fees paid, reviewed on an annual basis.	No prescribed maximum annual increase.	None.

Notes to the policy table

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

Directors' Remuneration Policy (unaudited)

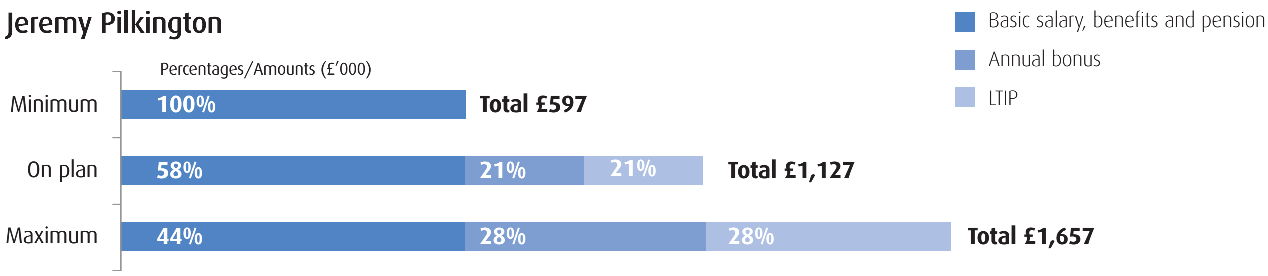
CHANGES TO REMUNERATION POLICY

There have been no changes to the remuneration policy from that operating since 2014/15.

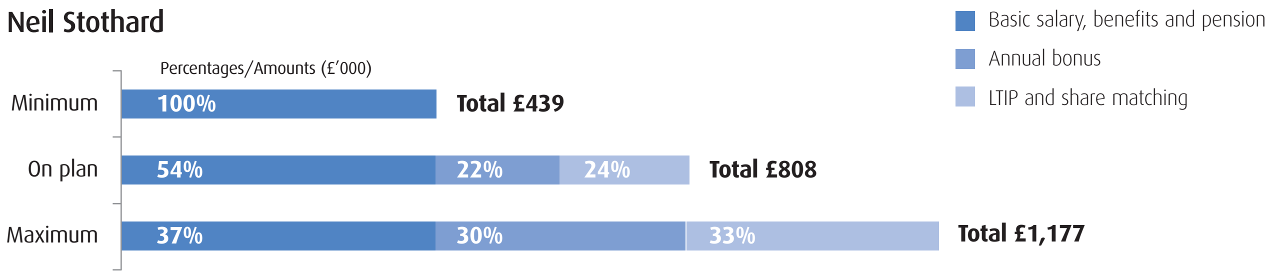
ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The chart below illustrates the total remuneration for each executive director that could result from the proposed remuneration policy in 2017/18 under three different performance scenarios.

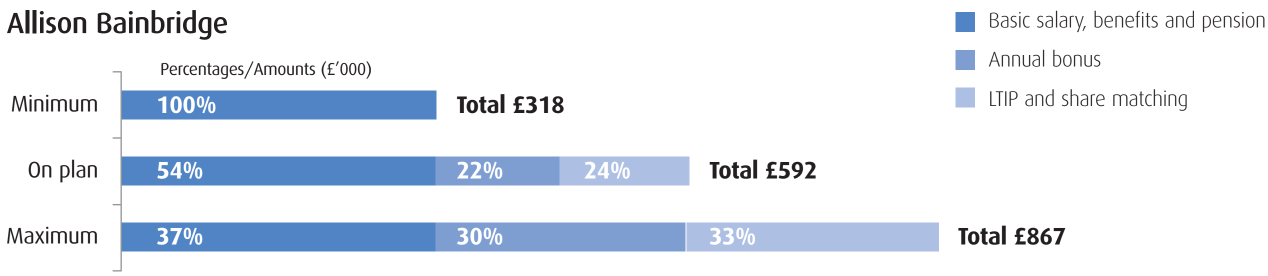
Jeremy Pilkington



Neil Stothard



Allison Bainbridge



The value of base salary for 2017/18 is set out in the Base Salary table on page 41.

The value of taxable benefits in 2017/18 is taken to be the value of taxable benefits received in 2016/17 as shown in the single total figure of remuneration table set out on page 38. On plan performance assumes bonus payout of 50% of salary and LTIP and share matching scheme vesting at 50% of maximum award. Maximum performance assumes 100% payout of all incentives. Share price appreciation has not been included in the calculation.

Directors’ Remuneration Policy (unaudited)

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

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

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

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

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

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

APPROACH TO RECRUITMENT

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

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

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

Directors' Remuneration Policy (unaudited)

DATE OF DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENT

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

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

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

APPROACH TO LEAVERS

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

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

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

CONSIDERATION OF SHAREHOLDER VIEWS

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

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

Details of votes cast for and against the resolution to approve last year's remuneration report are set out on page 44 of the annual report on remuneration.

Annual Report on Remuneration

SINGLE TOTAL FIGURE OF REMUNERATION (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2017 together with the comparative figures for 2016.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	LTIP	Share matching	Total
		£000	£000	£000	£000	£000	£000	£000
Executive directors								
Jeremy Pilkington	2017	471	7	204	339	559	-	1,580
	2016	471	44	161	127	810	-	1,613
Neil Stothard	2017	343	26	60	247	399	41	1,116
	2016	336	26	59	91	578	59	1,149
Allison Bainbridge	2017	255	17	38	184	289	29	812
	2016	244	16	37	66	391	38	792
Non-executive directors								
Steve Rogers	2017	40	-	-	-	-	-	40
	2016	38	-	-	-	-	-	38
Phil White	2017	40	-	-	-	-	-	40
	2016	38	-	-	-	-	-	38

TAXABLE BENEFITS

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

PENSION BENEFITS

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

ANNUAL BONUS PAYMENTS

The annual bonus outturn presented in the table was based on performance against growth in Group profit before tax and amortisation targets as measured over the 2017 financial year.

	Maximum (% of salary)	Growth in PBTA required for threshold bonus	Growth in PBTA required for maximum bonus	Actual growth in PBTA	Actual % of salary	Actual bonus £000
	%	%	%	%	%	£000
Jeremy Pilkington	100	5	20	17	72	339
Neil Stothard	100	5	20	17	72	247
Allison Bainbridge	100	5	20	17	72	184

No changes have been made to the maximum opportunity available under the 2017/18 bonus scheme.

Annual Report on Remuneration

VESTING OF LTIP AND SHARE MATCHING AWARDS (audited)

The LTIP and share matching amount included in the 2016/17 single total figure of remuneration is in respect of the conditional share award granted in July 2014. Vesting is dependent on earnings per share performance over the three years ended 31 March 2017, achievement of a minimum return on average capital employed of 12% and continued service until July 2017.

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

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	Normalised EPS compound annual growth rate of 8% pa (0% vesting) 14% pa (100% vesting) actual 20% pa	50.8 pence EPS	58.8 pence EPS	69.4 pence EPS	100
ROACE	Minimum of 12.0%	12.0%	N/A	16.0%	see above

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

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

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

	Number of shares at grant	Number of shares to vest	Estimated value of shares vesting*
			£000
Jeremy Pilkington	68,200	68,200	559
Neil Stothard	48,700	48,700	399
Allison Bainbridge	35,300	35,300	289

*The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. The share price at the time of the award was £6.80. As the awards have not yet vested the weighted average share price for the last three months of the financial year 2016/17 of £8.19 has been used to estimate the value at vesting.

The share matching awards for executive directors are as follows:

	Number of shares at grant	Number of shares to vest	Estimated value of shares vesting*
			£000
Jeremy Pilkington	N/A	N/A	N/A
Neil Stothard	5,000	5,000	41
Allison Bainbridge	3,500	3,500	29

*As the awards have not yet vested the weighted average share price for the last three months of the financial year 2016/17 of £8.19 has been used to estimate the value at vesting.

Annual Report on Remuneration

SHARE SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (audited)

The following awards were granted to executive directors:

Executive	Scheme	Basis of award granted	Date of grant	Share price at date of grant £	Number of shares	Face value £000	Performance Period end date
Jeremy Pilkington							
	LTIP	100% of salary	11 July 2016	6.57	71,700	471	31 March 2019
Neil Stothard							
	LTIP	100% of salary	11 July 2016	6.57	52,200	343	31 March 2019
	Share matching	10% of salary	5 Aug 2016	6.875	5,200	36	31 March 2019
	SAYE	N/A	1 July 2016	7.50	600	5	N/A
Allison Bainbridge							
	LTIP	100% of salary	11 July 2016	6.57	38,800	255	31 March 2019
	Share matching	10% of salary	5 Aug 2016	6.875	3,900	27	31 March 2019
	SAYE	N/A	1 July 2016	7.50	600	5	N/A

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

PAYMENTS TO PAST DIRECTORS AND FOR LOSS OF OFFICE

No payments were made to past directors or for loss of office in the year ended 31 March 2017.

OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of unvested share awards held by executive directors. Details of vested awards are shown in the statement of directors' shareholdings and share interests on page 41.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 31 Mar 2016	Granted during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2017	Exercise period	End of performance period
Jeremy Pilkington										
	Total LTIP	Various	Nil	245,500	71,700	116,200	-	201,000	July 2017 to July 2026	31 Mar 2017 to 31 Mar 2019
Neil Stothard										
	Total LTIP	Various	Nil	175,300	52,200	83,000	-	144,500	July 2017 to July 2026	31 Mar 2017 to 31 Mar 2019
	Total Share Matching	Various	Nil	17,900	5,200	8,500	-	14,600	July 2017 to July 2026	31 Mar 2017 to 31 Mar 2019
	SAYE	2013	2.82	638	-	638	-	-		N/A
	SAYE	2014	5.30	679	-	-	-	679	October 2017 to March 2018	N/A
	SAYE	2015	6.20	580	-	-	-	580	October 2018 to March 2019	N/A
	SAYE	2016	6.00	-	600	-	-	600	October 2019 to March 2020	N/A
	Total SAYE			**1,897**	**600**	**638**	**-**	**1,859**		
Allison Bainbridge										
	Total LTIP	Various	Nil	123,000	38,800	56,100	-	105,700	July 2017 to July 2026	31 Mar 2017 to 31 Mar 2019
	Total Share Matching	Various	Nil	12,200	3,900	5,500	-	10,600	July 2017 to July 2026	31 Mar 2017 to 31 Mar 2019
	SAYE	2013	2.82	1,276	-	1,276	-	-		N/A
	SAYE	2014	5.30	679	-	-	-	679	October 2017 to March 2018	N/A
	SAYE	2015	6.20	580	-	-	-	580	October 2018 to March 2019	N/A
	SAYE	2016	6.00	-	600	-	-	600	October 2019 to March 2020	N/A
	Total SAYE			**2,535**	**600**	**1,276**	**-**	**1,859**		

Annual Report on Remuneration

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

Executive	Shareholding as % of salary at 31 Mar 2017	Shares beneficially owned at 31 Mar 2017	Shares beneficially owned at 31 Mar 2016	Options vested but not yet exercised 31 Mar 2017	Options vested but not yet exercised 31 Mar 2016	Unvested LTIP awards[1]	Unvested share matching awards[1]	Outstanding SAYE awards
Jeremy Pilkington	*	29,220	29,220	-	66,000	201,000	-	-
Neil Stothard	1,873%	788,905	808,748	-	-	144,500	14,600	1,859
Allison Bainbridge	212%	66,291	41,000	-	-	105,700	10,600	1,859
Steve Rogers	-	-	-	-	-	-	-	-
Phil White	-	-	-	-	-	-	-	-

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

The share price used to calculate the value of shares beneficially owned for the purposes of establishing shareholding as a percentage of salary is the share price as at 31 March 2017: £8.15.

*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 2017 Ackers P Investment Company Limited owned 20,181,411 shares (2016: 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 Group's requirements to hold shares equivalent to at least 100% of salary.

There were no changes in the interests of the directors between 31 March 2017 and 6 June 2017.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2018 (unaudited)

A summary of how the directors' remuneration policy will be applied during the year ended 31 March 2018 is set out below.

BASE SALARY

The Committee approved a 2.0% increase in base salary for Neil Stothard and 4.5% for Allison Bainbridge from 1 April 2016 and the following base salary increases with effect from 1 April 2017:

	2018 £000	2017 £000	% increase
Jeremy Pilkington	471	471	**0.0%**
Neil Stothard	352	343	**2.5%**
Allison Bainbridge	261	255	**2.5%**
Steve Rogers	40	40	**0.0%**
Phil White	40	40	**0.0%**

A salary increase averaging 2.5% across the Group was awarded at the annual pay review, effective from 1 April 2017.

During the year Neil Stothard served as a non-executive director of Wykeland Group and received a fee of £17,000 for his services.

Annual Report on Remuneration

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2018 (unaudited) – continued

PENSION ARRANGEMENTS

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

ANNUAL BONUS

The maximum bonus potential for the year ending 31 March 2018 will remain at 100% of salary for all executive directors. Awards will be based upon the achievement of a challenging growth target in profit before tax and amortisation.

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

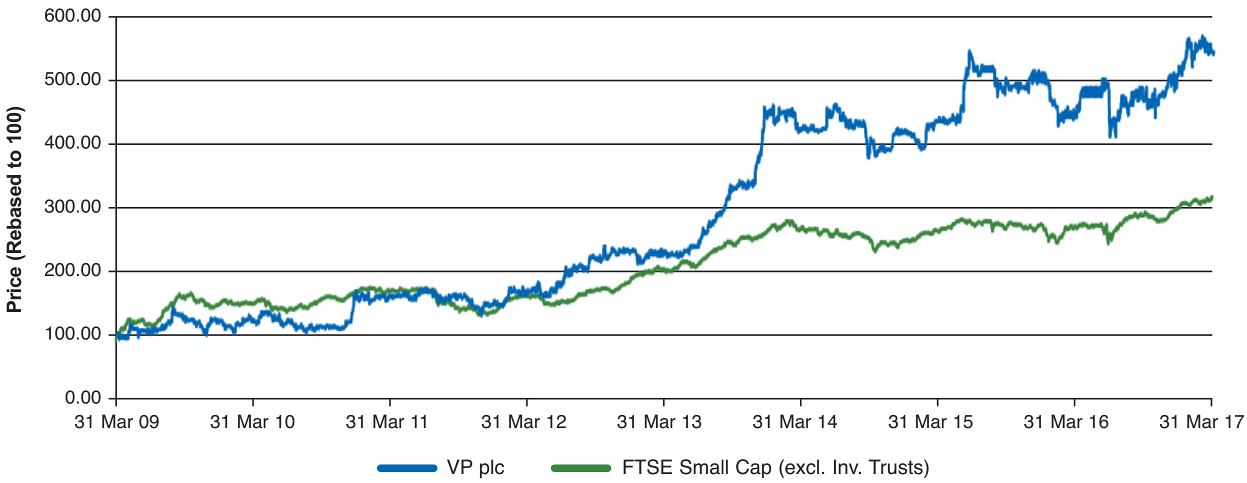
LONG TERM INCENTIVES

Consistent with past awards the extent to which any LTIP awards granted in 2017 will vest will be dependent upon the achievement of a challenging target growth in the Group's earnings per share.

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

PERFORMANCE GRAPH AND TABLE (unaudited)

The following graph charts the Total Shareholder Return of the Group and the FTSE Small Cap Index over the eight year period from 1 April 2009 to 31 March 2017.



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

Annual Report on Remuneration

PERFORMANCE GRAPH AND TABLE (unaudited) – continued

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

	2010	2011	2012	2013	2014	2015	2016	2017
Single figure (£000)	614	1,080	1,919	1,795	2,042	2,259	1,613	1,580
Annual bonus % of maximum	20%	100%	100%	84%	52%	100%	27%	72%
LTIP vesting % of maximum	0%	44.6%	82%	95.1%	100%	100%	100%	100%

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

PERCENTAGE CHANGE IN EXECUTIVE CHAIRMAN'S REMUNERATION (unaudited)

The table below shows the percentage change in the Executive Chairman's salary, benefits and annual bonus between the financial year ended 31 March 2016 and 31 March 2017 compared to the percentage change for UK employees of the Group for each of these elements of pay.

	Jeremy Pilkington 2016	2017	% change	UK employees % change
	£000	£000		
Salary	471	471	0%	4%
Taxable Benefits	44	7	(84)%	28%
Annual Bonus	464*	127*	(73)%	(12)%

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

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

RELATIVE IMPORTANCE OF SPEND ON PAY (unaudited)

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

		2016	2017	% change
Staff costs	£m	71.3	90.2	27
Dividends	£m	7.4	8.6	17

Dividend figures relate to amounts payable in respect of the relevant financial year and includes proposed final dividend of 16.0 pence.

Annual Report on Remuneration

REMUNERATION COMMITTEE (unaudited)

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

The primary role of the Committee is to:

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

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

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

- Phil White
- Steve Rogers

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 25 and 27. The Remuneration Committee has access to independent advice where it considers appropriate. No advice has been sought during 2016/17.

STATEMENT OF VOTING AT GENERAL MEETING

At the last AGM held on 26 July 2016 the voting results in respect of the Remuneration Report Annual Statement were as follows:

	Remuneration Report	
Votes cast in favour	32,658,065	99.5%
Votes cast against	154,902	0.5%
Total votes cast	32,812,967	100%
Abstentions	485,000	

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 2017.

PRINCIPAL ACTIVITIES

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

STRATEGIC REPORT

Pursuant to Sections 414 A – D Companies Act 2006, the business review has been replaced with a strategic report, which can be found on pages 2 to 24.

RESULTS AND DIVIDEND

Group profit after tax for the year was £23.7 million (2016: £22.4 million). The directors recommend a final dividend of 16.0 pence per share.

The final dividend will be paid on 8 August 2017 to all shareholders on the register as at 14 July 2017.

DIRECTORS

Details of the directors of the Company who were in office during the year and up to the date of signing the financial statements are given on page 25. Details of directors' interests in shares are provided in the Directors' Remuneration Report on page 41. The directors' exposures to conduct and liability issues were mitigated by Directors and Officers insurance cover where applicable during the financial year.

SHARE CAPITAL

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

SUBSTANTIAL SHAREHOLDERS

As at 6 June 2017 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares
		%
Ackers P Investment Company Limited	20,181,411	50.26
Discretionary Unit Fund Managers Limited	2,151,648	5.38
Schroders plc	2,097,648	5.22
JP Morgan Asset Management (UK) Limited	2,050,000	5.11

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 pages 17 to 19.

OVERSEAS BRANCH

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

POST BALANCE SHEET EVENTS

These are set out in note 26.

Directors' Report

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4.

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

EMPLOYEES

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

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £30,000 (2016: £41,000). The donations made in the year principally relate to sponsorship of employee driven fund raising activities on behalf of local and national charities.

SUPPLIER PAYMENT POLICY

It is the Company's policy to make payment to suppliers on agreed terms. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The number of days purchases outstanding at 31 March 2017 was 44 days (2016: 25 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

TAXATION PRINCIPLES

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

In 2016/17 Vp plc paid £4.5 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. The maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers is set out in Resolution 12(b) and 12(c) of the Notice of Meeting. The directors undertake to shareholders that they will only exercise this power after careful consideration, taking into account the financial resources of the Company, future funding opportunities and the price of the Company's shares. The directors will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally.

During the year ended 31 March 2017 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

Directors' Report

GOING CONCERN

The Business Review on pages 10 to 13 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond. This is supported by the Financial Review on pages 14 to 16 which sets out the Group's current financial position, including its cashflows, net debt and borrowing facilities and also outlines the Group's treasury management objectives, policies and processes. It is also supported by the Viability Statement on page 17.

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

The Group is in a healthy financial position. At the year end the Group had total banking facilities of £125 million which are subject to bank covenant testing together with a step up facility of £20 million.

The Board has evaluated the facilities and covenants on the basis of the budget for 2017/18 which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. On the basis of this testing the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis has been adopted in the preparation of the financial statements.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 26 to 29 forms part of the Directors' Report.

INDEPENDENT AUDITORS

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

By Order of the Board

Allison Bainbridge
Group Finance Director
6 June 2017

Statement of Directors' Responsibilities

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Vp plc

Report on the financial statements

Our opinion

In our opinion:

- Vp plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2017 and of the Group's profit and the Group's and the Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The Financial Statements included within the Annual Report and Accounts (the "Annual Report") comprise:

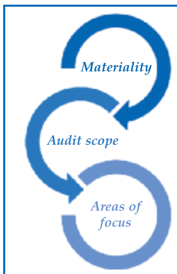
- the Consolidated and Parent Company Balance Sheets as at 31 March 2017;
- the Consolidated Income Statement and Statements of Comprehensive Income for the year then ended;
- the Consolidated and Parent Company Statements of Cash Flows for the year then ended;
- the Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

Our audit approach

Overview



Materiality	• Overall group materiality: £1.7 million which represents 5% of profit before tax and amortisation.
Audit scope	• The Group audit team performed an audit of the complete financial information of the four financially significant reporting units with the Group. • The reporting units over which we performed audit procedures accounted for over 90% of the Group's external revenues and 94% of the Group's profit before tax and amortisation.
Areas of focus	• Existence of rental equipment. • Valuation of rental equipment.

The scope of our audit and our areas of focus

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

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

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

Independent Auditors' Report

Area of focus	How our audit addressed the area of focus
Existence of rental equipment *Refer to page 30, page 60 (accounting policy) and page 69 (financial disclosures)* We focused on this area because the Group holds a significant quantum and carrying amount of rental equipment in the normal course of its business. The net book value of rental equipment was £173.9 million as at 31 March 2017 (2016: £147.2 million). Given the volume of assets and the frequency of movement (through purchases, hires and sales) there is the potential for assets to go missing. This results in complexity in maintaining an accurate fixed asset register.	Our audit work in respect of the existence of rental equipment included understanding and evaluating management's key controls in this area, checking the correct recording of rental asset movements on the fixed asset register, and substantively testing the existence of a sample of assets. For a sample of rental equipment purchases in the year we agreed to invoice and capitalisation onto the fixed asset register, checking the value and the useful economic life applied. We agreed a sample of rental equipment out on hire to delivery notes. We did not identify any material exceptions from this work. We attended a sample of year end rental equipment counts and: • considered the design and effectiveness of count controls by understanding and observing the count procedures; and • counted a sample of assets and reconciled these to both management's count and the fixed asset register. Our testing did not identify rental equipment that was on the fixed asset register, but not either on hire to customers or in the Group's possession at the year end. For a sample of revenue resulting from the hire of rental equipment to customers we have agreed to sales invoice and either a despatch note or cash receipt which provides us with evidence over the underlying asset.
Valuation of rental equipment *Refer to page 30, page 60 (accounting policy) and page 69 (financial disclosures)* We focused on this area because there is significant management judgement involved in estimating the useful economic lives, residual values and impairment of the rental assets. The utilisation of rental equipment is key to supporting its valuation so if there were a downturn in the trading performance in a particular market or reporting unit, this would present an inherent impairment risk.	Our audit work in respect of the valuation of rental equipment comprised an assessment of the accuracy of estimates made by management in previous years, testing of utilisation statistics, integrity checks over the underlying fixed asset data and performing our own independent projections using budgeted trading performance to assess the appropriateness or management estimates. We tested the appropriateness of the useful economic lives and estimated residual values applied through consideration of any profits/losses on disposal of rental equipment and the level of fully written down assets still generating revenue, noting no evidence of systematic over or under depreciation of the assets. We tested the integrity of the data held within the fixed asset registers, given the reliance upon this information for our impairment analysis. This comprised scanning the entire population of assets for inappropriate entries (such as assets with a useful economic life inconsistent with the type of asset) or evidence that the useful economic life assigned is not being applied correctly in the fixed asset register. We did not identify any material exceptions from this work.

How we tailored the audit scope

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

The Group's operating reporting units vary significantly in size and we identified 13 reporting units, 4 of which, in our view, required an audit of their complete financial information, due to their size or risk characteristics. Testing of consolidation journals was also performed at the Group's Head Office.

In establishing the overall approach to the Group audit, we determined that all work could be performed by us, the Group audit team, in respect of the Group audit. No inter office reporting from overseas audit teams was required.

Together, the reporting units over which we performed audit procedures accounted for 90% of Group revenues and 94% of Group profit before tax and amortisation.

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

Materiality

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

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

Overall group materiality	£1.7 million (2016: £1.4 million).
How we determined it	5% of profit before tax and amortisation.
Rationale for benchmark applied	We applied this benchmark because, in our view, this is the most relevant metric against which the performance of the Group is most commonly measured.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £85,000 (2016: £70,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

Independent Auditors' Report

Going concern (continued)

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Parent Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Corporate Governance Statement set out on pages 26 to 29 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- the information given in the Corporate Governance Statement set out on pages 26 to 29 with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies complies with rules 7.2.2, 7.2.3 and 7.2.7 of the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority.

In addition, in light of the knowledge and understanding of the Group, the Parent Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the information referred to above in the Corporate Governance Statement. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

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

• Information in the Annual Report is: – Materially inconsistent with the information in the audited financial statements; or – Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or – Otherwise misleading.	We have no exceptions to report.
• The statement given by the directors on page 30, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.	We have no exceptions to report.
• The section of the Annual Report on page 30, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

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

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the directors' confirmation on page 17 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors' explanation on page 17 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Independent Auditors' Report

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

Corporate governance statement

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

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
6 June 2017

Consolidated Income Statement

for the Year Ended 31 March 2017

	Note	2017 £000	2016 £000
Revenue	2	**248,740**	208,746
Cost of sales		**(181,807)**	(149,758)
Gross profit		**66,933**	58,988
Administrative expenses		**(33,688)**	(29,395)
Operating profit before amortisation	2	**37,757**	31,891
Amortisation	9	**(4,512)**	(2,298)
Operating profit	3	**33,245**	29,593
Financial income	6	**14**	4
Financial expenses	6	**(2,920)**	(2,097)
Profit before taxation and amortisation		**34,851**	29,798
Amortisation	9	**(4,512)**	(2,298)
Profit before taxation		**30,339**	27,500
Income tax expense	7	**(6,687)**	(5,112)
Profit attributable to owners of the parent		**23,652**	22,388
Basic earnings per 5p ordinary share	20	**60.31p**	57.49p
Diluted earnings per 5p ordinary share	20	**58.65p**	54.51p
Dividend per 5p ordinary share interim paid and final proposed	19	**22.00p**	18.85p

Statements of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2017

	Note	2017 £000	2016 £000
Profit for the year		**23,652**	22,388
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	24	**366**	122
Tax on items taken to other comprehensive income	7	**(70)**	(23)
Impact of tax rate change	7	**-**	(39)
Foreign exchange translation difference		**783**	693
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**367**	581
Total other comprehensive income		**1,446**	1,334
Total comprehensive income for the year attributable to owners of the parent		**25,098**	23,722

Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2017

	Note	2017 £000	2016 £000
Profit for the year		**19,186**	10,397
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	24	**815**	122
Tax on items taken to other comprehensive income		**(154)**	(23)
Impact of tax rate change		**-**	(39)
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**367**	581
Total other comprehensive income		**1,028**	641
Total comprehensive income for the year		**20,214**	11,038

Statements of Changes in Equity

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2017

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
Equity at 1 April 2015		**2,008**	**301**	**16,192**	**(1,101)**	**94,340**	**27**	**111,767**
Total comprehensive income for the year (see page 54)		-	-	-	581	23,141	-	23,722
Tax movements to equity	7	-	-	-	-	1,123	-	1,123
Impact of tax rate change	7	-	-	-	-	(31)	-	(31)
Share option charge in the year		-	-	-	-	1,904	-	1,904
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(10,567)	-	(10,567)
Dividend to shareholders	19	-	-	-	-	(6,568)	-	(6,568)
Total change in equity during the year		-	-	-	581	9,002	-	9,583
Equity at 31 March 2016 and 1 April 2016		**2,008**	**301**	**16,192**	**(520)**	**103,342**	**27**	**121,350**
Total comprehensive income for the year (see page 54)		-	-	-	367	24,731	-	25,098
Tax movements to equity	7	-	-	-	-	468	-	468
Share option charge in the year		-	-	-	-	2,525	-	2,525
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(4,493)	-	(4,493)
Dividend to shareholders	19	-	-	-	-	(7,632)	-	(7,632)
Total change in equity during the year		-	-	-	367	15,599	-	15,966
Equity as at 31 March 2017		**2,008**	**301**	**16,192**	**(153)**	**118,941**	**27**	**137,316**

Parent Company Statement of Changes in Equity for the Year Ended 31 March 2017

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Equity at 1 April 2015		**2,008**	**301**	**16,192**	**(1,101)**	**35,379**	**52,779**
Total comprehensive income for the year (see page 54)		-	-	-	581	10,457	11,038
Tax movements to equity	7	-	-	-	-	1,123	1,123
Impact of tax rate change	7	-	-	-	-	(31)	(31)
Share option charge in the year		-	-	-	-	1,904	1,904
Net movement relating to shares held Vp Employee Trust		-	-	-	-	(10,567)	(10,567)
Dividend to shareholders	19	-	-	-	-	(6,568)	(6,568)
Total change in equity during the year		-	-	-	581	(3,682)	(3,101)
Equity at 31 March 2016 and 1 April 2016		**2,008**	**301**	**16,192**	**(520)**	**31,697**	**49,678**
Total comprehensive income for the year (see page 54)		-	-	-	367	19,847	20,214
Tax movements to equity	7	-	-	-	-	671	671
Share option charge in the year		-	-	-	-	2,525	2,525
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(4,493)	(4,493)
Dividend to shareholders	19	-	-	-	-	(7,632)	(7,632)
Total change in equity during the year		-	-	-	367	10,918	11,285
Equity at 31 March 2017		**2,008**	**301**	**16,192**	**(153)**	**42,615**	**60,963**

Consolidated Balance Sheet

at 31 March 2017

NET ASSETS	Note	2017 £000	2016 £000 Restated*
Non-current assets			
Property, plant and equipment	8	**195,569**	167,201
Intangible assets	9	**47,512**	46,363
Employee benefits	24	**1,928**	1,534
Total non-current assets		**245,009**	215,098
Current assets			
Inventories	11	**5,166**	5,363
Trade and other receivables	12	**49,723**	44,817
Cash and cash equivalents	13	**15,070**	11,374
Total current assets		**69,959**	61,554
Total assets		**314,968**	276,652
Current liabilities			
Interest-bearing loans and borrowings	14	**(5,823)**	(7,730)
Income tax payable		**(1,514)**	(931)
Trade and other payables	16	**(55,270)**	(51,567)
Total current liabilities		**(62,607)**	(60,228)
Non-current liabilities			
Interest-bearing loans and borrowings	14	**(108,180)**	(89,778)
Deferred tax liabilities	17	**(6,865)**	(5,296)
Total non-current liabilities		**(115,045)**	(95,074)
Total liabilities		**(177,652)**	(155,302)
Net assets		**137,316**	121,350
EQUITY			
Issued share capital	18	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(153)**	(520)
Retained earnings		**118,941**	103,342
Total equity attributable to equity holders of the parent		**137,289**	121,323
Non-controlling interest		**27**	27
Total equity		**137,316**	121,350

The financial statements on pages 53 to 89 were approved and authorised for issue by the Board of Directors on 6 June 2017 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

*Cash and cash equivalents and interest-bearing loans and borrowings have been restated following the change in accounting policy required by the updated interpretation of IAS32 as described in note 1. This change has had no impact on net assets.

Parent Company Balance Sheet

at 31 March 2017

NET ASSETS	Note	2017 £000	2016 £000 Restated*
Non-current assets			
Property, plant and equipment	8	**93,179**	89,294
Intangible assets	9	**15,624**	18,678
Investments in subsidiaries	10	**27,932**	27,930
Employee benefits	24	**2,401**	1,534
Total non-current assets		**139,136**	137,436
Current assets			
Inventories	11	**1,339**	1,416
Trade and other receivables	12	**75,901**	54,750
Income tax receivable		**-**	490
Cash and cash equivalents	13	**2,920**	1,852
Total current assets		**80,160**	58,508
Total assets		**219,296**	195,944
Current liabilities			
Interest-bearing loans and borrowings	14	**(5,823)**	(7,680)
Income tax payable		**(670)**	-
Trade and other payables	16	**(38,560)**	(45,387)
Total current liabilities		**(45,053)**	(53,067)
Non-current liabilities			
Interest-bearing loans and borrowings	14	**(108,180)**	(89,748)
Deferred tax liabilities	17	**(5,100)**	(3,451)
Total non-current liabilities		**(113,280)**	(93,199)
Total liabilities		**(158,333)**	(146,266)
Net assets		**60,963**	49,678
EQUITY			
Capital and reserves			
Issued share capital	18	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(153)**	(520)
Retained earnings			
At 1 April		**31,697**	35,379
Profit for the financial year		**19,186**	10,397
Other changes in retained earnings		**(8,268)**	(14,079)
At 31 March		**42,615**	31,697
Total equity		**60,963**	49,678

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Jeremy Pilkington
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Director

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Consolidated Statement of Cash Flows

for the Year Ended 31 March 2017

	Note	**2017**	2016
	Note	**£000**	£000
Cash flows from operating activities			
Profit before taxation		**30,339**	27,500
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		**-**	(369)
Share based payment charges		**2,525**	1,904
Depreciation	8	**33,481**	27,375
Amortisation and impairment	9	**4,512**	2,298
Financial expense		**2,920**	2,097
Financial income		**(14)**	(4)
Profit on sale of property, plant and equipment		**(5,809)**	(6,246)
Operating cash flow before changes in working capital and provisions		**67,954**	54,555
Decrease in inventories		**197**	1,132
Increase in trade and other receivables		**(3,125)**	(2,101)
Increase/(decrease) in trade and other payables		**4,860**	(5,729)
Cash generated from operations		**69,886**	47,857
Interest paid		**(2,738)**	(2,097)
Interest element of finance lease rental payments		**(183)**	(4)
Interest received		**14**	4
Income taxes paid		**(4,539)**	(4,840)
Net cash generated from operating activities		**62,440**	40,920
Investing activities			
Proceeds from sale of property, plant and equipment		**16,686**	17,179
Purchase of property, plant and equipment		**(64,649)**	(50,237)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	**(9,984)**	(7,068)
Net cash used in investing activities		**(57,947)**	(40,126)
Cash flows from financing activities			
Purchase of own shares by Employee Trust		**(4,493)**	(10,566)
Repayment of borrowings		**(3,897)**	-
New loans		**19,000**	16,000
Payment of finance lease liabilities		**(636)**	(497)
Dividend paid	19	**(7,632)**	(6,568)
Net cash generated from/(used in) financing activities		**2,342**	(1,631)
Net increase/(decrease) in cash and cash equivalents		**6,835**	(837)
Effect of exchange rate fluctuations on cash held		**(1,270)**	118
Cash and cash equivalents as at the beginning of the year		**4,517**	5,236
Cash and cash equivalents as at the end of the year		**10,082**	4,517

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Profit before taxation		**22,690**	12,767
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		**-**	(369)
Share based payment charges		**2,525**	1,904
Depreciation	8	**12,635**	11,866
Amortisation	9	**3,092**	472
Financial expense		**1,971**	2,091
Financial income		**(7)**	(4)
Profit on sale of property, plant and equipment		**(3,041)**	(4,047)
Operating cash flow before changes in working capital and provisions		**39,865**	24,680
Decrease in inventories		**77**	535
Increase in trade and other receivables		**(20,399)**	(2,558)
Decrease in trade and other payables		**(5,795)**	(1,803)
Cash generated from operations		**13,748**	20,854
Interest paid		**(2,621)**	(2,097)
Interest element of finance lease rental payments		**(182)**	(3)
Interest received		**7**	4
Income taxes paid		**(93)**	(1,823)
Net cash generated from operating activities		**10,859**	16,935
Investing activities			
Proceeds from sale of property, plant and equipment		**9,490**	10,246
Purchase of property, plant and equipment		**(23,691)**	(24,153)
Investment in new subsidiary		**(40)**	-
Acquisition of businesses and subsidiaries (net of cash acquired)	25	**-**	(3,718)
Net cash used in investing activities		**(14,241)**	(17,625)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		**(4,493)**	(10,566)
New loans		**19,000**	16,000
Payment of finance lease liabilities		**(556)**	(473)
Dividend paid	19	**(7,632)**	(6,568)
Net cash generated from/(used in) financing activities		**6,319**	(1,607)
Net increase/(decrease) in cash and cash equivalents		**2,937**	(2,297)
Cash and cash equivalents as at the beginning of the year		**(5,005)**	(2,708)
Cash and cash equivalents net of overdraft as at the end of the year		**(2,068)**	(5,005)

Notes
(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a public limited company (limited by shares) which is listed on the London Stock Exchange and incorporated and domiciled in Great Britain. These consolidated Financial Statements of Vp plc for the year ended 31 March 2017, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

Basis of preparation

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

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

Accounting policies and restatements

The Group's 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 IFRSIC interpretations that have had a material impact on the Group for the year ended 31 March 2017 other than as noted below:

In March 2016, IFRSIC issued an agenda decision regarding the treatment of offsetting and cash pooling arrangements clarifying in which circumstances these are offset in accordance with IAS 32 'Financial Instruments: Presentation'. It was determined that where a Group does not expect to settle subsidiaries' bank balances on a net basis, these balances cannot be offset. In response to this, the Group has reviewed its offsetting and cash pooling arrangements which has resulted in changes to the amounts that can be offset. Comparative information for the year ended 31 Mach 2016 has been restated in line with a change in accounting policy requirements.

The impact of this change on 2016 is to increase both cash and cash equivalents and current borrowings in the Consolidated Balance Sheet by £6.9 million. There was no overall impact on net assets and the consolidated statement of comprehensive income.

Future standards

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

- IFRS 9 'Financial instruments' (effective for accounting periods commencing on or after 1 January 2018).
- IFRS 15 'Revenue from contracts with customers' (effective for accounting periods commencing on or after 1 January 2018).
- Amendments to IAS12 'Income taxes' (effective for accounting periods commencing on or after 1 January 2017).
- Amendments to IAS7 'Cash flow statements' (effective for accounting periods commencing on or after 1 January 2017).

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

In addition the following standard is expected to have a significant impact on the Group and Company, however the Group is still considering the impact.

- IFRS 16 'Leases' (effective for accounting periods commencing on or after 1 January 2019). This is still subject to EU endorsement.

Basis of consolidation

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

Property, plant and equipment

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

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

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

Where the information is available assets acquired via acquisitions are recorded in the accounting records on a gross cost and accumulated depreciation basis.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Business combinations and goodwill

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

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

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

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

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

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

Other intangible assets

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

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

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

Impairment

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

Investments

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

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

Inventories

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

Raw materials and consumables stock is held primarily for the repair and maintenance of fleet assets. Goods for resale relate to stock held for sale. The basis of expensing stock is either on a first-in first-out basis or weighted average basis depending on the system used within each division.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

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

Cash and cash equivalents

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

Interest bearing loans and borrowings

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

Taxation

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

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

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

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Trade and other payables

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

Employee benefits – pensions

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

The Group's net obligation in respect of its defined benefit pension 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 credit method.

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

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

When the benefits of the plan are improved, the proportion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend

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

Share Capital

Ordinary shares are classified as equity.

Employee trust shares

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

Treasury shares

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

Derivative financial instruments

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

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

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

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

Financial guarantee contracts

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

Revenue

Revenue represents the amounts (excluding Value Added Tax) derived from the hire of equipment and the provision of goods and services to third party customers during the year. Revenue from equipment hire, which is the vast majority of Group revenues, is recognised from the start of hire through to the end of the agreed hire period predominately on a time apportioned basis. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the transaction at the balance sheet date. As the Group does not in the course of its ordinary activities routinely dispose of equipment held for hire any sales proceeds are shown as a reduction in cost of sales.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payments

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

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

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

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

The Group's results are subject to fluctuations caused by the cash settled share options and national insurance costs on unapproved share options as these are required to be re-measured at each reporting date based on the Company share price. Changes in the Company's share price during the reporting period therefore impact the charge to the Income Statement for cash settled options and national insurance, including vested but not exercised options, as well as unvested options. The impact of a 10 pence increase in share price would increase the charge to the Income Statement by £30,000 (2016: £43,000).

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.

Operating leases - leasor

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

Operating leases - leasee

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

Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2017 have been reviewed and approved by the Audit Committee. The areas of principal accounting uncertainty are estimated useful lives of rental assets, including residual values and assumptions relating to pension costs. In addition the testing for impairment of goodwill and other intangibles requires significant estimates and judgements relating to cash flows.

The Group continually reviews depreciation rates and using its judgement adopts a cautious policy in assessing estimated useful economic lives of fleet assets (see page 60). The rate of technological and legislative change is factored into the estimates, together with the diminution in value through use and time. The Group also takes account of the profit or loss it makes on the disposal of fixed assets in determining whether depreciation policies are appropriate.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

The key assumptions and sensitivities applied to pensions are disclosed in note 24. The pension scheme position is derived using actuarial assumptions for inflation, future salary increases, discount rates and mortality rates which are inherently uncertain. Due to the relative size of the scheme, small changes to these assumptions can give rise to a significant impact on the pension scheme position reported in the Balance Sheet.

Goodwill and other intangibles are tested for impairment by reference to the expected estimated cash generated by the business unit. This is deemed to be the best approximation of value, but is subject to the same uncertainties as the cash flow forecast being used. Further details are provided in note 9.

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. Total external revenue in 2017 was £248,740,000 (2016: £208,746,000). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £15.1 million (2016: £16.2 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 £39.1 million (2016: £25.7 million) including overseas revenue generated by the UK based divisions. The Group has one operating branch of a UK registered company operating in another country within the EU, namely a branch of Hire Station Limited operating in the Netherlands.

Business segments

	Revenue						Operating profit before amortisation	
		2017			2016		2017	2016
	External Revenue £000	Internal Revenue £000	Total Revenue £000	External Revenue £000	Internal Revenue £000	Total Revenue £000	£000	£000
UK	220,015	3,460	223,475	193,555	3,029	196,584	35,871	30,659
International	28,725	-	28,725	15,191	-	15,191	1,886	1,232
	248,740	3,460	252,200	208,746	3,029	211,775	37,757	31,891

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

The segmental split is provided on the basis of the Group reporting structure in 2016/17. Following the acquisition of TR Group Pty Limited in April 2016 it has been decided to realign the Group reporting in 2016/17 to reflect the greater influence of international activities on the Group's results. As a result, from this year's financial statements, we will be reporting two segments, namely UK and International.

The prior year has been restated to present balances on a consistent basis.

	Assets		Liabilities		Net Assets	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
UK	271,492	249,654	172,454	150,739	99,038	98,915
International	43,476	26,998	5,198	4,563	38,278	22,435
	314,968	276,652	177,652	155,302	137,316	121,350

2. SEGMENT REPORTING (continued)

Business segments	Acquired Assets 2017 £000	Acquired Assets 2016 £000	Capital Expenditure 2017 £000	Capital Expenditure 2016 £000	Depreciation and Amortisation 2017 £000	Depreciation and Amortisation 2016 £000
UK	**-**	10,356	**57,689**	50,746	**32,196**	26,012
International	**14,511**	-	**4,116**	1,290	**5,797**	3,661
	14,511	10,356	**61,805**	52,036	**37,993**	29,673

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

Included within segmental assets above is goodwill and indefinite life intangibles in relation to the following segments: UK £33.5 million (2016: £35.9 million), International £6.8 million (2016: £4.8 million).

3. OPERATING PROFIT

	2017 £000	2016 £000
Operating profit is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	**4,512**	2,298
Depreciation of property, plant and equipment – owned	**33,056**	27,332
– leased	**425**	43
Operating leases - Rent of land and buildings	**5,658**	4,599
Operating leases - Hire of other assets	**17,962**	13,969
Profit on disposal of plant and equipment	**(5,809)**	(6,246)
Amounts paid to auditors:		
Audit fees – parent company annual accounts	**73**	62
– other group companies	**81**	69
– total group	**154**	131
Audit related assurance services	**17**	16

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

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

4. EMPLOYMENT COSTS

Group

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

	Number of employees 2017	Number of employees 2016
Operations	**1,551**	1,358
Sales	**293**	225
Administration	**294**	260
	2,138	1,843

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	**76,921**	60,831
Social security costs	**6,934**	5,658
Defined benefit pension costs/(income)	**17**	(18)
Other pension costs	**2,229**	1,455
Share option costs including associated social security costs - equity settled	**3,105**	2,471
- cash settled	**962**	909
	90,168	71,306

4. EMPLOYMENT COSTS (continued)

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	
	2017	2016
Operations	**366**	340
Sales	**96**	96
Administration	**121**	115
	583	551

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	**23,437**	21,037
Social security costs	**2,540**	2,230
Defined benefit pension income	**(33)**	(18)
Other pension costs	**568**	430
Share option costs including associated social security costs - equity settled	**1,911**	1,647
- cash settled	**962**	909
	29,385	26,235

5. REMUNERATION OF DIRECTORS

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

	2017	2016
	£000	£000
Basic remuneration including bonus and benefits	**1,969**	1,497
Cash allowances/pension contributions	**302**	257
Share options	**1,317**	1,876
	3,588	3,630

Further details of directors' remuneration, pensions and share options, including the highest paid director, are given in the Remuneration Report on pages 32 to 44.

6. FINANCIAL INCOME AND EXPENSES

	2017	2016
	£000	£000
Financial income:		
Bank and other interest receivable	**14**	4
Financial expenses:		
Bank loans, overdrafts and other interest	**(2,737)**	(2,093)
Finance charges payable in respect of finance leases and hire purchase contracts	**(183)**	(4)
	(2,920)	(2,097)

Notes

7. INCOME TAX EXPENSE

	2017 £000	2016 £000
Current tax expense		
UK Corporation tax charge at 20% (2016: 20%)	**5,705**	5,502
Overseas tax	**777**	479
Adjustments in respect of prior years	**(660)**	(135)
Total current tax	**5,822**	5,846
Deferred tax expense		
Current year deferred tax	**56**	(535)
Impact of tax rate change	**-**	(349)
Adjustments to deferred tax in respect of prior years	**809**	150
Total deferred tax	**865**	(734)
Total tax expense in income statement	**6,687**	5,112

Reconciliation of effective tax rate

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

	2017 %	2017 £000	2016 %	2016 £000
Profit before tax		**30,339**		27,500
Profit multiplied by standard rate of corporation tax	**20.0**	**6,068**	20.0	5,500
Effects of:				
Impact of tax rate changes	**-**	**-**	(1.3)	(349)
Expenses not deductible for tax purposes	**0.6**	**193**	0.9	250
Non-qualifying depreciation and amortisation	**0.7**	**211**	0.7	192
Gains covered by exemption/losses	**(1.4)**	**(431)**	(1.8)	(499)
Overseas tax rate	**0.1**	**16**	0.1	19
Adjustments in respect of prior years	**0.5**	**149**	0.1	15
Other	**(0.1)**	**(15)**	(0.1)	(16)
Impairment of intangibles	**1.6**	**496**	-	-
Total tax charge for the year	**22.0**	**6,687**	18.6	5,112

Tax recognised in reserves

	2017 £000	2016 £000
Other comprehensive income:		
Tax relating to actuarial gains on defined benefit pension scheme	**71**	24
Tax relating to historic asset revaluations	**(1)**	(1)
Impact of tax rate change	**-**	39
	70	62
Direct to equity:		
Deferred tax relating to share based payments	**302**	974
Current tax relating to share based payments	**(973)**	(2,097)
Impact of tax rate change	**-**	31
Items recognised in equity	**203**	-
	(468)	(1,092)
Total	**(398)**	(1,030)

The corporation tax rate for the year ended 31 March 2017 was 20% (2016: 20%). The tax rate will reduce to 19% in the year ended 31 March 2018 and this is reflected in the deferred tax balance. The rate of tax is expected to further reduce to 17% in the year ended 31 March 2021, but this is not reflected in the deferred tax balance as it is expected that a substantial proportion of the balance as at 31 March 2017 will reverse before 31 March 2020.

Notes

8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2015	18,883	234,919	1,934	11,577	267,313
Additions	3,855	45,904	171	2,106	52,036
Acquisitions	119	8,775	762	83	9,739
Disposals	(5)	(28,847)	(113)	(689)	(29,654)
Exchange rate differences	13	873	20	31	937
Transfer between categories	-	(1)	-	1	-
At 31 March 2016	22,865	261,623	2,774	13,109	300,371
Additions	1,820	57,564	274	2,147	61,805
Acquisitions	312	13,576	203	1,256	15,347
Disposals	(1,014)	(28,536)	(303)	(565)	(30,418)
Exchange rate differences	74	3,109	60	227	3,470
Transfer between categories	(67)	(2)	-	69	-
At 31 March 2017	23,990	307,334	3,008	16,243	350,575
Depreciation and impairment losses					
At 1 April 2015	7,007	103,289	1,436	7,764	119,496
Charge for year	971	24,653	209	1,542	27,375
On disposals	(5)	(17,977)	(110)	(629)	(18,721)
Acquisitions	70	4,098	452	30	4,650
Exchange rate differences	11	316	17	26	370
At 31 March 2016	8,054	114,379	2,004	8,733	133,170
Charge for year	1,082	30,236	393	1,770	33,481
On disposals	(992)	(17,728)	(284)	(537)	(19,541)
Acquisitions	270	5,433	60	734	6,497
Exchange rate differences	61	1,146	49	143	1,399
Transfer between categories	(13)	(1)	-	14	-
At 31 March 2017	8,462	133,465	2,222	10,857	155,006
Net book value					
At 31 March 2017	**15,528**	**173,869**	**786**	**5,386**	**195,569**
At 31 March 2016	14,811	147,244	770	4,376	167,201
At 31 March 2015	11,876	131,630	498	3,813	147,817

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2015	12,585	125,025	692	5,937	144,239
Additions	2,721	18,792	17	1,266	22,796
Group transfers	-	337	-	(14)	323
Disposals	-	(12,909)	(24)	(38)	(12,971)
Transfer from acquisition	78	6,727	754	50	7,609
At 31 March 2016	15,384	137,972	1,439	7,201	161,996
Additions	385	20,196	42	1,082	21,705
Group transfers in	-	1,902	153	19	2,074
Group transfers out	-	(2,273)	-	-	(2,273)
Disposals	-	(11,528)	(56)	(8)	(11,592)
At 31 March 2017	15,769	146,269	1,578	8,294	171,910
Depreciation and impairment losses					
At 1 April 2015	3,878	57,269	370	4,043	65,560
Charge for year	396	10,670	97	703	11,866
Group transfers	-	59	-	(6)	53
On disposals	-	(7,820)	(21)	(27)	(7,868)
Transfer from acquisition	70	2,539	452	30	3,091
At 31 March 2016	4,344	62,717	898	4,743	72,702
Charge for year	413	11,216	219	787	12,635
Group transfers in	8	753	42	7	810
Group transfers out	-	(706)	-	-	(706)
On disposals	-	(6,659)	(48)	(3)	(6,710)
At 31 March 2017	4,765	67,321	1,111	5,534	78,731
Net book value					
At 31 March 2017	**11,004**	**78,948**	**467**	**2,760**	**93,179**
At 31 March 2016	11,040	75,255	541	2,458	89,294
At 31 March 2015	8,707	67,756	322	1,894	78,679

Notes

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost or deemed cost of land and buildings for the Group and the Company includes £3,204,000 (2016: £3,204,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £2,810,000 (2016: £3,230,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £2,810,000 (2016: £3,122,000). Depreciation for the year on these Group assets was £425,000 (2016: £43,000) and £425,000 (2016: £30,000) for the Company. In addition the banks have a fixed and floating charge over the assets of the Group as set out in note 14.

9. INTANGIBLE ASSETS

GROUP	**Trade Names £000**	**Customer Relationships £000**	**Supply Agreements £000**	**Goodwill £000**	**Total £000**
Cost or deemed cost					
At 1 April 2015	2,385	6,681	4,989	36,126	50,181
Acquired through business combinations	-	1,210	-	4,057	5,267
At 31 March 2016	2,385	7,891	4,989	40,183	55,448
Acquired through business combinations	1,709	1,841	-	2,111	5,661
At 31 March 2017	4,094	9,732	4,989	42,294	61,109
Accumulated amortisation and impairment					
At 1 April 2015	591	4,263	1,653	280	6,787
Amortisation	105	746	851	596	2,298
At 31 March 2016	696	5,009	2,504	876	9,085
Amortisation	283	1,003	745	2,481	4,512
At 31 March 2017	979	6,012	3,249	3,357	13,597
Carrying amount					
At 31 March 2017	**3,115**	**3,720**	**1,740**	**38,937**	**47,512**
At 31 March 2016	1,689	2,882	2,485	39,307	46,363
At 31 March 2015	1,794	2,418	3,336	35,846	43,394

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

	Goodwill		**Indefinite life intangible assets**	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Groundforce/TPA	**15,837**	18,318	**1,400**	1,400
Airpac Bukom	**4,762**	4,762	**-**	-
UK Forks	**2,043**	2,000	**-**	-
Hire Station	**14,227**	14,227	**-**	-
TR	**2,068**	-	**-**	-
	38,937	39,307	**1,400**	1,400

An intangible asset of £1,400,000 (2016: £1,400,000) with an indefinite life is included within trade names and relates to the TPA name on the basis that it is expected to be maintained indefinitely and continue to deliver future value to the Group. The impairment test of this has been performed using the same assumptions as for the other intangibles.

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

9. INTANGIBLE ASSETS (continued)

The carrying value of intangibles and goodwill has been assessed for impairment by reference to its value in use. Values have been estimated using cash flow projections over a period of 5 years derived from the approved budget for the coming year. The key assumptions within the cash flow projections are those regarding revenue, margin and level of capital spend required to support the business. These assumptions have been validated based on past experience, market conditions and the size of the fleet. The Group tests goodwill annually for impairment or more frequently if there are any indications that goodwill might be impaired. Following this assessment an impairment charge has been booked relating to the goodwill and remaining intangibles for the U Mole business as it is no longer a significant trading activity. In the prior year some small impairments were booked relating to tidying up some very old balances. These impairments have been charged to cost of sales and both relate to the UK segment. The charges relate to the CGUs shown on page 70 and are goodwill £2,481,000 (2016: £596,000) and intangibles £173,000 (2016: £35,000).

The pre tax discount rate applied to all CGU's was 7% (2016: 8%), an estimate based on the group's weighted cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying value before such an assumption was applied. Based on this testing the directors do not consider any of the goodwill or intangible assets carried forward at the year end to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate. The compound annual growth rate in PBTA experienced by the Group was 16.9% over the last 5 years and therefore could have been justifiably in the projections.

COMPANY	Trade Names	Customer Relationships	Supply Agreements	Goodwill	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2015	643	3,750	394	15,031	19,818
Acquired through business combinations	-	-	-	2,000	2,000
At 31 March 2016	643	3,750	394	17,031	21,818
Acquired through business combinations	-	-	-	38	38
At 31 March 2017	643	3,750	394	17,069	21,856
Accumulated amortisation					
At 1 April 2015	306	2,002	360	-	2,668
Amortisation charge	64	374	34	-	472
At 31 March 2016	370	2,376	394	-	3,140
Amortisation charge	99	512	-	2,481	3,092
At 31 March 2017	469	2,888	394	2,481	6,232
Carrying amount					
At 31 March 2017	**174**	**862**	**-**	**14,588**	**15,624**
At 31 March 2016	273	1,374	-	17,031	18,678
At 31 March 2015	337	1,748	34	15,031	17,150

The directors have reviewed the carrying amount of the Company's goodwill on the same basis as the Group's goodwill and concluded that no impairment charge is required with the exception of the charge booked relating to U Mole.

10. INVESTMENTS IN SUBSIDIARIES

COMPANY

Cost	£000
At 1 April 2015	27,517
Acquisition	4,100
Transfer to goodwill	(2,000)
At 31 March 2016	29,617
Investment in new subsidiary	40
Transfer to goodwill relating to prior year acquisition	(38)
At 31 March 2017	29,619
Impairment	
At 1 April 2015, 31 March 2016 and 31 March 2017	1,687
Carrying amount	
At 31 March 2017	**27,932**
At 31 March 2016	27,930
At 31 March 2015	25,830

See note 30 for details of subsidiary undertakings.

Notes

11. INVENTORIES

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Raw materials and consumables	**2,907**	3,166	**1,087**	1,238
Goods for resale	**2,259**	2,197	**252**	178
	5,166	5,363	**1,339**	1,416

During the year, as a result of the year end assessment of inventory, there was a £137,000 decrease in the provision for impairment of inventories (2016: £275,000 increase). The provision reflects the Group's best estimate of potential inventory obsolecence. The cost of goods for resale expensed during the year was £10.8 million (2016: 11.4 million). Due to the nature of the spares expenditure and the approach to accounting for spares, including acquiring spares on a needs basis, it is not possible to provide the value of spares inventory expensed.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Gross trade receivables	**47,436**	42,174	**17,065**	17,024
Trade receivables provisions	**(3,705)**	(3,810)	**(1,990)**	(1,831)
Amounts owed by subsidiary undertakings	**-**	-	**57,957**	36,888
Other receivables	**429**	87	**-**	-
Prepayments and accrued income	**5,563**	6,366	**2,869**	2,669
	49,723	44,817	**75,901**	54,750

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as shown above. The Group does not hold any collateral as security. Receivables acquired as part of the acquisitions in the year were £1,781,000 (2016: £1,614,000).

During the year there was a decrease in the provisions for impairment of trade receivables of £105,000 (2016: £1,212,000 decrease). The valuation of the provision reflects the Group's best estimates of likely impairment as a result of the ageing of the debt and its knowledge of the debtors. The Group has a reasonable spread of credit risk with the top 25 customers accounting for significantly less than 50% of gross trade debtors. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	2017	2016
	£000	£000
Not overdue	**31,081**	25,139
0 - 30 days overdue	**9,370**	9,596
31 - 90 days overdue	**2,392**	1,952
More than 90 days overdue	**888**	1,677
	43,731	38,364

On this basis there are £12.7 million of trade receivables that are overdue at the balance sheet date that have not been provided against. There is no indication as at 31 March 2017 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.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016 Restated	**2017**	2016 Restated
	£000	£000	**£000**	£000
Bank balances	**15,070**	11,374	**2,920**	1,852
Overdraft	**(4,988)**	(6,857)	**(4,988)**	(6,857)
Cash and cash equivalents as per cash flow statement	**10,082**	4,517	**(2,068)**	(5,005)

14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2017	2016 Restated	**2017**	2016 Restated
	£000	£000	**£000**	£000
Current liabilities				
Bank overdraft	**4,988**	6,857	**4,988**	6,857
Obligations under finance leases and hire purchase contracts	**835**	873	**835**	823
	5,823	7,730	**5,823**	7,680
Non-current liabilities				
Secured bank loans	**107,000**	88,000	**107,000**	88,000
Obligations under finance leases and hire purchase contracts	**1,180**	1,778	**1,180**	1,748
	108,180	89,778	**108,180**	89,748

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

	2017 £000	2016 Restated £000
Total borrowing	**114,003**	97,508
Cash or cash equivalents	**(15,070)**	(11,374)
Net debt	**98,933**	86,134

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2017 is:

	Group		Company	
Due in more than one year but not more than two years:	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Secured bank loans	**-**	43,000	**-**	43,000
Obligations under finance leases and hire purchase contracts	**739**	724	**739**	694
	739	43,724	**739**	43,694
Due in more than two years but not more than five years:				
Secured bank loans	**107,000**	45,000	**107,000**	45,000
Obligations under finance leases and hire purchase contracts	**441**	1,054	**441**	1,054
Total	**107,441**	46,054	**107,441**	46,054

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to LIBOR. The unutilised bank facilities available to the Group as at 31 March 2017 were £13 million.

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 14 to 16 and the Risk Management Report on pages 17 and 18. The loans are subject to covenants and these have been fulfilled at all times during the year.

Liquidity Risk

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

GROUP **31 March 2017**	**Carrying amount £000**	**Contractual cash flows £000**	**Less than 1 year £000**	**1-2 years £000**	**2-5 years £000**
Secured bank loans	107,000	115,098	2,054	2,054	110,990
Bank overdraft	4,988	4,988	4,988	-	-
Finance lease liabilities	2,015	2,263	935	821	507
Trade and other payables	49,111	49,111	49,111	-	-
	163,114	171,460	57,088	2,875	111,497
31 March 2016					
Secured bank loans	88,000	93,825	1,834	44,912	47,079
Bank overdraft	6,857	6,857	6,857	-	-
Finance lease liabilities	2,651	3,122	1,035	853	1,234
Trade and other payables	46,628	46,628	46,628	-	-
	144,136	150,432	56,354	45,765	48,313

Notes

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

COMPANY 31 March 2017	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
Secured bank loans	107,000	115,098	2,054	2,054	110,990
Bank overdraft	4,988	4,988	4,988	-	-
Finance lease liabilities	2,015	2,263	935	821	507
Trade and other payables	36,370	36,370	36,370	-	-
	150,373	158,719	44,347	2,875	111,497
31 March 2016					
Secured bank loans	88,000	93,825	1,834	44,912	47,079
Bank overdraft	6,857	6,857	6,857	-	-
Finance lease liabilities	2,571	3,039	983	822	1,234
Trade and other payables	43,133	43,133	43,133	-	-
	140,561	146,854	52,807	45,734	48,313

Hire purchase and finance lease liabilities

GROUP	Payment 2017 £000	Interest 2017 £000	Principal 2017 £000	Payment 2016 £000	Interest 2016 £000	Principal 2016 £000
Less than one year	**935**	**100**	**835**	1,035	162	873
One to two years	**821**	**82**	**739**	853	129	724
Two to five years	**507**	**66**	**441**	1,234	180	1,054
	2,263	**248**	**2,015**	3,122	471	2,651

COMPANY	Payment 2017 £000	Interest 2017 £000	Principal 2017 £000	Payment 2016 £000	Interest 2016 £000	Principal 2016 £000
Less than one year	**935**	**100**	**835**	983	160	823
One to two years	**821**	**82**	**739**	822	128	694
Two to five years	**507**	**66**	**441**	1,234	180	1,054
	2,263	**248**	**2,015**	3,039	468	2,571

15. FINANCIAL INSTRUMENTS

During the year the Group had sixteen interest rate swaps to fix interest rates on a proportion of the revolving credit facility including two with a start date shortly after the year end which were put in place before the year end. Details are as follows:

Start date	Finish date	Notional Debt value	Fixed margin
August 2013	August 2016	7,500,000	1.323%
October 2013	October 2016	2,500,000	0.980%
November 2013	October 2016	2,500,000	0.980%
April 2014	April 2017	1,500,000	1.400%
April 2014	April 2017	1,500,000	1.390%
June 2015	June 2018	5,000,000	1.045%
September 2015	September 2018	5,000,000	1.120%
December 2015	December 2018	7,500,000	1.200%
August 2016	August 2019	2,500,000	0.290%
August 2016	August 2019	2,500,000	0.290%
August 2016	August 2019	4,000,000	0.290%
August 2016	August 2019	3,500,000	0.290%
October 2016	October 2019	2,500,000	0.290%
October 2016	October 2019	2,500,000	0.290%
April 2017	April 2020	4,500,000	0.490%
April 2017	April 2020	4,500,000	0.490%

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

The Group had fifteen foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US dollars and Sterling in the year ended 31 March 2017. It also has further foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2017 to 30 June 2018. All the exchange rate hedges are effective cash flow hedges and movements in fair value have been taken to equity.

15. FINANCIAL INSTRUMENTS (continued)

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

Liabilities measured at fair value:

	31 March 2017				31 March 2016
	Total £000	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	Total £000
Financial liabilities at fair value:					
Interest rate swaps	**156**	**-**	**156**	**-**	309
Forward exchange rate agreements	**172**	**-**	**172**	**-**	459
	328	**-**	**328**	**-**	768

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

The movements in liabilities are reconciled below:

	31 March 2017		
	Interest rate swaps £000	**Forward exchange rate agreements £000**	**Total £000**
Opening liability	**309**	**459**	**768**
Other comprehensive income	**(153)**	**(214)**	**(367)**
Recycled to income statement	**-**	**(73)**	**(73)**
Closing liability	**156**	**172**	**328**

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

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Capital Structure and Treasury section of the Financial Review on pages 15 and 16 and the Principal Risks and Uncertainties on page 19, as are the risks relating to credit and currency management.

Financial Instrument Sensitivity Analysis

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

	Equity and Profit / (Loss)	
	2017	2016
10% strengthening of Sterling against:	**£000**	£000
US Dollar	**(106)**	286
Australian Dollar	**(115)**	39
Singapore Dollar	**52**	9
Euro	**(31)**	(4)
10% weakening of Sterling against:		
US Dollar	**129**	(349)
Australian Dollar	**140**	(45)
Singapore Dollar	**(67)**	(11)
Euro	**39**	5
10% movement in Sterling interest rates:		
Increase in interest rates	**(124)**	(94)
Decrease in interest rates	**124**	94

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

16. TRADE AND OTHER PAYABLES

Current liabilities	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Trade payables	**21,481**	18,826	**6,534**	5,149
Amounts owed to subsidiary undertakings	**-**	-	**19,155**	24,768
Other taxes and social security	**6,159**	4,939	**2,190**	2,254
Other payables	**8,754**	7,361	**374**	1,076
Accruals and deferred income	**18,876**	20,441	**10,307**	12,140
	55,270	51,567	**38,560**	45,387

Within Group and Company other payables is £0.3 million (2016: £0.8 million) in relation to interest rate swaps and foreign exchange rate agreements which are valued at fair value. In addition within accruals is £1.0 million (2016: £1.6 million) in relation to the liability for cash settled options which are also valued fair value. All other liabilities are valued at amortised cost.

Notes

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

GROUP	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2015		6,194	1,326	(2,581)	(555)	4,384
Recognised on acquisition		333	242	-	-	575
Recognised in income statement		(1,059)	(185)	295	215	(734)
Recognised in equity	7	(4)	-	1,071	-	1,067
Foreign exchange		4	-	-	-	4
At 31 March 2016		5,468	1,383	(1,215)	(340)	5,296
Recognised on acquisition		(11)	674	(244)	(136)	283
Recognised in income statement		1,449	(219)	(74)	(291)	865
Recognised in equity	7	-	-	372	-	372
Foreign exchange		(4)	117	(36)	(28)	49
At 31 March 2017		**6,902**	**1,955**	**(1,197)**	**(795)**	**6,865**

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2015		4,866	595	(2,581)	(223)	2,657
Recognised on acquisition		280	-	-	-	280
Recognised in income statement		(825)	(97)	295	74	(553)
Recognised in equity	7	(4)	-	1,071	-	1,067
At 31 March 2016		4,317	498	(1,215)	(149)	3,451
Recognised on acquisition		(4)	-	-	-	(4)
Recognised in income statement		1,367	(97)	(17)	(56)	1,197
Recognised in equity	7	(1)	-	457	-	456
At 31 March 2017		**5,679**	**401**	**(775)**	**(205)**	**5,100**

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

18. CAPITAL AND RESERVES

Ordinary share capital	**2017 £000**	2016 £000
Allotted, called up and fully paid		
40,154,253 Ordinary shares of 5 pence each (2016: 40,154,253)	**2,008**	2,008

All shares have the same voting rights.

Reserves

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

Own shares held

Deducted from retained earnings (Group and Company) is £5,521,000 (2016: £8,064,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 766,000 shares (2016: 1,082,000) with a market value at 31 March 2017 of £6,238,000 (2016: £7,144,000).

19. DIVIDENDS

		2017	2016
		£000	£000
Amounts recognised as distributions to equity holders of the Parent in the year:			
Ordinary shares:			
Final paid	13.50p (2016: 11.50p) per share	**5,274**	4,482
Interim paid	6.00p (2016: 5.35p) per share	**2,358**	2,086
		7,632	6,568

The dividend paid in the year is after dividends were waived to the value of £198,000 (2016: £198,000) 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 16.0p per share which will absorb an estimated £6,287,000 of shareholders' funds. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share of 60.31 pence (2016: 57.49 pence) was based on the profit attributable to equity holders of the Parent of £23,652,000 (2016: £22,388,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2017 of 39,215,000 (2016: 38,942,000), calculated as follows:

	2017	2016
	Shares	Shares
	000s	000s
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(939)**	(1,212)
Weighted average number of ordinary shares	**39,215**	38,942

Basic earnings per share before the amortisation of intangibles was 69.52 pence (2016: 62.21 pence) and is based on an after tax add back of £3,610,000 (2016: £1,838,000) in respect of the amortisation of intangibles.

Diluted earnings per share

The calculation of diluted earnings per share of 58.65 pence (2016: 54.51 pence) was based on profit attributable to equity holders of the Parent of £23,652,000 (2016: £22,388,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2017 of 40,330,000 (2016: 41,069,000), calculated as follows:

	2017	2016
	Shares	Shares
	000s	000s
Weighted average number of ordinary shares	**39,215**	38,942
Effect of share options	**1,115**	2,127
Weighted average number of ordinary shares (diluted)	**40,330**	41,069

Diluted earnings per share before the amortisation of intangibles was 67.60 pence (2016: 58.99 pence).

Notes

21. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 364,572 shares were granted under the SAYE scheme at a price of 600 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
July 2014	530p	221,355
July 2015	620p	257,311
July 2016	600p	332,286
		810,952

All the options are exercisable between 3 and 3.5 years. At 31 March 2017 there were 885 employees saving an average £150 per month in respect of options under the SAYE scheme. The only SAYE scheme condition is continuous employment over the term of the option.

Approved Share Option Scheme

Options over a further 156,575 shares were granted during the year at a price of 657 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2008	213.0p	3,122
July 2009	154.0p	1,640
July 2011	249.5p	7,870
July 2012	266.5p	14,150
July 2013	389.0p	54,550
July 2014	680.0p	127,800
July 2015	770.0p	144,050
July 2016	657.0p	151,925
		505,107

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2014 to 2016 are subject to achievement of performance targets over a three year period. The awards for 2013 and prior are vested, but not yet exercised.

Unapproved Share Option Scheme

Options over 525,025 shares were granted during the year at a price of 657 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2008	213.0p	892
July 2009	154.0p	11,480
July 2010	165.0p	45,648
July 2011	249.5p	52,250
July 2012	266.5p	97,250
July 2013	389.0p	251,600
July 2014	680.0p	304,200
July 2015	770.0p	258,450
July 2016	657.0p	508,875
		1,530,645

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2014 to 2016 are subject to achievement of performance targets over a three year period. The awards for 2013 and prior are vested, but not yet exercised.

21. SHARE OPTION SCHEMES (continued)

Long-Term Incentive Plan

Awards were made during the year in relation to a further 328,000 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2013	14,500
July 2014	256,300
July 2015	237,400
July 2016	328,000
	836,200

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2014 to 2016 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 34. The awards for 2013 are vested, but not yet exercised.

Share Matching

Awards were made during the year in relation to a further 21,400 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
August 2008	446
August 2009	7,657
August 2010	5,231
August 2011	4,000
July 2012	6,000
August 2013	10,250
July 2014	22,000
August 2015	19,300
August 2016	21,400
	96,284

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2014 to 2016 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 34. The awards for 2013 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 2017 was 814.5 pence (2016: 660 pence), the highest market value in the year to 31 March 2017 was 852 pence and the lowest 615 pence. The average share price during the year was 735.5 pence.

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

	2017		2016	
	Weighted average exercise price	**Number of options 000s**	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	**362p**	**4,321**	251p	5,857
Lapsed during the year	**627p**	**(270)**	462p	(222)
Exercised during the year	**225p**	**(1,667)**	156p	(2,384)
Granted during the year	**478p**	**1,395**	536p	1,070
Outstanding at the end of the year	**447p**	**3,779**	362p	4,321
Exercisable at the year end	**296p**	**589**	208p	581

The options outstanding at 31 March 2017 have an exercise price in the range of 0.0p to 770p and have a weighted average life of 1.9 years.

21. SHARE OPTION SCHEMES (continued)

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

	2017	2016
Weighted average fair value per share	**228.5p**	256.8p
Share price at date of grant	**657.0p to 750.0p**	770.0p to 775.0p
Exercise price (details provided above)	**0p to 657.0p**	0p to 770.0p
Expected volatility	**10.2% to 12.8%**	26.9% to 28.3%
Option life	**3 to 10 years**	3 to 10 years
Expected divided yield	**2.8% to 3.2%**	2.4% to 2.4%
Risk free rate	**0.25%**	0.50%

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

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

The total carrying amount of cash settled transaction liabilities including associated national insurance at the year end was £1,038,000 (2016: £1,631,000). None of this liability had vested at the year end (2016: £496,000).

22. OPERATING LEASES

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

	2017		2016	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
GROUP				
Operating leases which expire:				
Within one year	**4,816**	**4,645**	3,554	5,052
In the second to fifth years inclusive	**8,737**	**4,693**	7,767	5,965
Over five years	**561**	**-**	857	134
	14,114	**9,338**	12,178	11,151
COMPANY				
Operating leases which expire:				
Within one year	**913**	**3,098**	685	3,632
In the second to fifth years inclusive	**1,853**	**2,310**	1,896	3,085
Over five years	**129**	**-**	222	-
	2,895	**5,408**	2,803	6,717

23. CAPITAL COMMITMENTS

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

	Group		**Company**	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Contracted	**9,561**	6,525	**2,165**	4,292

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24. 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. In addition, Torrent Trackside participate in a small section of the Railways Pension Scheme and this scheme has been recognised for the first time in these accounts on the basis this was not historically significant to the accounts. 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 three categories of pension scheme member:

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits are subject to increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate duration of the Scheme's defined obligation as at 31 March 2017 was 13 years.

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Schemes performed by the Scheme Actuary for the Trustee was at 31 March 2015. The valuation revealed a surplus of £148,000 on the SFO basis. The Company agreed to pay annual contributions of 37.9% of members' pensionable salaries from May 2016. The Company therefore expects to pay £21,000 to the Scheme during the accounting year beginning 1 April 2017.

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

- Asset volatility: the Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Scheme invests significantly in diversified growth assets. 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.
- 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 Investments (LDI) funds in order to control interest rate and inflation risks.

24. EMPLOYEE BENEFITS (continued)

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

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

- Active members: currently employed by the Company and accruing pension benefits
- Pensioner members: in recept 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 and annual pension increases for all members) and then discounting to the balance sheet date. Increases in benefits paid are 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 2017 was 23 years.

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

The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2013. This valuation revealed a surplus in the Section of £900 on the Scheme Funding basis. The Company agreed to pay annual contributions of 22.9% pa of members' section pay prior to 30 June 2015, and 20.9% pa of members' pensionable salaries from 1 July 2015; all subject to the Omnibus rate as defined in the Rules. The Company expects to pay around £40,000 to the Section during the accounting year beginning 1 April 2017.

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 with reference to corporate bond yields, however the Section invests significantly in growth assets such as 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 obligation, which may not be 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 on deferment). The majority of the Section's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- Life expectancy: if Section members live longer than expected, the Section's benefits will need to be paid for longer, increasing the Section's defined benefit obligation.

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

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

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

Present value of net surplus	**Group**		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Present value of defined benefit obligation	**(11,402)**	(9,058)	**(9,885)**	(9,058)
Fair value of scheme assets	**13,330**	10,592	**12,286**	10,592
Present value of net surplus	**1,928**	1,534	**2,401**	1,534

24. EMPLOYEE BENEFITS (continued)

The movement in the defined benefit surplus is as follows:

Group	2017 Present value of obligation £000	2017 Fair value of assets £000	2017 Total £000	2016 Present value of obligation £000	2016 Fair value of assets £000	2016 Total £000
At beginning of year	**(9,058)**	**10,592**	**1,534**	(9,345)	10,388	1,043
Current service cost	**(59)**	**-**	**(59)**	(19)	-	(19)
Interest (cost)/income	**(329)**	**371**	**42**	(283)	320	37
Re-measurements						
Actuarial gains: change in demographic assumptions	**-**	**-**	**-**	90	-	90
Actuarial (losses)/gains: change in financial assumptions	**(1,361)**	**-**	**(1,361)**	234	-	234
Recognition of Railways pension scheme	**(1,141)**	**872**	**(269)**	-	-	-
Actuarial gains/(losses): experience differing from that assumed	**48**	**-**	**48**	(199)	-	(199)
Actuarial gains/(losses): actual return on assets	**-**	**1,948**	**1,948**	-	(3)	(3)
Contributions: employer	**-**	**45**	**45**	-	351	351
Contributions: employees	**(16)**	**16**	**-**	(3)	3	-
Benefits paid	**514**	**(514)**	**-**	467	(467)	-
	(11,402)	**13,330**	**1,928**	(9,058)	10,592	1,534

Company	2017 Present value of obligation £000	2017 Fair value of assets £000	2017 Total £000	2016 Present value of obligation £000	2016 Fair value of assets £000	2016 Total £000
At beginning of year	**(9,058)**	**10,592**	**1,534**	(9,345)	10,388	1,043
Current service cost	**(18)**	**-**	**(18)**	(19)	-	(19)
Interest (cost)/income	**(291)**	**342**	**51**	(283)	320	37
Re-measurements						
Actuarial gains: change in demographic assumptions	**-**	**-**	**-**	90	-	90
Actuarial (losses)/gains: change in financial assumptions	**(1,048)**	**-**	**(1,048)**	234	-	234
Actuarial gains/(losses): experience differing from that assumed	**27**	**-**	**27**	(199)	-	(199)
Actuarial gains/(losses): actual return on assets	**-**	**1,836**	**1,836**	-	(3)	(3)
Contributions: employer	**-**	**19**	**19**	-	351	351
Contributions: employees	**(3)**	**3**	**-**	(3)	3	-
Benefits paid	**506**	**(506)**	**-**	467	(467)	-
	(9,885)	**12,286**	**2,401**	(9,058)	10,592	1,534

Expense/(income) recognised in the Income Statement	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current service costs	**59**	19	**18**	19
Net interest	**(42)**	(37)	**(51)**	(37)
	17	(18)	**(33)**	(18)

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

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cost of sales	**59**	19	**18**	19
Administrative expenses	**(42)**	(37)	**(51)**	(37)
	17	(18)	**(33)**	(18)

24. EMPLOYEE BENEFITS (continued)

Amount recognised in other comprehensive income

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Acturial (losses)/gains on defined benefit obligation	**(1,313)**	125	**(1,021)**	125
Actual return on assets less interest	**1,948**	(3)	**1,836**	(3)
Recognition of Railway pension scheme	**(269)**	-	**-**	-
Amount recognised in other comprehensive income	**366**	122	**815**	122

Cumulative actuarial net losses reported in the statement of comprehensive income since 1 April 2004, the transition to adopted IFRSs, for the Group are £1,709,000 (2016: £2,075,000), Company £1,260,000 (2016: £2,075,000).

Scheme assets and returns

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

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Fair value of assets				
Equities and alternatives	**10,272**	8,008	**9,288**	8,008
Bonds and cash	**121**	168	**61**	168
Liability driven investments	**2,937**	2,416	**2,937**	2,416
	13,330	10,592	**12,286**	10,592
Returns				
Actual return on scheme assets	**2,314**	317	**2,178**	317

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

Principal actuarial assumptions

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

	Group and Company	
	2017	2016
Inflation	**3.3%**	3.0%
Discount rate at 31 March	**2.5%**	3.3%
Expected future salary increases	**3.3%**	3.0%
Expected future pension increases	**3.2%**	2.9%
Revaluation of deferred pensions	**2.3%**	2.0%

Mortality rate assumptions adopted at 31 March 2017, based on S2PA CMI Model 2015, imply the following life expectations on retirement at age 65 for:

	2017	2016
Male currently aged 45	**24 years**	24 years
Female currently aged 45	**26 years**	26 years
Male currently aged 65	**22 years**	22 years
Female currently aged 65	**24 years**	24 years

History of schemes

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

Group	**2017**	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	**(11,402)**	(9,058)	(9,345)	(8,318)	(8,893)
Fair value of plan assets	**13,330**	10,592	10,388	9,007	8,973
Present value of net surplus	**1,928**	1,534	1,043	689	80

Company	**2017**	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	**(9,885)**	(9,058)	(9,345)	(8,318)	(8,893)
Fair value of plan assets	**12,286**	10,592	10,388	9,007	8,973
Present value of net surplus	**2,401**	1,534	1,043	689	80

24. EMPLOYEE BENEFITS (continued)

Gains/(losses) recognised in statement of comprehensive income

Group	2017	2016	2015	2014	2013
Difference between expected and actual return on scheme assets:					
Amount (£000)	**1,948**	(3)	1,071	(2)	599
Percentage of scheme assets	**14.6%**	0.0%	10.3%	0.0%	6.7%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**48**	(199)	-	-	350
Percentage of present value of scheme liabilities	**(0.4%)**	(2.2%)	0.0%	0.0%	3.9%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**(1,361)**	324	(1,126)	235	(252)
Percentage of present value of scheme liabilities	**(11.9%)**	3.6%	(12.0%)	2.8%	(2.8%)
Recognition of Railways pension scheme					
Amount (£000)	**(269)**	-	-	-	-
Percentage of present value of scheme liabilities	**(2.4%)**	0.0%	0.0%	0.0%	0.0%
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**366**	122	(55)	233	697
Percentage of present value of scheme liabilities	**3.2%**	1.3%	(0.6%)	2.8%	7.8%

Company	2017	2016	2015	2014	2013
Difference between expected and actual return on scheme assets:					
Amount (£000)	**1,836**	(3)	1,071	(2)	599
Percentage of scheme assets	**14.9%**	0.0%	10.3%	0.0%	6.7%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**27**	(199)	-	-	350
Percentage of present value of scheme liabilities	**0.3%**	(2.2%)	0.0%	0.0%	3.9%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**(1,048)**	324	(1,126)	235	(252)
Percentage of present value of scheme liabilities	**(10.6%)**	3.6%	(12.0%)	2.8%	(2.8%)
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**815**	122	(55)	233	697
Percentage of present value of scheme liabilities	**8.2%**	1.3%	(0.6%)	2.8%	7.8%

Sensitivity analysis

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

Vp plc scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-6%/+7%
RPI inflation	+/- 0.5% pa	+/- 2%
Assumed life expectancy	+ 1 year	+4%

Torrent Railways scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-10%/+12%
RPI inflation	+/- 0.5% pa	+11%/-10%
Assumed life expectancy	+ 1 year	+3%

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

Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £803,000 (2016: £904,000) in the year.

Notes

25. BUSINESS COMBINATIONS

The Group acquired the following businesses from 1 April 2015 to 31 March 2017:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
TechRentals NZ Limited	25 November 2016	Share purchase (100% equity)	TR Group Pty Limited
TR Group Pty Limited	21 April 2016	Share purchase (100% equity)	Vp Equipment Rental Australia Pty Limited
Higher Access Ltd	29 February 2016	Share purchase (100% equity)	Vp plc
Test & Measurement Group Limited	4 November 2015	Share purchase (100% equity)	Hire Station Limited

Details of the acquisitions are provided below:

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Property, plant and equipment	**8,850**	5,089	**(44)**	4,518
Current assets	**1,781**	1,614	**-**	1,037
Net debt	**(3,109)**	(2,166)	**-**	(2,662)
Tax, trade and other payables	**(1,737)**	(1,512)	**6**	(793)
Book value of assets acquired	**5,785**	3,025	**(38)**	2,100
Fair value adjustments				
Intangibles on acquisition	**3,550**	1,210	**-**	-
Deferred tax on intangibles	**(674)**	(242)	**-**	-
Fair value of assets acquired	**8,661**	3,993	**(38)**	2,100
Goodwill on acquisition	**2,111**	4,057	**38**	2,000
Cost of acquisitions	**10,772**	8,050	**-**	4,100
Satisfied by				
Cash consideration	**10,772**	8,050	**-**	4,100
Analysis of cash flow for acquisitions				
Cash consideration	**10,772**	8,050	**-**	4,100
Net cash included in acquisitions	**(788)**	(982)	**-**	(382)
	9,984	7,068	**-**	3,718

The acquisitions in the year increased the Group's geographical presence and those in the prior year were made to grow market share and expand the product range. Intangibles were identified in relation to the acquisitions in the year ended 31 March 2017 relate to customer lists and brand names. In the year ended 31 March 2016 the intangibles related to customer lists. The amortisation periods for these intangibles are set out in note 1. The acquisition costs expensed in the year ended 31 March 2017 in relation to these acquisitions were £239,000 (2016: £104,000).

As the acquisitions were not material to the trading performance of the Group they have not been disclosed separately in the Income Statement. For the same reason, disclosure of the revenue or profit for the combined entity, if the business combination had occurred on 1 April 2016, has not been provided.

26. POST BALANCE SHEET EVENTS

On 1 April 2017 the Group acquired the business and assets of the mechanical and electrical equipment rental and sales activity of Jackson Mechanical Services for £3.6 million. In addition, on 20 April 2017 the Group acquired the entire issued share capital of Zenith Equipment Limited for cash consideration of £3.85 million plus assured debit of £2.3 million. On the basis that the acquisition accounting is as yet incomplete, it is not possible to include relevant IFRS3 disclosures.

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 32 to 44 and in note 5 to the Financial Statements. In addition two directors have sold some Vp plc shares they acquired, as a result of exercising their options, to the Vp Employee Trust at market value, being the previous days closing mid market share price, namely 111,981 shares at a market value of £776,287 and 37,585 shares at a market value of £260,806.

Trading transactions with subsidiaries – Group

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

Trading transactions with subsidiaries – Parent Company

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

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

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

The amount outstanding from subsidiary undertakings to the Company at 31 March 2017 totalled £57,957,000 (2016: £36,888,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2017 totalled £19,155,000 (2016: £24,768,000).

The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans and overdrafts to the Company. The total value of such borrowings at 31 March 2017 was £107.0 million (2016: £88.0 million).

28. CONTINGENT LIABILITIES

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

29. ULTIMATE PARENT COMPANY

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

30. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings as at 31 March 2017 are:

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

Notes

30. SUBSIDIARY UNDERTAKINGS (continued)

The full list of the dormant subsidiary undertakings is:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Stoppers Specialists Limited	England	Dormant	n/a	Ordinary shares 100%
Trench Shore Limited	England	Dormant	n/a	Ordinary shares 100%
UK Training Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Investments Limited	England	Dormant	n/a	Ordinary shares 100%
Bukom General Oilfield Services Limited	England	Dormant	n/a	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	n/a	Ordinary shares 100%
Domindo Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Instant Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
The Handi Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
L&P 52 Limited	England	Dormant	n/a	Ordinary shares 100%
Power Tool Supplies Limited	England	Dormant	n/a	Ordinary shares 100%
Hire & Sales (Canterbury) Limited	England	Dormant	n/a	Ordinary shares 100%
Cool Customers Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	n/a	Ordinary shares 100%
Vibrobet Limited	England	Dormant	n/a	Ordinary shares 90%
UM (Holdings) Limited	England	Dormant	n/a	Ordinary shares 100%
Power Rental Services Limited	England	Dormant	n/a	Ordinary shares 100%
Rapid Response Barriers Limited	England	Dormant	n/a	Ordinary shares 100%
U Mole Limited	England	Dormant	n/a	Ordinary shares 100%
727 Plant Limited	England	Dormant	n/a	Ordinary shares 100%
Cannon Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
MEP Hire Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	n/a	Ordinary shares 100%
Saville Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Limited	England	Dormant	n/a	Ordinary shares 100%
Mechanical Electrical Press Fittings Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Mr Cropper Limited	England	Dormant	n/a	Ordinary shares 100%
Direct Instrument Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Higher Access Limited	England	Dormant	n/a	Ordinary shares 100%
Airpac Bukom Oilfield Services (Nigeria) Limited	Nigeria	Dormant	n/a	Ordinary shares 100%
A.C.N. 098733638 Pty Limited	Australia	Dormant	n/a	Ordinary shares 100%

30. SUBSIDIARY UNDERTAKINGS (continued)

The registered offices of the companies are:

Country of Registration	Registered Office Address
England	Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD
Scotland	Mugiemoss Road, Bucksburn, Aberdeen AB21 9NP
Singapore	9 Pioneer Sector 2, Singapore 628371
Curacao	Brionplein 4, Curacao, Netherlands Antilles
Sharjah	400 M2 Warehouse, PO Box 121378, Sharjah, United Arab Emirates
Australia	18 Joseph Street, Blackburn North, Victoria 3130
Germany	Lurgiallee 6-8, 60439 Frankfurt
Ireland	70 Sir John Rogerson's Quay, Dublin 2
Malaysia	Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Dami Ehsan
New Zealand	27 Exmouth Street, Eden Terrace, Auckland 101
Nigeria	235 Ikorodu Road, Ilupeju, Lagos

Five Year Summary

	2013 £000	2014 £000	2015 £000	2016 £000	**2017 £000**
Revenue	167,034	183,064	205,602	208,746	**248,740**
Operating profit before amortisation	19,815	21,831	28,780	31,891	**37,757**
Profit before amortisation and taxation	17,351	20,053	26,757	29,798	**34,851**
Profit before taxation	16,402	18,933	25,073	27,500	**30,339**
Taxation	(3,353)	(3,238)	(5,202)	(5,112)	**(6,687)**
Profit after taxation	13,049	15,695	19,871	22,388	**23,652**
Dividends*	(4,437)	(4,962)	(5,986)	(6,568)	**(7,632)**
Share capital	2,008	2,008	2,008	2,008	**2,008**
Capital redemption reserve	301	301	301	301	**301**
Reserves	98,586	105,648	109,431	119,014	**134,980**
Total equity before non-controlling interest	100,895	107,957	111,740	121,323	**137,289**
Share Statistics					
Asset value	251p	269p	278p	302p	**342p**
Earnings (pre amortisation)	35.47p	41.97p	54.45p	62.21p	**69.52p**
Dividend**	12.25p	14.00p	16.50p	18.85p	**22.00p**
Times covered (pre amortisation)	2.90	3.00	3.30	3.30	**3.16**

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

** Dividends per share statistics are the dividends related to that year whether paid or proposed.

Directors and Advisors

Executive Directors

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

Non-Executive Directors

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

Secretary

Allison M Bainbridge

Registered Office

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Independent Auditor

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Solicitors

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

Registrars and Transfer Office

Capita Asset Services, The Registry, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Bankers

HSBC Bank plc
Lloyds Bank plc

Merchant Bankers

N M Rothschild & Sons Limited

Stockbrokers

N+1 Singer

Public Relations

Buchanan Communication