60 YEARS

Equipment Rental since 1954

Vp plc

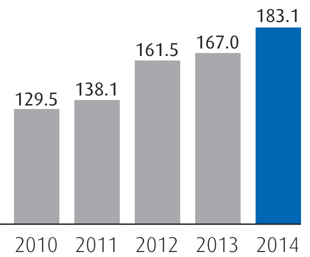
ANNUAL REPORT AND ACCOUNTS 2014

In This Report

Financial Highlights

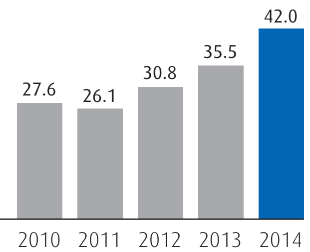
GROUP REVENUE

£183.1m
+9.6%



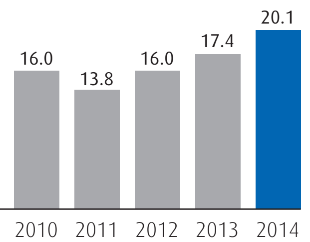
BASIC EARNINGS PER SHARE (PRE AMORTISATION)

42.0p
+18.3%



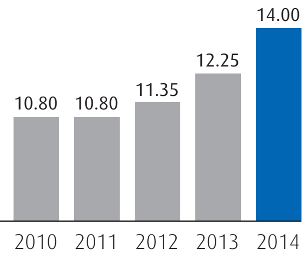
PROFIT BEFORE AMORTISATION AND TAX

£20.1m
+15.6%



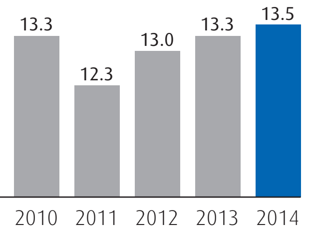
DIVIDENDS PER SHARE

14.00p
+14.3%



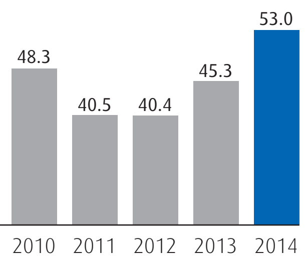
RETURN ON AVERAGE CAPITAL EMPLOYED

13.5%
+1.5%



NET DEBT

£53.0m
+17.1%



About Us

Vp is a specialist rental business with six market leading divisions operating in the UK and overseas.

Our objective is to deliver sustainable, quality returns by providing products and services to a diverse range of end markets. These include rail, transmission, water, construction, civil engineering, housebuilding and oil and gas.

Group Businesses

The Group comprises of the following divisions:

Hire Station

Tools for Industry, Construction & DIY

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

Torrent Trackside

Railway Plant. Railway People.

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

Groundforce

Specialist Construction Solutions

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

Group Businesses

Vp plc UK Forks

Materials Handling Specialists

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

Vp plc Airpac Bukom

Oilfield Services

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

Vp plc TPA

Portable Roadways

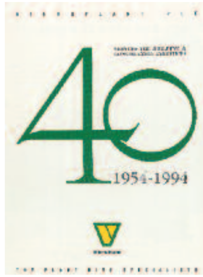
TPA Portable Roadways is Europe's largest supplier of temporary access solutions. Operating from bases in the UK and Germany, TPA provides unrivalled equipment rental and installation of portable roadways, walkways and stairways, to customers in the transmission, construction, rail and outdoor events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

Celebrating 60 Years

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

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

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



1954
Vibratory Roller & Plant Hire (Northern) Limited founded

1973
Floated on main market Vibroplant plc

1980
Shoring division established

1982
US powered access business established

1996
Tool Hire: Cannon Tool Hire acquired in 1996

1954

1973

1980

1990

1975
First move into specialist - Airpac

1990
Groundforce acquired from SGB

1996
Exit from USA; UK specialist businesses expanded

1997
Rail: Torrent Trackside acquired

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

2000
UK Forks division created

2001
Hire Station formed through merger of five regional tool businesses

2001
Renamed Vp plc

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

2005
TPA and ESS acquired

2006
Acquisition of Bukom Oilfield Services (Airpac Bukom formed)

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

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

2011
Mainland Europe - Groundforce

2014
Vp plc celebrates its 60th Anniversary

2006
2014

2000: £55m
2010: £129m
2014: £183m

Our Business Model and Strategy

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

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

HOW WE MEASURE SUCCESS (KEY PERFORMANCE INDICATORS)

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

*shown in CSR report

Chairman's Statement

Jeremy Pilkington

I am very pleased to be able to report to shareholders on another excellent set of results and a year of further progress for the Group.

Profits before tax and amortisation improved 16% to £20.1 million (2013: £17.4 million) on revenues up 10% at £183.1 million (2013: £167.0 million) with margins increased to 11.0% (2013: 10.4%). Basic earnings per share pre-amortisation increased by 18% to 42.0 pence per share.

Return on average capital employed moved ahead to 13.5% (2013: 13.3%). Return on capital employed has long been a cornerstone key performance indicator for the Group, guiding our investment and acquisition decisions and informing longer term strategy. We have an outstanding track record in this regard, having maintained ROACE above our target threshold of 12% in each of the last 10 years, even throughout the worst periods of the recent recession.

The Group continued to generate strong cash flows with EBITDA increasing to £44.3 million (2013: £41.0 million). We spent £38.2 million on rental fleet upgrades and renewals, a 70% increase over the prior year, demonstrating our confidence in the quality of investment opportunities, plus £4.6 million on the acquisition of Mr Cropper in September 2013, which is now trading very successfully within Groundforce. Net borrowings rose to £53.0 million (2013: £45.3 million) representing a gearing of 49%. All businesses within the Group are identifying significant opportunities for growth and investment.

Reflecting this excellent set of results, the Board is recommending a final dividend of 10.4 pence per share, making a total for the year of 14.0 pence per share, an increase of 14%. Subject to shareholders approval at our Annual General Meeting on 22 July 2014, it is proposed to pay the final dividend on 8 August 2014 to members registered as of 11 July 2014.

Economic indicators in the UK and mainland Europe now appear more stable and positive than they have been for several years and it does not now seem unreasonable to assume that we will be operating within a more benign economic environment for the foreseeable future.

During the year, the Board conducted a review of Board effectiveness. The review confirmed that high standards of governance were generally being met but we have implemented certain specific recommendations and remain alert to opportunities for further improvement.

Our employees and their dedication to the business is our one truly unique distinguishing feature and their longevity of service is one of our greatest strengths. Fully 50% of our employees have more than 5 years' service and 25% have more than 10 years which is a remarkable record. There is no substitute for this deep, institutional experience and memory in terms of delivering outstanding service excellence to our customers.

On behalf of our shareholders and the Board, it is my pleasure to recognise the contribution of all employees, in the UK, Europe and further afield, to these excellent results.

Jeremy Pilkington
Chairman
5 June 2014

Business Review

Overview

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

Neil Stothard

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£183.1 million	£167.0 million
Operating profit before amortisation	£21.8 million	£19.8 million
Operating margin	11.9%	11.9%
Investment in rental fleet	£38.2 million	£22.5 million
ROACE	13.5%	13.3%

The Group has again made excellent progress this year, generating revenues of £183.1 million, 10% ahead of prior year. Whilst there was a small contribution from the mid-year Mr Cropper acquisition, the bulk of the increase was organic, with all operating divisions progressing during the year.

Operating profits before amortisation also grew by 10% to £21.8 million, and therefore margins were maintained at a healthy 11.9% (2013: 11.9%). Return on average capital employed (ROACE), a key indicator for the Group, improved to 13.5% (2013: 13.3%), further demonstrating that the Group is succeeding in both delivering growth whilst maintaining and improving the quality of returns.

The Group continued to generate strong cash flows with EBITDA increasing to £44.3 million (2013: £41.0 million).

The year to 31 March 2014 saw an uplift in investment with rental fleet capital expenditure increased to £38.2 million (2013: £22.5 million). Investment in rental fleet is a combination of growth, replacement and substitution. In addition, as previously reported, the Group acquired the entire issued share capital of Mr Cropper Ltd in September 2013 for £4.6 million.

As always, disposal of equipment is an important factor with sale proceeds of £8.6 million (2013: £9.6 million) generating profit on disposal of £2.9 million (2013: £2.6 million).

The market environment for the Group has been largely supportive. Housebuilding, infrastructure, water (AMP5) and transmission markets have continued to generate good demand throughout the year. Oil and gas markets have become more positive with improved prospects in liquefied natural gas (LNG) markets in particular. Overseas growth continues to be targeted both in the oil and gas sector globally and in transmission, civil engineering and wind power in mainland Europe. The UK general construction market remains a future opportunity as recovery improves. Whilst we are expectant of a modest rate of improvement in construction, the trend is positive and the Group is well positioned to benefit from this recovery as it happens.

The Group's strategy to support diverse markets both in the UK and overseas continues to deliver results. The strong growth in earnings during the year, yet again underlines the benefit and relevance of our business model, which is delivering genuine shareholder value over the longer term.

Business Review

Groundforce
Specialist Construction Solutions

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

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£42.3 million	£37.2 million
Operating profit before amortisation	£7.9 million	£7.8 million
Investment in rental fleet	£8.0 million	£7.3 million

Groundforce delivered another excellent performance with profits of £7.9 million (2013: £7.8 million) from revenues up 14% to £42.3 million. Whilst margins were reduced, largely due to a change in business mix, the net result remains of the highest quality.

Demand came from infrastructure projects, large and small, together with a strong contribution from AMP5. Design led, temporary works solutions, primarily London centric, also provided strong workflows through the year. The largest contract was for Crossrail in forming the entrance to Paddington station. Regional demand was varied, with increased activity in the South and the North of England compensating for a slower market in Scotland following completion of a significant contract in the transmission sector. Overall market share, however, was at least maintained.

Piletec performed very well, further enhanced by the acquisition of Mr Cropper in September 2013. Major piling projects were limited in number but Piletec maintained its share. Mr Cropper was quickly integrated into the business and subsequent investment in rental fleet and vehicles, plus the transfer to two new locations, has helped prepare the ground for further growth.

Progress in Ireland was limited, but positive, against a subdued market backdrop. Other Group products have been introduced during the year together with the opening of a satellite depot in Lisburn, Northern Ireland.

The start-up Groundforce business in Germany continues to develop and whilst still incurring losses, we remain positive about prospects. The business is centred around hubs in Germany which provide a platform for supply of traditional products on a regional basis, together with an infrastructure to undertake major project work across the wider mainland European market. The major project work is technically challenging but the business has been successful in achieving success on a number of high profile contracts.

Capital investment on rental fleet was £8.0 million (2013: £7.3 million) in support of opportunities largely in the UK but also Europe.

The new financial year holds the prospect of some further progress for Groundforce as a declining demand from AMP5, now in its 5th year, is mitigated by ongoing project work in Europe.

Business Review

UK Forks
Materials Handling Specialists

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

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£16.3 million	£14.1 million
Operating profit before amortisation	£2.5 million	£2.1 million
Investment in rental fleet	£7.0 million	£0.4 million

The UK Forks division delivered excellent results with profits up 19% to £2.5 million (2013: £2.1 million). After a relatively modest investment in fleet in the prior year, increasing demand from customers and new contract wins saw fleet capital expenditure grow to £7.0 million (2013: £0.4 million) in the year. Whilst the level of investment in fleet has increased, the returns in the business have also continued to improve. Demand picked up in both core sectors; housebuilding and construction. The growing appetite for new homes across the UK acts as a driver to buoyant housebuild activity.

UK Forks remains the market leader in supplying telehandlers to the UK housing market and customers continue to recognise the value added benefit of our commitment to high quality customer service and back up.

The division has had a very strong run over the last three years as the recovery from recessionary conditions has been used as a platform for profitable growth. The business continues to explore new markets whilst maintaining strong management of the cost base and the quality of revenue. The new year has started well and prospects will be helped by further recovery in the general construction sector.

Business Review

Airpac Bukom
Oilfield Services

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

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£20.2 million	£17.4 million
Operating profit before amortisation	£2.0 million	£2.0 million
Investment in rental fleet	£5.8 million	£2.1 million

Airpac Bukom revenues grew to £20.2 million, 16% ahead of the prior year. Profits year on year were flat at £2.0 million but this represents a good recovery from the deficit against prior year reported at the interim stage.

Trading has improved in most geographical areas, with South East Asia, Australia and the Middle East performing particularly well. In Asia, a number of contract awards were secured in well testing, with good demand in Indonesia, India and Thailand. In addition, LNG contracts were secured in support of the construction of new plants in Australia. This activity involved support in both Indonesia and Thailand for the fabrication testing and also projects in Australia on Curtis Island, Queensland. Prospects for further LNG activity remain positive with more projects expected to come on stream in the new financial year. The Middle East North Africa (MENA) region performed well with good ongoing demand in Kurdistan together with new opportunities in North Africa. The UK North Sea sector remained quiet with low well test activity and restrictions on rig fabric maintenance arising from a combination of adverse weather and helicopter issues. Activity in the Africa region was subdued compared with prior year.

Investment in rental fleet increased to £5.8 million as the division continued to broaden the product offering. The majority of this expenditure was at the end of the financial year and will only contribute in the new financial year.

We anticipate further increased capital investment as the business reacts to opportunities in the well test, rig maintenance and LNG markets and this should provide a good platform for the business into the new year.

Business Review

Torrent Trackside

Railway Plant. Railway People.

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

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£22.3 million	£21.4 million
Operating profit before amortisation	£2.8 million	£2.2 million
Investment in rental fleet	£2.9 million	£0.9 million

Torrent Trackside had an excellent year reporting revenues of £22.3 million up 4% on prior year and generating profits of £2.8 million (2013: £2.2 million).

Investment in the rail sector continued to be significant and as a major rental provider to that market, Torrent experienced another year of strong demand. Business levels were high as the control spend period 4 (CP4) completed with the division busy on renewal, project and maintenance activities. Torrent continued to provide a full range of services directly to Network Rail on maintenance across the UK rail network and also to the Network Rail appointed contractors.

The new 5 year control spend period (CP5) relating to track maintenance and renewal across the UK, will commence in 2014. Network Rail have recently confirmed the successful bidders for both plain line renewals and switches and crossings for CP5, and Torrent are well positioned to deliver both plant and associated services to the successful bidders.

Investment in the fleet increased significantly to £2.9 million (2013: £0.9 million) both to refresh the fleet and also in support of new growth opportunities.

The rail market is well funded, buoyant and challenging. Year on year, the market rightly demands increased productivity, efficiency gains and unit price reductions. Torrent's market leadership places it well to meet those demands whilst continuing to deliver excellence to both the existing and new customer base.

Business Review

TPA
Portable Roadways

Portable roadway systems, primarily to the UK market, but also in mainland Europe.

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£15.8 million	£14.9 million
Operating profit before amortisation	£1.8 million	£1.3 million
Investment in rental fleet	£1.0 million	£2.4 million

The TPA business had a good year increasing revenues by 6% to £15.8 million, but more importantly further improving margins. Operating profits increased from £1.3 million to £1.8 million, a 36% improvement.

Investment in rental fleet was modest at £1.0 million (2013: £2.4 million) with revenue growth delivered from improved utilisation and rates.

In the UK, revenue quality improved as the business mix was changed, moving away from lower margin and seasonal outdoor event activity, towards the less seasonal transmission and day to day construction and rail markets. Trading during the winter was also better at what has, historically, been a quieter time for TPA. The increasing challenge of complying with HSE (health and safety) and VOSA (vehicle usage) regulations has also been met and operational efficiencies have been gained as a result.

The business in Germany had a much improved year with a more consistent revenue stream from a wider customer base and a busy transmission sector. The business enjoyed a strong final quarter and enters the new financial year with good momentum both in the UK and mainland Europe.

Business Review

Hire Station

Tools for Industry, Construction & DIY

Small tools and specialist equipment for industry and construction.

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue	£66.2 million	£62.0 million
Operating profit before amortisation	£4.8 million	£4.3 million
Investment in rental fleet	£13.4 million	£9.4 million

The Hire Station division enjoyed improving markets during the year, particularly in the second half, and reported revenues of £66.2 million, a 7% uplift on prior year. This growth translated into a profit improvement of 11% to £4.8 million for the year. Progress was made in all three elements: Hire Station tools, ESS Safeforce and MEP.

The tools business, with its strengthened management, made excellent progress. Whilst enjoying growth, the emphasis has been on operational improvement and achieving high availability on the most popular products. The net result has been enhanced levels of service and market share gains. The business improved its infrastructure with relocations of certain key branches and selective openings of new locations in the new financial year. The tool hire business operates in a highly competitive market, and includes general construction as one of its key segments.

ESS Safeforce had another year of excellent growth. New locations were opened in Port Talbot and Exeter and additional capacity added in other existing locations. Shutdown activity was quieter, but prospects are improved and a number of contracts have been secured for the new financial year. The specialist focus on rental and sales of safety, survey and communications equipment continues to deliver strong results.

MEP, which supplies press fitting and electrofusion equipment, as well as operating the largest low level access fleet in the UK, delivered another year of growth. Supporting the M&E (mechanical and electrical) sector, activities in the year have included the new Southern General Hospital in Glasgow and Terminal 2 at Heathrow. The maintained drive by the HSE on site safety will drive best practice and act as a catalyst for further potential growth for MEP.

Capital investment in the year was healthy at £13.4 million (2013: £9.4 million) as the business invested into growth opportunities and improved product availability.

Within the tool hire market the dynamics continue to change and as customers become busier and seek to work more safely, availability, product quality and customer service become ever more important. The business survived the downturn better than most and is well positioned to participate in the market recovery, and we foresee another year of progress.

Business Review

Prospects

Building on another good year for the Group, we expect further positive development both in the UK market place but also in our smaller but growing overseas activities.

The overall scenario for the markets we support remains positive, with further improvement anticipated in general construction and oil and gas, tempered by potential temporary, but modest slowdown in sectors which have been buoyant in recent times such as water and transmission.

Consistency of quality in products, services and people is increasingly valued by customers who rightly expect a top level service delivery. As markets recover, we believe that these factors will further enhance the attractiveness of our specialist service offering.

We enter the new financial year with excellent business momentum from a strong final quarter and this gives us confidence that Vp remains in a good position to deliver further progress for shareholders in the coming year.

Neil Stothard
Group Managing Director
5 June 2014

Financial Review

Allison Bainbridge

Group revenues increased by 10% to £183.1 million (2013: £167.0 million). Profit before tax and amortisation rose by 16% to £20.1million (2013: £17.4 million) with PBTA margins increasing to 11.0% (2013: 10.4%).

The return on average capital employed (being EBITA/average capital employed) improved on prior year at 13.5% (2013: 13.3%) based on average capital employed of £161.2million (2013: £148.5 million) calculated on a 12 month rolling average of total net assets and net debt.

EARNINGS PER SHARE, DIVIDEND AND SHARES

Basic earnings per share before the amortisation of intangibles increased from 35.47 pence to 41.97 pence, an increase of 18%. Basic earnings per share after the amortisation of intangibles was 39.78 pence (2013: 33.62 pence).

It is proposed to increase the final dividend to 10.4 pence per share. If approved, the full year dividend would be increased by 1.75 pence (14%) to 14.0 pence with a dividend cover of 3.0 times (2013: 2.9 times) based on earnings per share before amortisation. The final dividend will be paid on 8 August 2014 to all shareholders on the register on 11 July 2014.

At March 2014, 40.2 million shares were in issue and 0.9 million shares were held by the Employee Trust.

The average number of shares in issue during the year was 39.5 million (2013: 38.8 million) after adjusting for shares held by the Employee Trust.

CAPITAL EXPENDITURE, DISPOSAL AND DEPRECIATION

Total capital expenditure was £41.1 million (2013: £25.3 million) of which £38.2 million (2013: £22.5 million) related to equipment for hire. The increased expenditure on rental fleet reflects increased customer demand as key market segments continue to recover. Proceeds from disposals of assets amounted to £8.6 million (2013: £9.6 million) resulting in total net capital expenditure of £32.5 million (2013: £15.7 million). The disposal of hire fleet during the year produced profit of £2.9 million (2013: £2.6 million) reflecting prudent depreciation policies and good asset management. The depreciation charge for the year was £22.5 million (2013: £21.2 million).

ACQUISITION

On 3 September 2013 the Company acquired the share capital of Mr Cropper Limited for £4.6 million and the business and assets of the acquired company have been transferred to Vp plc. The acquisition has been consolidated into these results.

CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows. Cash generated from operations totalled £47.3 million (2013: £39.8 million). Accordingly, despite significant capital expenditure and the acquisition of Mr Cropper, net debt only increased from £45.3 million at 31 March 2013 to £53.0 million at 31 March 2014.

After adjusting for movements in capital creditors, cashflows in respect of capital expenditure were £39.5 million (2013: £29.6 million). The cash cost of acquisitions in the year was £4.5 million (2013: £4.1 million), dividend payments to shareholders totalled £5.0 million (2013: £4.4 million), and cash investment in own shares on behalf of the Employee Benefit Trust during the year was £8.6 million (2013: £9.8 million, which included the tender offer share buyback).

Net interest expense for the year totalled £1.8 million (2013: £2.5 million). Interest cover before amortisation was 12.3 times (2013: 8.0 times) and Net Debt/EBITDA was 1.20 (2013: 1.10), 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 49% (2013: 45%).

Financial Review

BALANCE SHEET

Total net assets were £108.0 million (2013: £100.9 million), representing net assets per share of 269 pence (2013: 251 pence). The net book value of property, plant and equipment was £124.8 million (2013: £110.6 million) of which rental equipment represents 90% (2013: 90%).

Gross trade debtors were £37.0 million at 31 March 2014 (2013: £32.8 million). Bad debt and credit note provisions totalled £3.6 million (2013: £3.7 million) equivalent to 9.9% (2013: 11.2%) of gross debtors. Debtor days were unchanged at 57 days (2013: 57 days).

With no impairments, the Group carried forward £5.5 million (2013: £5.3 million) of intangible assets and £35.9 million (2013: £34.0 million) goodwill at year end. The movement in the year reflects additions of £3.2 million less amortisation of intangibles of £1.1 million. Intangible assets are recognised in relation to trade names, customer lists/relationships and supply agreements. Taking into account current and budgeted financial performance the Board remains satisfied with the carrying value of these assets.

CAPITAL STRUCTURE AND TREASURY

The Group finances its operations through a combination of shareholders' funds, bank borrowings and operating leases. The Group funding requirements are largely driven by capital expenditure and acquisition activity. As at 31 March 2014 the Group had £65 million (2013: £65 million) of committed facilities and overdraft facilities of £5 million (2013: £5 million). As at 31 March 2014 the Group's bank facilities comprised of a £35 million committed three year revolving credit facility expiring May 2016, a £30 million committed four and a half year revolving credit facility expiring in October 2017 and overdraft facilities totalling £5 million. The financing put in place in May 2013 included a £25 million step up facility. The Group will make use of this facility and in June 2014 will establish a £20 million committed revolving credit facility also expiring in October 2017. These facilities are with Lloyds Bank plc and HSBC Bank plc.

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a margin. The Group has seven interest rate swaps which are held to hedge the risk of exposure to changes in interest rates on the Group's secured bank loans. These swaps were taken out in three tranches and they all have a life of three years. The first tranche of three swaps, all of which are for £7.5 million of debt, had start dates in September 2012, December 2012 and August 2013. They fix interest rates net of bank margin at between 1.255% and 1.323%. The second tranche of two swaps was taken out in October and November 2013, they are both for £2.5 million of debt and fix interest rates net of bank margin of 0.98%. The third tranche of two swaps was taken out in April 2014; they are both for £1.5 million of debt and fix interest rates net of bank margin at between 1.39% and 1.40%.

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 nine foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2014. It also has a further ten foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2014 to 30 June 2015. In addition to the US dollar hedges the Group also had Australian dollar and Singapore dollar hedges in the year and has taken out hedges for the next financial year in Australian dollars and Singapore dollars.

TAXATION

The overall tax charge on profit before tax was £3.2 million (2013: £3.4 million), an effective rate of 17.1% (2013: 20.4%). The current year tax charge was reduced by £127,000 (2013: £197,000 reduction) in respect of adjustments relating to prior years. The underlying tax rate was 17.7% (2013: 21.6%) before prior year adjustments. The main reduction in the tax rate relates to the reduction in the future standard tax rate in the UK to 20%; this has reduced the deferred tax liability and hence the tax charge by £1.1 million, 5.7% (2013: £0.4 million). 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 85% from 343 pence to 634.5 pence, compared to a 30% increase in the FTSE small cap index excluding investment trusts. The Company's shares ranged in price from 330 pence to 688 pence but averaged 492 pence during the year.

Allison Bainbridge
Group Finance Director
5 June 2014

Risk Management

The Board is responsible for determining the level and nature of risks it is appropriate to take in delivering the Group's objectives, and for creating the Group's risk management framework.

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

RISK ASSESSMENT

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

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

Our risk reporting framework is set out below:

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

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

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

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

Risk Management

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2013
Market risk A downturn in economic recovery could result in worse than expected performance of the business, due to lower activity levels or prices.	Vp provides products and services to a diverse range of markets with increasing geographic spread. The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand.	↓
Competition The equipment rental market is already competitive and could become more so, impacting market share, revenues and margins.	Vp aims to provide a first class service to its customers and maintains significant market presence in a range of specialist niche sectors. The Group monitors market share, market conditions and competitor performance and has the financial strength to maximise opportunities.	→
Investment/Product Management In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	Vp has well established processes to manage its fleet from investment decision to disposal. The Groups return on average capital employed was a healthy 13.5% in 2013/14. 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 well being of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.	The Group has robust health and safety policies, and management systems and our induction and training programmes reinforce these policies. We provide support to our customers exercising their responsibility to their own workforces when using our equipment.	→
Financial risks To develop the business Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.	The Group has a revolving credit facility of £65m and maintains strong relationships with all banking contacts. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, with growing EBITDA, which allows us to invest into opportunities. Our treasury policy requires a tangible proportion of debt to be at fixed interest rates and we facilitate this through interest rate swaps. We have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days were unchanged during the year and bad debts as a percentage of revenue remained low at 0.6% (2013: 0.7%).	→

↓ Decreased risk ↑ Increased risk → No change

Corporate and Social Responsibility

The Group has a long history of conducting business responsibly and ethically. The Group is very aware of its corporate and social responsibilities and they are an integral part of its business strategy. Our approach to corporate and social responsibility is focused on employees, health and safety, the environment and the community at large.

OUR EMPLOYEES

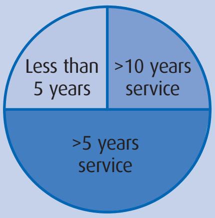
Our continued business success is a reflection of the skills and commitment in our talented and diverse global workforce. In a competitive global market retaining and attracting the best people is key to our aims. We continue to attract new talent to the Group as well as promoting talent from within the business.

The Group is an equal opportunity employer committed to providing the same level of opportunity to all, regardless of creed, colour, age, sex, disability or sexual orientation. We believe that a diverse workforce promotes innovation and business success. Approximately 84% of our employees are male and 16% female. 21% of female employees are in management roles and at Board level 20% are female.

Employee turnover

2014	2013
13%	11%

Long service is valued



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

As a Group 50% of our employees have in excess of 5 years service, a further 25% have more than ten years service and some have in excess of 35 years service. Long service is recognised and celebrated by the business and we also recognise that this continuity is a contributing factor to our strong performance in delivering service excellence to our customers. We regularly communicate with our people by making extensive use of our intranet as well as employee conferences and our bi annual newsletter ViewPoint.

Recent long service awards – the 19 employees who received awards have 342 years of service between them, ranging from 10 years to 41 years.

Corporate and Social Responsibility

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

The Company supports employee share ownership and, where practical offers the opportunity to participate in share schemes. At 31 March 2014, approximately 37% (2013: 33%) of UK employees were participants in the Save As You Earn Scheme.

Participants in SAYE Schemes – UK employees		
2014	2013	2012
37%	33%	31%

Retaining talented people is vital to our continued success. We therefore operate an extensive training programme that commences with a detailed induction programme and moves on to cover all the technical skills that our employees require to carry out their roles. Customer service programmes are run throughout the business. The key messages of these programmes are "take the initiative" and "take pride in all that you do". Management development programmes are run for all individuals new to management roles and we actively encourage and sponsor individuals to develop themselves through further education programmes. Throughout this process we try to ensure that our people fulfil their potential to the benefit of both the individual and the Group.

We believe that we have always operated in an ethical manner and we aspire to demonstrate honesty, trust and integrity in the way we conduct our business. We do, however, have an established whistle blowing policy (see page 32) and employees are free to voice concerns on a confidential basis through the Human Resources Director and ultimately to the Chairman, or the non-executive directors, if appropriate.

HEALTH AND SAFETY

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

Furthermore, the Group is committed to developing a culture where all employees pay appropriate attention to health and safety risks to ensure that accidents and dangerous occurrences are prevented wherever possible. Health and safety training is provided as part of the induction process for all new employees and ongoing health and safety training is provided to all employees as appropriate for their roles including manual handling, fire safety, safe use of hand tools, PAT testing and working at heights.

Health and Safety reports and issues are discussed at operational board meetings with updates to the main Board. During the year there were 16 (2013: 6) reportable accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. There were no cases of reportable ill health.

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

Safety training

Corporate and Social Responsibility

THE ENVIRONMENT

We are aware of the potential impact our operations may have on the environment. It is the Group's policy to ensure as far as is reasonably practicable and within the scope of current best practice, that our operations are carried out in such a manner so as to minimise any adverse impact on the environment. In order to comply with this policy, the Group Health and Safety and Environmental Policy and Procedures Manual sets out the environmental responsibilities for all levels of management in the Group.

The two main areas where the Group's operations have an impact on the environment are emissions to air (principally CO_2) from our equipment and through our energy use and the disposal of fuel and oil.

Emissions to air

The Group has previously undertaken a comprehensive carbon audit with a view to identifying environmental impact mitigation opportunities. The key performance indicators outlined in the table below, enable us to review our performance throughout the year and year on year. The external haulage emissions have been based on assumptions relating to average journey distances and the average fuel usage of hauliers' vehicles. The CO_2 emissions for all categories are based on the DEFRA 2013 table for converting energy usage to CO_2 emissions, including restating the prior year figures at the new conversion rates.

Direct Impacts (Operational)				
Energy Type	Normalised Tonnes CO_2 per £m Revenue		Absolute Tonnes CO_2	
	2014	2013	**2014**	2013
Gas and electricity	**15.70**	15.57	**2,875**	2,599
Diesel	**65.63**	69.25	**12,014**	11,564
Gas Oil	**1.58**	1.91	**289**	318
Total	**82.91**	86.73	**15,178**	14,481
Indirect (Supply Chain)				
External Haulage	**26.03**	26.56	**4,766**	4,435

We have used the results of our carbon audit to highlight areas where we believe we can reduce the impact on the environment of our day to day activities and promote good environmental practices. We have formulated an action plan based on advice received from the Carbon Trust and the Energy Saving Trust which will be used to further develop our environmental programmes and policies. For example the company car fleet is reviewed annually to ensure that we are utilising vehicles that are both CO_2 efficient and have the best fuel economy. A large proportion of our fleet now uses 'start stop technology'.

Whilst this year absolute CO_2 emissions have increased, reflecting our increased activity levels, normalised CO_2 emissions have reduced primarily reflecting a reduction in the use of diesel through more efficient vehicles and a reduction in the proportion of our fleet of equipment which uses diesel.

We have a number of initiatives across the Group to use recycled rainwater to wash and clean our fleet, saving water and energy.

Waste Management

During the year we have continued to ensure that:

- We are in full compliance with all current legislation through internal review of legislation, working with specialist waste disposal companies and use of external consultants. In this regard most of our divisions are registered under the environmental standard ISO14001.
- All waste is stored securely and disposed of via appropriately registered waste disposal companies. In addition sites which produce hazardous waste are registered with the Environment Agency and waste data is reported to them. Furthermore, relevant divisions are registered under the Waste Electronic and Electrical Equipment Directive.
- Fuel, oil or any other waste products are not allowed into surface water drains or allowed to contaminate land or groundwater.
- We segregate our waste before collection to maximise recycling and minimise waste sent to landfill.
- Our suppliers minimise the packaging associated with our purchases.

Corporate and Social Responsibility

COMMUNITY

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

During the year ended 31 March 2014 we donated nearly £15,000 (2013: £26,000) to charities. This included donations in support of employees participating in fund raising activities.

Vp recognises the need to train the engineers of the future and has successfully run apprentice schemes for a number of years, indeed many of our current employees started with us as apprentices. We work closely with the Construction Industry Training Board to recruit and support our apprentices to achieve their apprenticeship in plant maintenance and repair. We currently have 27 apprentices, 11 are just completing their first year and 10 completing their second year and 6 will complete their apprenticeship this year and be offered full time roles within the Group. We are currently recruiting a further 18 apprentices to start in September 2014.

2013 apprentices

STRATEGIC REPORT

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

Neil Stothard

Group Managing Director

5 June 2014

The Board

Jeremy Pilkington BA (Hons)
Chairman

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

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

Committee membership
Chairman of the Nomination Committee

Neil Stothard MA, FCA
Group Managing Director

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

Experience
Neil was previously Group Finance Director of Gray Dawes Group Limited, a business travel management company and Divisional Finance Director of TDG plc. 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. She is a trustee and Chair of the West Yorkshire Police Community Trust.

Committee membership
None

Steve Rogers BSc, FCA, JP
Non-executive Director

Appointment
Appointed to the board in October 2008.

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

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

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

Appointment
Appointed to the board in April 2013.

Experience
Phil is Chairman of Kier Group Plc, Lookers Plc and Unite Group Plc as well as a non-executive director at Stagecoach Group Plc.

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

Governance

INTRODUCTION FROM THE CHAIRMAN

We, as a Board of Directors, are committed to the principles of good governance. We believe these principles form the foundations for the long-term success of the Company, enabling us to achieve our strategy and growth aims for the future.

Our Corporate Governance Report is set out on pages 27 to 30. This section of the annual report sets out how we manage the Group and comply with the provisions of the UK Corporate Governance Codes.

The updated Corporate Governance Code of September 2012 introduced some additional reporting and compliance requirements. These include enhanced consideration of matters such as board diversity and extra reporting requirements for the Audit Committee.

As part of our annual Board evaluation, we assessed how we work as a Board, our skills and how we operate. The process we undertook and planned actions are covered on page 29.

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

Jeremy Pilkington
Chairman
5 June 2014

CORPORATE GOVERNANCE

The Board has prepared this report with reference to the "Codes" issued by the Financial Reporting Council ("FRC") in June 2010 and September 2012 (the "Codes"); the 2012 Code has not yet been adopted under the Listing Rules. We have also had regard to the FRC guidance on Board Effectiveness (March 2011) and FRC guidance on Audit Committees (September 2012). The Board confirms that throughout the year ended 31 March 2014 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 sustain the enhancement of shareholder value over the long term, whilst maintaining good corporate governance, standards of behaviour and managing risk. The Board reviews its progress against this objective on a regular basis. The Board exercises control over the performance of each operating company within the Group, principally by monitoring performance against agreed budgetary targets. The names and biographic details of the members of the board are set out on page 26.

Length of service of director	31 March 2014
One to two years	1
Two to three years	1
Four to six years	1
More than six years	2

Balance of directors	31 March 2014
Gender	
Male	4
Female	1

Balance of directors	31 March 2014
Role	
Executive Chairman	1
Executives	2
Non executives	2

Governance

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

The roles of the Chairman and Group Managing Director are separate and clearly defined. The Chairman, Jeremy Pilkington, is responsible for the effective working of the Board and leading the development of the strategic agenda for the Group. The Managing Director, Neil Stothard, has operational responsibility for the management of the Group's business and for implementation of the strategy as agreed by the Board.

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

EFFECTIVENESS

Committees

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

Meetings

In the year ended 31 March 2014, the Board met seven times. The Board also met on an ad hoc basis to deal with urgent business including the consideration and approval of major transactions. The table below lists the directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2014.

	Board	Audit	Remuneration
Number of meetings held	7	3	2
Executive directors			
Jeremy Pilkington	7	-	-
Neil Stothard	7	-	-
Allison Bainbridge	7	-	-
Non-executive directors			
Steve Rogers	7	3	2
Phil White	7	3	2
Peter Parkin	2	1	1

Whilst Jeremy Pilkington, Neil Stothard and Allison Bainbridge are not members of the Audit Committee, they did attend all the 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.

Governance

Independence

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

Appointments to the Board

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

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

Induction, development and support

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

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

Whilst the Board generally meets at the Group head office in Harrogate, some meetings are held at other Group locations giving the directors the opportunity to review the operations and to meet local management. During the year one of the seven 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 2014 was conducted by way of a questionnaire completed by all of the directors, the results of which were collated by the Company Secretary and presented to the entire Board. Based upon this evaluation, the Board concluded that performance in the past year had been good. The results from the evaluation will be used to make further improvements where appropriate, to ensure the performance of the Board continues to be optimised.

Re-election

Any director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek re-election by shareholders at the next Annual General Meeting. The articles also require that at least a third of directors should retire and seek re-election each year. Neil Stothard and Allison Bainbridge shall retire by rotation and seek re-election by shareholders at the next Annual General Meeting.

Accountability

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

RELATIONS WITH SHAREHOLDERS

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

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

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

Audit Committee Report

Steve Rogers

COMMITTEE MEMBERS AND MEETINGS

Steve Rogers (Chairman)
Phil White

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

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

ROLES AND RESPONSIBILITIES

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

The Committee keeps the scope and cost effectiveness of both the internal and external audit functions under review. This includes a regular review of the effectiveness of the external auditor.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

The Audit Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements by reviewing reporting from both internal teams and the external auditors. Where significant changes are proposed to accounting estimates and areas of judgement relevant papers are submitted to the Committee for consideration.

In particular, the Committee discussed the following areas of judgement in the current year:

- The existance and carrying value of fleet assets – management information is provided for review by the Committee detailing asset utilisation, future use of hire fleet and, where applicable, realisable value of assets.
- The recoverability of trade debtors and appropriateness of provisioning – management information is provided for review by the Committee detailing ledger ageing and history, after date cash receipts and credit insurance coverage.

After careful consideration of the advice of the Committee the Board has concluded that the 2013/14 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's risks, performance, business model and strategy.

EXTERNAL AUDIT

During the year, KPMG Audit Plc ("KPMG") undertook external audit and certain non-audit work. The Audit Director, Lindsey Crossland and other members of the KPMG team, attended relevant Audit Committee meetings and the 2013 AGM. KPMG provided the Committee with information and advice as well as relevant reports on the financial statements and controls. In January 2014, the Committee reviewed and approved the terms, areas of responsibility and scope of the external audit.

KPMG report to the Committee any material departures from group accounting policies and procedures that they identify during the course of their audit work - the Committee is pleased to report that none were found in the year.

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 the APB Ethical Standards on Auditing. KPMG 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.

Audit Committee Report

The total fees paid to KPMG in the year ended 31 March 2014 (together with a comparison to fees paid in the year ended 31 March 2013) can be found in note 3 to the consolidated financial statements. The non-audit services mainly related to assistance on tax advisory and compliance matters.

KPMG have been the auditor of the Group for many years and whilst the Committee has been completely satisfied with their work they have decided to ask KPMG and one or more of the other major accounting firms to tender for the audit service during 2014. This accords with best practice and will enable the Committee to ensure that the Group receives the most effective external audit service.

INTERNAL AUDIT

The Group's internal audit function comprises a team of three qualified auditors. Internal audit's programme of work is directed towards areas of greater risk and testing the controls intended to mitigate those risks; the Committee approves the internal audit programme.

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

RISK MANAGEMENT

Risk Management Reports, prepared by the operating divisions supported by internal audit, were submitted to the Committee at its meeting in July 2013. The Reports identified the significant risks to the Group, highlighted controls that mitigate the risks and the resultant post-mitigation risk. The Committee also considered the tolerance levels that the Group is prepared to accept.

INTERNAL CONTROLS

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

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

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

WHISTLEBLOWING AND FRAUD

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

At the 2014 AGM, I shall be available to respond to any questions shareholders may raise on this report or any of the Committee's activities.

Steve Rogers
Chairman of the Audit Committee
5 June 2014

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 2014. 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.

This year we have implemented the new disclosure requirements under the UK Government's reforms on directors' pay. We trust that this will provide continued assurance to shareholders that our approach to remuneration is fair and fully aligned with your interests.

Our report has three sections as follows:

- this annual statement, which summarises and explains the major decisions and changes in respect of directors' remuneration;
- the directors' remuneration policy setting out the Company's proposed policy on directors' remuneration for the three years from the July 2014 Annual General Meeting (AGM). The directors' remuneration policy is subject to a binding shareholder vote at that AGM and after that at least every third year; and
- the annual report on remuneration, providing details of the remuneration earned by the directors in the year ended 31 March 2014 and how the policy for 2014 to 2017 will operate. The annual report on remuneration and this annual statement is subject to an advisory shareholder vote at the AGM in July 2014.

REMUNERATION POLICY AND IMPLEMENTATION 2013/14

Peter Parkin retired from the Remuneration Committee and the Board at the 2013 AGM having served thirteen years as a Non Executive Director. I would like to take this opportunity to thank him formally for his years of service as Chair of the Remuneration Committee.

I became Chairman of the Remuneration Committee on 23rd July on the retirement of my predecessor and along with the Committee have, in the time since, taken the opportunity to review the remuneration arrangements of the group, particularly those of the executive directors.

In the Remuneration Committee's view, the base salary, long term incentives and pension allowances are appropriate. However, the maximum award under the annual performance related bonus scheme of 50% of salary was out of step when compared with established practice elsewhere in the plc arena, including within Vp's immediate peer group. Therefore, we increased the maximum award for 2013/14 to 100% of basic salary, subject to performance criteria appropriately stretched well beyond the requirements to earn the previous maximum payment of 50%. Whilst we would expect the maximum payment to be achieved only on exceptional business performance, we thought it correct to offer the Vp executives an incentive that is competitive with elsewhere in the market.

As set out in the annual report on remuneration, again the Group has performed well on our key measures of growth in profit before tax and amortisation and EPS, whist exceeding a minimum ROCE target.

In 2013/14 profit before taxation and amortisation at £20.1m grew by 16% on the previous year. Consequently, executive directors will qualify for bonuses of 52% of their base salaries out of a maximum of 100% of base salary demonstrating the challenging targets we set as a business.

Our 2010 LTIP award which was based upon earnings per share growth, vested in July 2013 at 95.1% of the total award reflecting the excellent financial performance of the Group in the challenging market conditions of 2010 to 2013. Our 2011 LTIP award is due to vest at 100% in July 2014, reflecting strong compound annual growth performance in EPS of 13.3% per annum based upon fixed assumptions on tax rate and number of shares in issue from 2011 to 2014.

REMUNERATION POLICY FOR 2014/15

Following the review of remuneration arrangements of the Group carried out in 2013/14 and the subsequent change to the maximum award under the performance related bonus, the Committee is satisfied that the existing directors' remuneration policy remains appropriate and should continue to operate in 2014/15 without major changes.

We continue to be mindful of our shareholders' interests and have taken the opportunity this year to formalise our share ownership guidelines and introduce claw back provisions for the annual bonus and long term incentive scheme. These are outlined on page 35.

I hope that we can rely on your vote in favour of the annual report on remuneration and our directors' remuneration policy for future years.

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

Phil White
Chairman Remuneration Committee
5 June 2014

Directors' Remuneration Policy (unaudited)

The policy described below, which is subject to shareholder approval, is intended to apply for three years beginning on the date of the 2014 AGM.

POLICY OVERVIEW

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

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

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

FUTURE POLICY TABLE

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

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salary	To attract, retain and motivate individuals with skills and experience required to deliver the strategy. To provide a competitive fixed reward.	Base salaries are reviewed annually, and any changes are effective from 1 April in the financial year.	There is no prescribed maximum annual increase. The Committee also considers average increases across the Group. Current salary levels are set out on page 42.	None.
Pension	To provide retirement benefits.	All executives are either members of a defined contribution scheme or receive a cash allowance in lieu of pension continutation.	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 ROCE 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 ROCE 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 ROCE, currently set at 12%.
Save As You Earn	To encourage share participation in the entire workforce.	HMRC approved plan under which regular monthly savings are made over a 3 year period and can be used to fund the exercise of an option whereby the exercise price is discounted by up to 20%.	Maximum permitted savings of £300 per month across all ongoing share save contracts in line with current legislation.	None.
Share Ownership Guidelines	To increase alignment between executives and shareholders.	Shareholding to be built up over 5 years.	100% of salary for executive directors.	None.
Non-Executive Director Fees	Reflects time commitments and responsibilities and fees paid by similar sized companies.	Cash fees paid, reviewed on an annual basis.	No prescribed maximum annual increase.	None.

Notes to the policy table

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

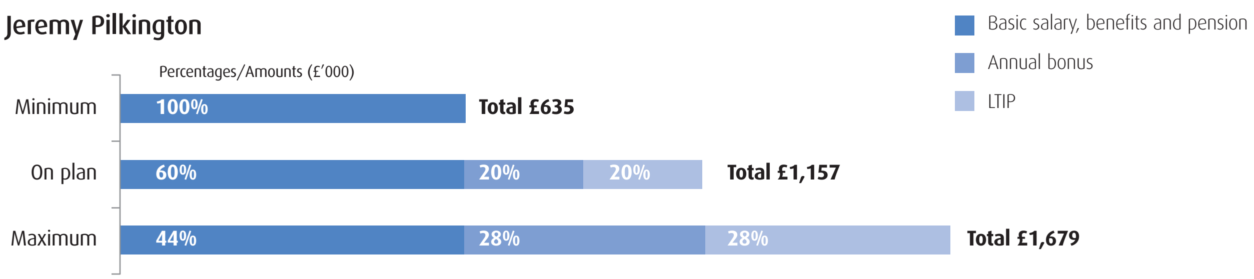
Directors' Remuneration Policy (unaudited)

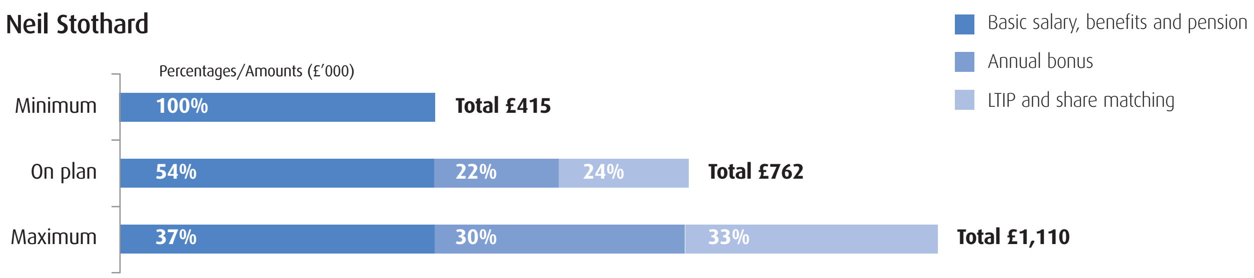
CHANGES TO REMUNERATION POLICY FROM THAT OPERATING IN 2013/14 AND 2012/13

ELEMENT	OPERATION OF THE ELEMENT	MAXIMUM POTENTIAL VALUE	PERFORMANCE MEASURES
Base salary	No change	Annual salary review page 42	No change
Pension	No change	No change	No change
Taxable benefits	No change	No change	No change
Annual bonus	Introduction of claw back	Increased from 50% to 100% of salary	No change
Long term incentive	Introduction of claw back	No change	No change
Share matching	Introduction of claw back	No change	No change
Share ownership guidelines	Introduction of guidelines	100% of salary over 5 years	No change

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

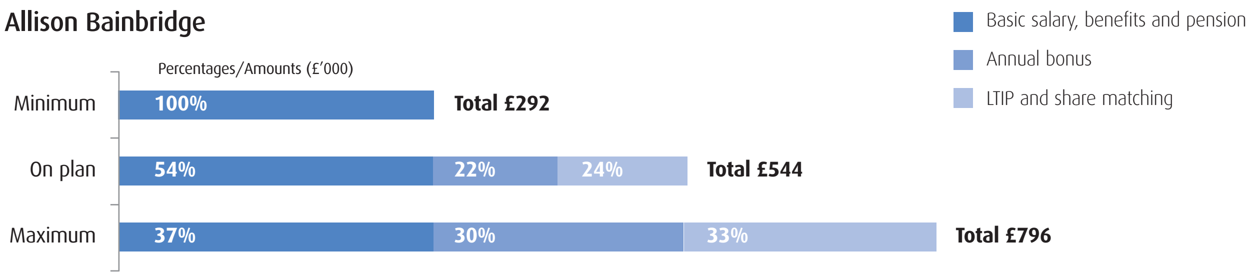
The chart below illustrates the total remuneration for each executive director that could result from the proposed remuneration policy in 2014/15 under three different performance scenarios.





Directors' Remuneration Policy (unaudited)

Allison Bainbridge



The value of base salary for 2014/15 is as set out in the Base Salary table on page 42.

The value of taxable benefits in 2014/15 is taken to be the value of taxable benefits received in 2013/14 as shown in the single total figure of remuneration table set out on page 39. On plan performance assumes bonus payout of 50% of salary and LTIP and share matching scheme vesting at 50% of maximum award. Maximum performance assumes 100% payout of all incentives. Share price appreciation has not been included in the calculation.

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.

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.

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 Remuneration 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.

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 2014 together with the comparative figures for 2013.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	LTIP	Share matching	Total
		£000	£000	£000	£000	£000	£000	£000
Executive directors								
Jeremy Pilkington								
	2014	452	44	183	235	1,128	-	2,042
	2013	444	43	168	186	954	-	1,795
Neil Stothard								
	2014	323	26	57	168	804	78	1,456
	2013	317	26	55	133	684	62	1,277
Allison Bainbridge								
	2014	218	16	33	114	544	52	977
	2013	214	17	32	90	-	-	353
Non executive directors								
Steve Rogers								
	2014	38	-	-	-	-	-	38
	2013	38	-	-	-	-	-	38
Phil White								
	2014	37	-	-	-	-	-	37
	2013	-	-	-	-	-	-	-
Peter Parkin								
	2014	12	-	-	-	-	-	12
	2013	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 partly as a contribution to a defined contribution pension scheme and partly in lieu of pension contributions. Allison Bainbridge received 15% of base salary and 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 2014 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	9.5	24	16	52	235
Neil Stothard	100	9.5	24	16	52	168
Allison Bainbridge	100	9.5	24	16	52	114

No changes have been made to the maximum opportunity available under the 2014/15 bonus scheme.

Annual Report on Remuneration

VESTING OF LTIP AND SHARE MATCHING AWARDS (audited)

The LTIP and share matching amount included in the 2013/14 single total figure of remuneration is in respect of the conditional share award granted in June 2011. Vesting is dependent on earnings per share performance over the three financial years ended 31 March 2014, achievement of a minimum return on average capital employed of 12% and continued service until June 2014.

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

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	Normalised EPS compound annual growth rate of 2.9% pa (0% vesting) 8.3% pa (100% vesting)	23.38 pence EPS	27.28 pence EPS	31.26 pence EPS	100
ROCE	Minimum of 12.0%	12.0%	N/A	13.5%	see above

*EPS is measured on a net basis, in accordance with International Financial Reporting standards, but assuming a fixed corporation tax charge on profits currently at the rate of 28% and excluding any amortisation and exceptional items shown on the face of the Income Statement or in the notes to the Company's accounts and utilising the whole of the issued ordinary share capital of the Company, assuming a constant level of issued Ordinary Share Capital over the three years, in this case 46.185 million shares.

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

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

	Number of shares at grant	Number of shares to vest	Estimated value of shares vesting*
			£000
Jeremy Pilkington	174,000	174,000	1,128
Neil Stothard	124,000	124,000	804
Allison Bainbridge	84,000	84,000	544

*The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. The share price at the time of the award was £2.50. As the awards have not yet vested the weighted average share price for the last three months of the financial year 2013/14 of £6.48 has been used to estimate the value at vesting.

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

	Number of shares at grant	Number of shares to vest	Estimated value of shares vesting*
			£000
Jeremy Pilkington	N/A	N/A	N/A
Neil Stothard	12,000	12,000	78
Allison Bainbridge	8,000	8,000	52

*As the awards have not yet vested the weighted average share price for the last three months of the financial year 2013/14 of £6.48 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	15 July 2013	3.89	116,200	452	31 March 2016
Neil Stothard							
	LTIP	100% of salary	15 July 2013	3.89	83,000	323	31 March 2016
	Share matching	10% of salary	8 August 2013	4.14	8,500	35	31 March 2016
	SAYE	N/A	25 June 2013	3.56	638	2	N/A
Allison Bainbridge							
	LTIP	100% of salary	15 July 2013	3.89	56,100	218	31 March 2016
	Share matching	10% of salary	8 August 2013	4.14	5,500	23	31 March 2016
	SAYE	N/A	25 June 2013	3.56	1,276	5	N/A

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 2014.

OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of outstanding, not vested, share awards held by executive directors. Details of vested awards are shown in the statement of directors' shareholdings and share interests on page 42.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 31 Mar 2013	Granted during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2014	Exercise period	End of performance period
Jeremy Pilkington										
	Total LTIP	Various	Nil	598,000	116,200	245,358	12,642	456,200	July 2013 to July 2023	31 Mar 2013 to 31 Mar 2016
Neil Stothard										
	Total LTIP	Various	Nil	428,000	83,000	175,935	9,065	326,000	July 2013 to July 2023	31 Mar 2013 to 31 Mar 2016
	Total Share Matching	Various	Nil	24,000	8,500	-	-	32,500	July 2013 to July 2023	31 Mar 2013 to 31 Mar 2016
	SAYE	2010	1.39	1,294	-	1,294	-	-		N/A
	SAYE	2011	2.00	1,805	-	-	-	1,805	October 2014 to March 2015	N/A
	SAYE	2012	1.97	1,827	-	-	-	1,827	October 2015 to March 2016	N/A
	SAYE	2013	2.82	-	638	-	-	638	October 2016 to March 2017	N/A
	Total SAYE			4,926	638	1,294	-	4,270		
Allison Bainbridge										
	Total LTIP	Various	Nil	164,000	56,100	-	-	220,100	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2016
	Total Share Matching	Various	Nil	16,000	5,500	-	-	21,500	July 2014 to July 2024	31 Mar 2014 to 31 Mar 2016
	SAYE	2013	2.82	-	1,276	-	-	1,276	October 2016 to March 2017	N/A
	Total SAYE			-	1,276	-	-	1,276		

Annual Report on Remuneration

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

Executive	Shareholding as % of salary at 31 Mar 2014	Shares beneficially owned at 31 Mar 2014	Shares beneficially owned at 31 Mar 2013	Options vested but not yet exercised 31 Mar 2014	Options vested but not yet exercised 31 Mar 2013	Outstanding LTIP awards[1]	Outstanding share matching awards[1]	Outstanding SAYE awards
Jeremy Pilkington	*	27,220	27,220	-	-	456,200	-	-
Neil Stothard	1557%	776,116	673,076	-	261,908	326,000	32,500	4,270
Allison Bainbridge	64%	21,500	16,000	-	-	220,100	21,500	1,276
Steve Rogers	-	-	-	-	-	-	-	-
Phil White	-	-	-	-	-	-	-	-

[1] 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 weighted average share price for the last three months in the financial year £6.48.

*During the year Jeremy Pilkington was interested in shares owned by Ackers P Investment Company Limited. This company is 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 2014 Ackers P Investment Company Limited owned 20,181,411 shares (2013: 20,181,411 shares).

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

The executive directors are each in compliance with the company's requirements to hold shares equivalent to at least 100% of salary. Allison Bainbridge was only appointed a director in 2011; she has five years to build up to this required shareholding.

There were no changes in the interests of the directors between 31 March 2014 and 5 June 2014.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2015 (unaudited)

A summary of how the directors' remuneration policy will be applied during the year ended 31 March 2015 is set out below.

BASE SALARY

The Committee approved a 2% increase in base salary for executives from 1 April 2013 and the following base salary increases with effect from 1 April 2014:

	2015 £000	2014 £000	% increase
Jeremy Pilkington	464	452	**2.5%**
Neil Stothard	331	323	**2.5%**
Allison Bainbridge	240	218	**10%**
Steve Rogers	38	38	**0%**
Phil White	38	37	**0%**

A salary increase averaging 2.5% across the Group was awarded at the annual pay review, effective from 1 April 2014.

Annual Report on Remuneration

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2015 (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 2015 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.

LONG TERM INCENTIVES

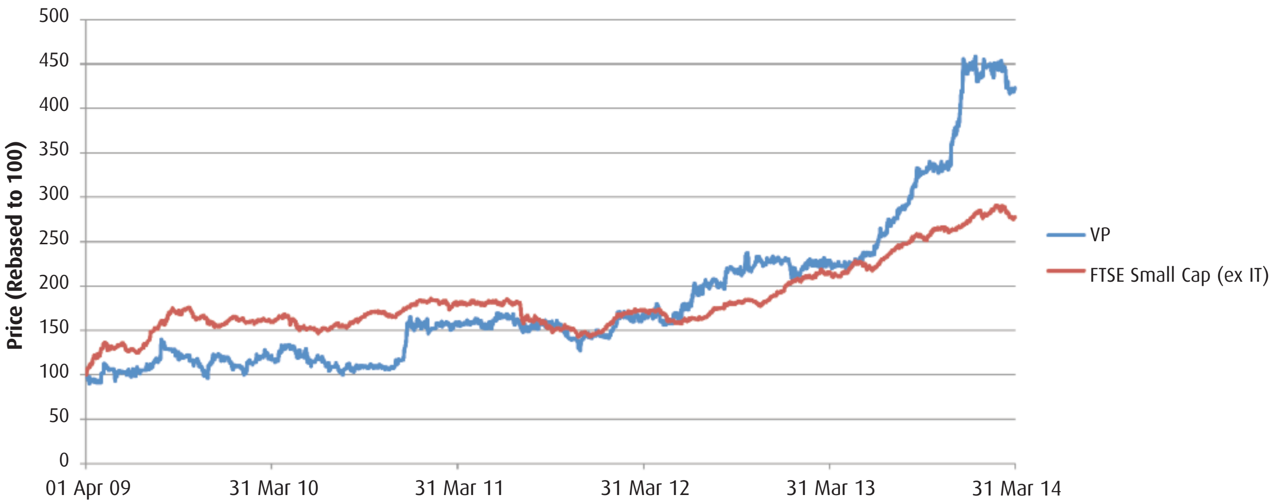
Consistent with past awards the extent to which any LTIP awards granted in 2014 will vest will be dependent upon the achievement of a challenging target growth in the Group's earnings per share.

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

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

PERFORMANCE GRAPH AND TABLE (unaudited)

The following graph charts the TSR of the Group and the FTSE Small Cap Index over the five year period from 1 April 2009 to 31 March 2014.



The FTSE Small Cap index 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
Single figure (£000)	614	1,080	1,919	1,795	2,042
Annual bonus % of maximum	20%	100%	100%	84%	52%
LTIP vesting % of maximum	0%	44.6%	82%	95.1%	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 2013 and 31 March 2014 compared to the percentage change for UK employees of the Group for each of these elements of pay.

	Jeremy Pilkington			UK employees
	2013	2014	% change	% change
	£000	£000		
Salary	444	452	2%	3%
Taxable Benefits	43	44	2%	3%
Annual Bonus	186	235	26%	6%

The percentage change for UK employees is based upon a consistent set of employees and is calculated using P60 and P11d data.

RELATIVE IMPORTANCE OF SPEND ON PAY (unaudited)

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

		2013	2014	% change
Staff costs	£m	58.1	61.5	6
Dividends	£m	4.8	5.5	15

*Dividend figures relate to amounts payable in respect of the relevant financial year and includes proposed final dividend of 10.4p.

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 (Chairman from 23rd July 2013)
- Steve Rogers
- Peter Parkin (until 23rd July 2013)

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 26 and 28. The Remuneration Committee has access to independent advice where it considers appropriate. No advice has been sought during 2013/14.

AGM VOTING (unaudited)

At the last AGM held on 23 July 2013 the voting results in respect of the remuneration report were as follows:

Votes cast in favour	28,962,870	94%
Votes cast against	1,902,701	6%
Total votes cast	30,865,571	100%
Abstentions	6,000	

Directors' Report

The directors of Vp plc present their annual report and the audited Financial Statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

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

STRATEGIC REPORT

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

RESULTS AND DIVIDEND

Group profit after tax for the year was £15.7m (2013: £13.0m). The directors recommend a final dividend of 10.4 pence per share.

The final dividend will be paid on 8 August 2014 to all shareholders on the register as at 11 July 2014.

DIRECTORS

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

SHARE CAPITAL

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

SUBSTANTIAL SHAREHOLDERS

As at 5 June 2014 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
Schroders plc	2,652,994	6.61
Discretionary Unit Fund Managers Limited	2,250,000	5.60

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

Directors' Report

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 £14,663 (2013: £25,771). 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 2014 was 24 days (2013: 35 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

CONTRACTS

There are no disclosures required under Section 417 of the Companies Act in relation to contractual or other arrangements with customers or suppliers.

ANNUAL GENERAL MEETING

A resolution is to be proposed to authorise the Company to purchase its own shares, subject to certain specific limits. This resolution is in accordance with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds and will be proposed as a special resolution. The maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers is set out in Resolution 9(b) and 9(c) of the Notice of Meeting. The directors undertake to shareholders that they will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares provided that the number so held did not at any time exceed 10% of the Company's issued share capital. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. During the year ended 31 March 2014 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

GOING CONCERN

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

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

The Group is in a healthy financial position. The Group currently has total banking facilities of £70m which are subject to bank covenant testing together with a step up facility of £25m.

The Board has evaluated the facilities and covenants on the basis of the budget for 2014/15 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.

Directors' Report

CORPORATE GOVERNANCE

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

RESPONSIBILITY STATEMENT OF THE DIRECTORS

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

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole: and
- The Business Review and Financial Review which form part of the Report of the Directors, 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.

AUDITOR

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

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor and resolution concerning their appointment will be put to the forthcoming AGM of the Company.

By Order of the Board

Allison Bainbridge
Group Finance Director
5 June 2014

Statement of Directors’ Responsibilities

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company’s transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors’ Report, Directors’ Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Auditor’s Report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF Vp PLC ONLY

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Vp Plc for the year ended 31 March 2014 set out on pages 53 to 86. In our opinion:

- 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 2014 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Existence of rental equipment (£112.9m)

Refer to page 31 (Audit Committee Report), page 61(accounting policy) and pages 69 to 70 (financial disclosures)

The risk – The Group holds a significant quantum and carrying amount of rental equipment in the normal course of their business. Given the volume of assets and the frequency of movement (through purchases and hires) there is a complexity in maintaining an accurate fixed asset register and as a result this is an area of focus for the audit.

Our response – Our audit procedures included, amongst others:

- Attendance at a sample of year end rental equipment counts, testing the design and effectiveness of count controls by understanding count procedures, performing a sample of test counts and reconciling our counts to the fleet asset registers.
- We have also tested the design and effectiveness of controls in place to ensure the accurate recording of rental equipment purchases and disposals within the fleet asset register. For a sample of rental equipment purchases in the year we have agreed to invoice, new asset form and correct capitalisation onto the fleet asset register in terms of value, date purchased and depreciation policy applied. For a sample of rental equipment disposals in the year we have agreed to disposal documentation, sales invoices where appropriate and the correct removal from the fleet asset register.

Valuation of rental equipment (£112.9m)

Refer to page 31 (Audit Committee Report), page 61 (accounting policy) and pages 69 to 70 (financial disclosures)

The risk – With respect to the group’s rental equipment portfolio there is a level of judgement involved in selecting and applying accounting policies with regard to useful economic lives, estimated residual values and impairment assessments. The utilisation of assets is key to supporting their valuation and as such a downturn in the trading performance in a particular market or division presents an inherent impairment risk. Given the judgement involved in assessing these areas this is an area of significant judgement for the audit.

Our response – Our audit procedures included, amongst others:

- Consideration of the appropriateness of depreciation rates and estimated residual values applied through consideration of any profits/losses achieved on disposal of rental equipment and the level of fully written down assets still generating revenue.
- Testing over the integrity of the data held within the fleet asset registers, given the reliance upon this information for our impairment analysis, inspecting the entire population of assets for inappropriate entries (such as assets with negative cost) and indications of inappropriate accounting policies such as assets with a useful economic life outside Group policy or evidence that the useful economic life assigned is not being applied correctly in the fixed asset register.

- To identify assets that should be considered for impairment we have considered asset utilisation rates through inspection of utilisation reports in addition to our own data analytics techniques to identify assets which have gone on hire and not generated revenue, assets which are held and have not yet gone on hire and average hire rates per asset/asset class.
- Analysis of a discounted cash flow model and the ratio of EBITDA to fleet NBV per division to assess overall returns on fleet assets. We performed a sensitivity analysis on these results by adjusting the key assumptions including discount rate, growth rate and forecasted cash flows. We agreed underlying information to group information sources as well as externally derived data.
- We also assessed the adequacy of the Group's disclosures about the accounting policies being applied and whether the disclosed approach for their impairment assessment properly reflected the methodology used and sensitivity of their impairment calculation to changes in key assumptions.

Valuation of trade receivables (£33.4m)

Refer to page 31 (Audit Committee Report), page 62 (accounting policy) and page 72 (financial disclosures)

The risk – The Group holds significant trade receivables balances which relate to a large number of customers across a wide range of sectors. These balances include those in relation to customers in the construction industry, which due to the current climate may be at a greater risk of default, and a number of overseas customers where credit insurance is either not available or not considered cost effective and payment terms are typically longer. Given the uncertainties involved in assessing the appropriate level of provisions for impairment, this is an area of significant judgement for the audit.

Our response – Our audit procedures included, amongst others:

- Testing the design and effectiveness of the controls over customer acceptance procedures including the selection of a sample of new customers in the year to consider whether appropriate credit limits had been applied and authorised. We also carried out an assessment of the directors' review of receivables ageing and provisioning summary reports by selecting a number of months in the year and assessing whether the appropriate level of review had taken place.
- Consideration of the level of after date cash received to assess the levels of recovery of the year end receivables balances. We have also considered the ageing of the trade receivables ledger against prior years to identify any deterioration in cash collection and identified and discussed specific overdue balances with directors to understand the approach taken to assessing their recoverability.
- Consideration of the adequacy of the provision against trade receivables by critically assessing director's assumptions applied to the provision calculations, taking into account our retrospective assessment of the historical accuracy of provisions, the levels of credit insurance in place, our own knowledge of recent bad debt experience in the industry and our findings following review of the trade receivables ledgers as at the year end.
- We have also considered the adequacy of the disclosures in the financial statements regarding the degree of estimation and uncertainty involved in arriving at the carrying amount of the trade receivables balance.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £1.88m. This has been determined with reference to a benchmark of Group profit before taxation (of which it represents 10%), which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £94,000 in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for group reporting purposes were performed by the Group audit team for all significant components in the UK. Desktop review procedures were completed by the Group audit team for all remaining entities. These procedures covered 100% of total Group revenue; 100% of Group profit before taxation; and 100% of total Group assets.

The audits undertaken on significant components of the Group were all performed to materiality levels set by the group audit team. These materiality levels were set individually for each component and ranged from £1.6m to £0.2m.

Auditor's Report

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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
- information given in the Corporate Governance Statement set out on pages 27 to 30 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 47, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 27 to 30 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Lindsey Crossland (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
5 June 2014

Consolidated Income Statement

for the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
Revenue	2	**183,064**	167,034
Cost of sales		**(133,470)**	(124,791)
Gross profit		**49,594**	42,243
Administrative expenses		**(28,883)**	(23,377)
Operating profit before amortisation	2	**21,831**	19,815
Amortisation	9	**(1,120)**	(949)
Operating profit	3	**20,711**	18,866
Financial income	6	**12**	20
Financial expenses	6	**(1,790)**	(2,484)
Profit before amortisation and taxation		**20,053**	17,351
Amortisation	9	**(1,120)**	(949)
Profit before taxation		**18,933**	16,402
Income tax expense	7	**(3,238)**	(3,353)
Net profit for the year		**15,695**	13,049
Basic earnings per 5p ordinary share	20	**39.78p**	33.62p
Diluted earnings per 5p ordinary share	20	**36.31p**	30.84p
Dividend per 5p ordinary share interim paid and final proposed	19	**14.00p**	12.25p

All profits for the year are attributable to equity holders of the parent company.

Statements of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
Profit for the year		**15,695**	13,049
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	24	**233**	697
Tax on items taken to Other Comprehensive Income	7	**(53)**	(166)
Impact of tax rate change	7	**(118)**	(42)
Foreign exchange translation difference		**(181)**	45
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**704**	196
Total Other Comprehensive Income		**585**	730
Total Comprehensive Income for the year		**16,280**	13,779

Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
Profit for the year		**8,668**	7,068
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	24	**233**	697
Tax on items taken to Other Comprehensive Income	7	**(53)**	(166)
Impact of tax rate change	7	**(118)**	(42)
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**704**	196
Total Other Comprehensive Income		**766**	685
Total Comprehensive Income for the year		**9,434**	7,753

Statements of Changes in Equity

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2014

	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 as at 1 April 2012		**2,309**	-	**16,192**	**(990)**	**73,523**	**27**	**91,061**
Total comprehensive income for the year		-	-	-	196	13,583	-	13,779
Tax movements to equity	7	-	-	-	-	1,258	-	1,258
Impact of tax rate change	7	-	-	-	-	(42)	-	(42)
Share option charge in the year		-	-	-	-	1,225	-	1,225
Net movement relating to treasury shares and shares held by Vp Employee Trust		-	-	-	-	(1,922)	-	(1,922)
Cancellation of treasury shares		(301)	301	-	-	-	-	-
Dividend to shareholders	19	-	-	-	-	(4,437)	-	(4,437)
Total change in equity during the year		(301)	301	-	196	9,665	-	9,861
Equity at 31 March 2013		**2,008**	**301**	**16,192**	**(794)**	**83,188**	**27**	**100,922**
Total comprehensive income for the year		-	-	-	704	15,576	-	16,280
Tax movements to equity	7	-	-	-	-	2,876	-	2,876
Impact of tax rate change	7	-	-	-	-	(274)	-	(274)
Share option charge in the year		-	-	-	-	1,735	-	1,735
Net movement relating to treasury shares and shares held by Vp Employee Trust		-	-	-	-	(8,593)	-	(8,593)
Dividend to shareholders	19	-	-	-	-	(4,962)	-	(4,962)
Total change in equity during the year		-	-	-	704	6,358	-	7,062
Equity at 31 March 2014		**2,008**	**301**	**16,192**	**(90)**	**89,546**	**27**	**107,984**

Parent Company Statement of Changes in Equity for the Year Ended 31 March 2014

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Equity as at 1 April 2012		**2,309**	**-**	**16,192**	**(990)**	**32,701**	**50,212**
Total comprehensive income for the year		-	-	-	196	7,557	7,753
Tax movements to equity	7	-	-	-	-	1,258	1,258
Impact of tax rate change	7	-	-	-	-	(42)	(42)
Share option charge in the year		-	-	-	-	1,225	1,225
Net movement relating to treasury shares and shares held Vp Employee Trust		-	-	-	-	(1,922)	(1,922)
Cancellation of treasury shares		(301)	301	-	-	-	-
Dividend to shareholders	19	-	-	-	-	(4,437)	(4,437)
Total change in equity during the year		(301)	301	-	196	3,639	3,835
Equity at 31 March 2013		**2,008**	**301**	**16,192**	**(794)**	**36,340**	**54,047**
Total comprehensive income for the year		-	-	-	704	8,730	9,434
Tax movements to equity	7	-	-	-	-	2,876	2,876
Impact of tax rate change	7	-	-	-	-	(274)	(274)
Share option charge in the year		-	-	-	-	1,735	1,735
Net movement relating to treasury shares and shares held by Vp Employee Trust		-	-	-	-	(8,593)	(8,593)
Dividend to shareholders	19	-	-	-	-	(4,962)	(4,962)
Total change in equity during the year		-	-	-	704	(488)	216
Equity at 31 March 2014		**2,008**	**301**	**16,192**	**(90)**	**35,852**	**54,263**

Consolidated Balance Sheet

at 31 March 2014

	Note	2014 £000	2013 £000
Non-current assets			
Property, plant and equipment	8	**124,834**	110,577
Intangible assets	9	**41,351**	39,279
Employee benefits	24	**689**	80
Total non-current assets		**166,874**	149,936
Current assets			
Inventories	11	**5,352**	5,679
Trade and other receivables	12	**38,356**	33,256
Cash and cash equivalents	13	**8,978**	8,712
Total current assets		**52,686**	47,647
Total assets		**219,560**	197,583
Current liabilities			
Interest-bearing loans and borrowings	14	**(17)**	(24,000)
Income tax payable		**(632)**	(1,539)
Trade and other payables	16	**(44,396)**	(34,838)
Total current liabilities		**(45,045)**	(60,377)
Non-current liabilities			
Interest-bearing loans and borrowings	14	**(62,000)**	(30,000)
Deferred tax liabilities	17	**(4,531)**	(6,284)
Total non-current liabilities		**(66,531)**	(36,284)
Total liabilities		**(111,576)**	(96,661)
Net assets		**107,984**	100,922
Equity			
Issued share capital	18	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(90)**	(794)
Retained earnings		**89,546**	83,188
Total equity attributable to equity holders of the parent		**107,957**	100,895
Non-controlling interest		**27**	27
Total equity		**107,984**	100,922

These financial statements were approved by the Board of Directors on 5 June 2014 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

Parent Company Balance Sheet

at 31 March 2014

	Note	2014 £000	2013 £000
Non-current assets			
Property, plant and equipment	8	**67,518**	58,522
Intangible assets	9	**17,720**	15,032
Investments in subsidiaries	10	**25,830**	25,385
Employee benefits	24	**689**	80
Total non-current assets		**111,757**	99,019
Current assets			
Inventories	11	**1,464**	1,870
Trade and other receivables	12	**54,186**	56,118
Cash and cash equivalents	13	**1,473**	237
Total current assets		**57,123**	58,225
Total assets		**168,880**	157,244
Current liabilities			
Interest-bearing loans and borrowings	14	**(17)**	(24,605)
Income tax payable		**(236)**	(1,182)
Trade and other payables	16	**(49,912)**	(43,778)
Total current liabilities		**(50,165)**	(69,565)
Non-current liabilities			
Interest-bearing loans and borrowings	14	**(62,000)**	(30,000)
Deferred tax liabilities	17	**(2,452)**	(3,632)
Total non-current liabilities		**(64,452)**	(33,632)
Total liabilities		**(114,617)**	(103,197)
Net assets		**54,263**	54,047
Equity			
Issued share capital	18	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hedging reserve		**(90)**	(794)
Retained earnings		**35,852**	36,340
Total equity		**54,263**	54,047

These financial statements were approved by the Board of Directors on 5 June 2014 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Allison Bainbridge
Director

Company number: 481833

Consolidated Statement of Cash Flows

for the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Profit before taxation		**18,933**	16,402
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		**(376)**	(429)
Share based payment charges		**1,735**	1,225
Depreciation	8	**22,507**	21,173
Amortisation and impairment of intangibles	9	**1,120**	949
Financial expense		**1,790**	2,484
Financial income		**(12)**	(20)
Profit on sale of property, plant and equipment		**(2,862)**	(2,569)
Operating cash flow before changes in working capital and provisions		**42,835**	39,215
Decrease/(increase) in inventories		**364**	(796)
(Increase)/decrease in trade and other receivables		**(3,525)**	1,741
Increase/(decrease) in trade and other payables		**7,581**	(401)
Cash generated from operations		**47,255**	39,759
Interest paid		**(1,848)**	(2,504)
Interest element of finance lease rental payments		**(5)**	-
Interest received		**12**	20
Income taxes paid		**(3,949)**	(3,809)
Net cash from operating activities		**41,465**	33,466
Investing activities			
Proceeds from sale of property, plant and equipment		**8,554**	9,609
Purchase of property, plant and equipment		**(39,535)**	(29,635)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	**(4,498)**	(4,117)
Net cash from investing activities		**(35,479)**	(24,143)
Cash flows from financing activities			
Purchase of own shares by Employee Trust and Company		**(8,593)**	(9,767)
Repayment of borrowings		**(54,000)**	(5,000)
New loans		**62,000**	13,000
Payment of finance lease liabilities		**(36)**	(1)
Dividend paid	19	**(4,962)**	(4,437)
Net cash used in financing activities		**(5,591)**	(6,205)
Net increase in cash and cash equivalents		**395**	3,118
Effect of exchange rate fluctuations on cash held		**(129)**	12
Cash and cash equivalents as at the beginning of the year		**8,712**	5,582
Cash and cash equivalents as at the end of the year		**8,978**	8,712

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Profit before taxation		**10,295**	9,014
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		**(376)**	(429)
Share based payment charges		**1,735**	1,225
Depreciation	8	**10,476**	9,742
Amortisation and impairment of intangibles	9	**504**	404
Financial expense		**1,790**	2,480
Financial income		**(12)**	(18)
Profit on sale of property, plant and equipment		**(1,297)**	(1,235)
Operating cash flow before changes in working capital and provisions		**23,115**	21,183
Decrease/(increase) in inventories		**443**	(755)
Decrease/(increase) in trade and other receivables		**3,507**	(4,163)
Increase in trade and other payables		**4,896**	6,728
Cash generated from operations		**31,961**	22,993
Interest paid		**(1,848)**	(2,504)
Interest element of finance lease rental payments		**(5)**	-
Interest received		**12**	18
Income taxes paid		**(1,797)**	(1,769)
Net cash from operating activities		**28,323**	18,738
Investing activities			
Proceeds from sale of property, plant and equipment		**4,656**	3,653
Purchase of property, plant and equipment		**(21,049)**	(12,540)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	**(4,498)**	(1,735)
Net cash from investing activities		**(20,891)**	(10,622)
Cash flow from financing activities			
Purchase of own shares by Employee Trust and Company		**(8,593)**	(9,767)
Repayment of borrowings		**(54,000)**	(5,000)
New loans		**62,000**	13,000
Payment of finance lease liabilities		**(36)**	-
Dividend paid	19	**(4,962)**	(4,437)
Net cash used in financing activities		**(5,591)**	(6,204)
Net increase in cash and cash equivalents		**1,841**	1,912
Cash and cash equivalents as at the beginning of the year		**(368)**	(2,280)
Cash and cash equivalents net of overdraft as at the end of the year		**1,473**	(368)

Notes
(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a company incorporated in Great Britain. These consolidated Financial Statements of Vp plc for the year ended 31 March 2014, 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.

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) as adopted by the EU ("Adopted IFRSs"). 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.

Basis of preparation

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 with the following exceptions as a result of the Group adopting new accounting standards during the year.

- The Group and the Company adopted IAS 19 (Revised) 'Employee Benefits' from 1 April 2014. As a result of IAS 19 (Revised), the Group and the Company have changed their accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans. Under previous IAS 19, interest cost on the defined benefit obligation and an expected return on plan assets were recognised separately in profit or loss. Under IAS 19R, these two amounts have been replaced by a single measure called 'net interest' calculated on the net defined benefit liability/(asset). This change affects the difference between actual and expected returns on plan assets, which is recognised in full within other comprehensive income as part of remeasurements. Prior year comparatives have not been restated as the adjustments were not material.
- As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of profit or loss and other comprehensive income, to present separately items that may be reclassified to profit or loss from those that would never be reclassified. Comparative information has been re-presented accordingly.
- IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements. IFRS 13 replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. In accordance with the transitional provisions of IFRS 13, the Group and the Company have applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group and the Company's assets and liabilities.

Future standards

At the date of approval of these financial statements the following Standards and Interpretations were in issue and endorsed by the EU but not yet effective:

- IFRS 10 'Consolidated Financial Statements' (effective for periods commencing on or after 1 January 2014)
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for periods commencing on or after 1 January 2014)

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

Basis of consolidation

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

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

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

Freehold building	–	2% straight line
Leasehold improvements	–	Term of lease
Rental equipment	–	10% - 33% straight line depending on asset type
Motor vehicles	–	25% straight line
Computers	–	33% straight line
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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

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

Investments

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

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

Inventories

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

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

Trade and other receivables

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

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 between the carrying value of an asset or liability and its tax base.

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

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

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

Trade and other payables

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

Employee benefits – pensions

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

The Group's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Dividend

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

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.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 predominantly 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.

Share based payments

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

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

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

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

Foreign currencies

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

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

Operating leases – leasor

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

Operating leases – leasee

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

Accounting estimates, judgements and sensitivities

The key accounting policies, estimates and judgements used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2014 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 61). 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 into account any profit or loss it makes on the disposal of fixed assets in determining whether depreciation policies are appropriate.

Notes

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.

In addition the Group's results are subject to sensitivities in relation 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 £63,000 (2013: £81,000).

2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's segments and reportable segments are the six business units. Details of these are set out on pages 4 and 5. Total revenue in 2014 was £183,064,000 (2013: £167,034,000). Inter-segment pricing is determined on an arm's length basis. 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 £24.5m (2013: £23.0m). In addition, all material assets and liabilities of the Group are accounted for by UK based companies.

Business segments

	Revenue						Operating profit before amortisation	
	2014			2013			**2014**	2013
	External Revenue £000	**Internal Revenue £000**	**Total Revenue £000**	External Revenue £000	Internal Revenue £000	Total Revenue £000	**£000**	£000
Groundforce	**42,298**	**159**	**42,457**	37,165	138	37,303	**7,917**	7,833
UK Forks	**16,301**	**470**	**16,771**	14,061	392	14,453	**2,482**	2,099
Airpac Bukom	**20,201**	**-**	**20,201**	17,450	-	17,450	**2,035**	2,015
Torrent Trackside	**22,304**	**675**	**22,979**	21,444	-	21,444	**2,820**	2,235
TPA	**15,786**	**292**	**16,078**	14,897	247	15,144	**1,779**	1,310
Hire Station	**66,174**	**434**	**66,608**	62,017	632	62,649	**4,798**	4,323
	183,064	**2,030**	**185,094**	167,034	1,409	168,443	**21,831**	19,815

2. SEGMENT REPORTING (continued)

Business segments	Assets 2014 £000	Assets 2013 £000	Liabilities 2014 £000	Liabilities 2013 £000	Net Assets 2014 £000	Net Assets 2013 £000
Groundforce	**49,458**	41,843	**9,814**	9,550	**39,644**	32,293
UK Forks	**24,321**	20,195	**3,138**	3,699	**21,183**	16,496
Airpac Bukom	**29,618**	26,887	**3,856**	4,256	**25,762**	22,631
Torrent Trackside	**10,774**	8,886	**6,144**	3,621	**4,630**	5,265
TPA	**29,992**	30,688	**4,761**	4,310	**25,231**	26,378
Hire Station	**68,686**	64,947	**15,266**	12,147	**53,420**	52,800
Group/unallocated	**6,711**	4,137	**68,597**	59,078	**(61,886)**	(54,941)
	219,560	197,583	**111,576**	96,661	**107,984**	100,922

	Acquired Assets 2014 £000	Acquired Assets 2013 £000	Capital Expenditure 2014 £000	Capital Expenditure 2013 £000	Depreciation and Amortisation 2014 £000	Depreciation and Amortisation 2013 £000
Groundforce	**4,625**	-	**8,612**	7,824	**4,600**	4,015
UK Forks	**-**	1,678	**7,426**	486	**2,841**	2,629
Airpac Bukom	**-**	-	**5,963**	2,165	**3,466**	3,458
Torrent Trackside	**-**	-	**3,137**	1,245	**1,534**	1,655
TPA	**-**	-	**1,145**	2,783	**1,582**	1,540
Hire Station	**-**	2,382	**14,621**	10,532	**9,192**	8,454
Group/unallocated	**-**	-	**164**	250	**412**	371
	4,625	4,060	**41,068**	25,285	**23,627**	22,122

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

Included within segmental assets above is goodwill and indefinite life intangibles in relation to the following cash generating units:
Groundforce £10.4m (2013: £8.5m), Airpac Bukom £4.8m (2013: £4.8m), TPA £9.3m (2013: £9.3m) and Hire Station £12.8m (2013: £12.8m).

3. OPERATING PROFIT

	2014 £000	2013 £000
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	**1,120**	949
Depreciation of property, plant and equipment – owned	**22,485**	21,172
– leased	**22**	1
Rent of land and buildings	**4,048**	3,808
Hire of other assets	**9,328**	9,948
Profit on disposal of plant and equipment	**(2,862)**	(2,569)
Amounts paid to auditor:		
Audit fees – parent company annual accounts	**64**	59
– other group companies	**70**	73
– total group	**134**	132
Tax compliance services	**77**	84
Tax advisory services	**56**	30
Audit related assurance services	**31**	19
Other services pursuant to legislation	**3**	3

Amounts paid to the Company's auditor 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.

Notes

4. EMPLOYMENT COSTS

Group

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

	Number of employees	
	2014	2013
Operations	**1,185**	1,158
Sales	**214**	181
Administration	**230**	241
	1,629	1,580

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£000	£000
Wages and salaries	**50,018**	48,889
Social security costs	**4,842**	5,050
Defined benefit pension costs	**12**	(26)
Other pension related costs	**1,166**	986
Share option costs including associated social security costs - equity settled	**3,295**	1,896
- cash settled	**2,158**	1,279
	61,491	58,074

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 period is as follows:

	2014	2013
	£000	£000
Basic remuneration including bonus and benefits	**1,683**	1,546
Cash allowances/pension contributions	**273**	255
Share options	**2,606**	1,700
	4,562	3,501

Further details of directors' remuneration and pensions are given in the Remuneration Report on pages 33 to 45.

6. FINANCIAL INCOME AND EXPENSES

	2014	2013
	£000	£000
Financial income:		
Bank and other interest receivable	**12**	20
Financial expenses:		
Bank loans, overdrafts and other interest	**(1,785)**	(2,484)
Finance charges payable in respect of finance leases and hire purchase contracts	**(5)**	-
	(1,790)	(2,484)

7. INCOME TAX EXPENSE

	2014 £000	2013 £000
Current tax expense		
UK Corporation tax charge at 23% (2013: 24%)	**4,621**	4,471
Overseas tax	**141**	13
Adjustments relating to earlier years	**(147)**	(126)
Total current tax	**4,615**	4,358
Deferred tax expense		
Current year deferred tax	**(319)**	(573)
Impact of tax rate change	**(1,078)**	(361)
Adjustments to deferred tax relating to earlier years	**20**	(71)
Total deferred tax	**(1,377)**	(1,005)
Total tax expense in income statement	**3,238**	3,353

Reconciliation of effective tax rate

	2014 %	2014 £000	2013 %	2013 £000
Profit on ordinary activities before tax		**18,933**		16,402
Profit on ordinary activities multiplied by standard rate of corporation tax	**23.0**	**4,355**	24.0	3,936
Effects of:				
Impact of tax rate changes	**(5.7)**	**(1,078)**	(2.2)	(361)
Expenses not deductible for tax purposes	**0.8**	**158**	0.3	55
Non-qualifying depreciation	**0.6**	**115**	0.8	131
Gains covered by exemption/losses	**(1.0)**	**(187)**	(1.5)	(237)
Overseas tax rate	**-**	**2**	0.2	26
Adjustments to tax charge in respect of previous years	**(0.6)**	**(127)**	(1.2)	(197)
Total tax charge for the year	**17.1**	**3,238**	20.4	3,353

Tax recognised in reserves

	2014 £000	2013 £000
Other comprehensive income		
Tax relating to actuarial gains on defined benefit pension scheme	**54**	167
Tax relating to historic asset revaluations	**(1)**	(1)
Impact of tax rate change	**118**	42
	171	208
Direct to equity		
Deferred tax relating to share based payments	**(1,135)**	(774)
Current tax relating to share based payments	**(1,741)**	(484)
Impact of tax rate change	**274**	42
	(2,602)	(1,216)
Total	**(2,431)**	(1,008)

The corporate tax rate for the year ended 31 March 2014 was 23% (2013: 24%). The tax rate for the year ending 31 March 2015 will be 21% and for the year ending 31 March 2016 will be 20%. The effect of these reductions in the tax rate have been reflected in the deferred tax balance.

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 2012	12,541	179,971	2,007	10,987	205,506
Additions	756	22,534	318	1,677	25,285
Acquisitions	-	2,784	-	14	2,798
Disposals	(25)	(18,841)	(350)	(1,111)	(20,327)
Exchange rate differences	8	16	18	11	53
Transfer between categories	1	4	12	(17)	-
At 31 March 2013	13,281	186,468	2,005	11,561	213,315
Additions	1,276	38,173	391	1,228	41,068
Acquisitions	-	1,324	109	-	1,433
Disposals	(65)	(19,034)	(86)	(91)	(19,276)
Exchange rate differences	(13)	(35)	(37)	(28)	(113)
Transfer between categories	-	-	(12)	12	-
At 31 March 2014	14,479	206,896	2,370	12,682	236,427
Depreciation and impairment losses					
At 1 April 2012	5,408	80,277	1,603	7,538	94,826
Charge for year	643	18,896	258	1,376	21,173
On disposals	(13)	(11,852)	(320)	(1,102)	(13,287)
Exchange rate differences	3	4	11	8	26
At 31 March 2013	6,041	87,325	1,552	7,820	102,738
Charge for year	740	20,019	277	1,471	22,507
On disposals	(49)	(13,376)	(71)	(88)	(13,584)
Exchange rate differences	(7)	(9)	(30)	(22)	(68)
At 31 March 2014	6,725	93,959	1,728	9,181	111,593
Carrying amount					
At 31 March 2014	**7,754**	**112,937**	**642**	**3,501**	**124,834**
At 31 March 2013	7,240	99,143	453	3,741	110,577
At 31 March 2012	7,133	99,694	404	3,449	110,680

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2012	8,014	96,012	639	4,385	109,050
Additions	158	9,327	30	653	10,168
Acquisitions	-	1,280	-	4	1,284
Group transfers	-	(414)	-	4	(410)
Disposals	-	(5,396)	(102)	(717)	(6,215)
Transfer between categories	-	(12)	12	-	-
At 31 March 2013	8,172	100,797	579	4,329	113,877
Additions	358	20,165	178	629	21,330
Group transfers in	-	1,376	109	16	1,501
Group transfers out	-	(1,355)	-	-	(1,355)
Disposals	-	(6,952)	(84)	(4)	(7,040)
Transfer between categories	-	12	(12)	-	-
At 31 March 2014	8,530	114,043	770	4,970	128,313
Depreciation and impairment losses					
At 1 April 2012	3,068	43,416	523	2,889	49,896
Charge for year	257	8,904	37	544	9,742
Group transfers	-	(186)	-	-	(186)
On disposals	-	(3,282)	(102)	(713)	(4,097)
At 31 March 2013	3,325	48,852	458	2,720	55,355
Charge for year	260	9,506	72	638	10,476
Group transfers out	-	(513)	-	-	(513)
On disposals	-	(4,452)	(69)	(2)	(4,523)
At 31 March 2014	3,585	53,393	461	3,356	60,795
Carrying amount					
At 31 March 2014	**4,945**	**60,650**	**309**	**1,614**	**67,518**
At 31 March 2013	4,847	51,945	121	1,609	58,522
At 31 March 2012	4,946	52,596	116	1,496	59,154

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost or deemed cost of land and buildings for the Group and the Company includes £2,176,000 (2013: £2,176,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £57,000 (2013: £nil) in respect of assets held under finance leases and similar hire purchase contracts, Company £57,000 (2013: £nil). Depreciation for the year on these Group assets was £22,000 (2013: £1,000) and £22,000 (2013: £nil) 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 2012	2,118	5,613	1,176	34,269	43,176
Acquired through business combinations	-	-	1,262	-	1,262
Fully utilised	-	-	(1,176)	-	(1,176)
At 31 March 2013	2,118	5,613	1,262	34,269	43,262
Acquired through business combinations (note 25)	267	1,068	-	1,857	3,192
At 31 March 2014	2,385	6,681	1,262	36,126	46,454
Accumulated amortisation and impairment					
At 1 April 2012	336	2,418	1,176	280	4,210
Amortisation	71	562	316	-	949
Fully utilised	-	-	(1,176)	-	(1,176)
At 31 March 2013	407	2,980	316	280	3,983
Amortisation	86	615	419	-	1,120
At 31 March 2014	493	3,595	735	280	5,103
Carrying amount					
At 31 March 2014	**1,892**	**3,086**	**527**	**35,846**	**41,351**
At 31 March 2013	1,711	2,633	946	33,989	39,279
At 31 March 2012	1,782	3,195	-	33,989	38,966

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 or groups of cash generating units as follows:

	Goodwill		Indefinite life intangible assets	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Groundforce	**10,397**	8,540	**-**	-
Airpac Bukom	**4,762**	4,762	**-**	-
TPA	**7,921**	7,921	**1,400**	1,400
Hire Station	**12,766**	12,766	**-**	-

An intangible asset of £1,400,000 (2013: £1,400,000) with an indefinite life is included within the trade names and relates to the TPA name on the basis that is it 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 and goodwill.

Goodwill arising on business combinations has been allocated to the CGU's that are expected to benefit from those business combinations. As explained in note 2 the Group has identified 6 reportable segments (2013: 6 segments) four of which align with the CGUs to which goodwill is allocated.

9. INTANGIBLE ASSETS (continued)

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

The pre tax discount rate applied to all the CGU's was 8% (2013: 8%), an estimate based on the group's weighted cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying value before such an assumption was applied. Based on this testing the directors do not consider any of the goodwill or intangible assets to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate. The growth rate in PBTA experienced by the group is 4.6% over the last 5 years and therefore could have been justified in the projections.

COMPANY	**Trade Names**	**Customer Relationships**	**Supply Agreements**	**Goodwill**	**Total**
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2012	376	2,682	477	13,174	16,709
Acquired through business combinations	-	-	394	-	394
Fully utilised	-	-	(477)	-	(477)
At 31 March 2013	376	2,682	394	13,174	16,626
Acquired through business combinations (note 25)	267	1,068	-	1,857	3,192
At 31 March 2014	643	3,750	394	15,031	19,818
Accumulated amortisation					
At 1 April 2012	153	1,037	477	-	1,667
Amortisation charge	38	268	98	-	404
Fully utilised	-	-	(477)	-	(477)
At 31 March 2013	191	1,305	98	-	1,594
Amortisation charge	51	322	131	-	504
At 31 March 2014	**242**	**1,627**	**229**	**-**	**2,098**
Carrying amount					
At 31 March 2014	**401**	**2,123**	**165**	**15,031**	**17,720**
At 31 March 2013	185	1,377	296	13,174	15,032
At 31 March 2012	223	1,645	-	13,174	15,042

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

10. INVESTMENTS IN SUBSIDIARIES

COMPANY

Cost	**£000**
At 1 April 2012 and 31 March 2013	27,072
Acquisition	4,600
Transfer to intangibles	(4,155)
At 31 March 2014	27,517
Impairment	
At 1 April 2012, 31 March 2013 and 31 March 2014	1,687
Carrying amount	
At 31 March 2014	**25,830**
At 31 March 2013	25,385
At 31 March 2012	25,385

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

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

See note 29 for details of subsidiary undertakings.

Notes

11. INVENTORIES

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Raw materials and consumables	**2,872**	2,533	**1,259**	1,094
Goods for resale	**2,480**	3,146	**205**	776
	5,352	5,679	**1,464**	1,870

During the year, as a result of the year end assessment of inventory, there was a £143,000 increase in the provision for impairment of inventories. The cost of goods for resale expensed during the year was £11.3m (2013: £11.5m). 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	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade receivables	**33,366**	29,112	**13,990**	13,191
Amounts owed by subsidiary undertakings	**-**	-	**37,412**	41,583
Other receivables	**206**	190	**-**	-
Prepayments and accrued income	**4,784**	3,954	**2,784**	1,344
	38,356	33,256	**54,186**	56,118

During the year there was an decrease in the provisions for impairment of trade receivables of £35,000 (2013: £119,000 increase). The provision at the year end for bad debts and credit notes was £3.6m. 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:

	2014	2013
	£000	£000
Not overdue	**23,493**	21,256
0 - 30 days overdue	**6,777**	5,581
31 - 90 days overdue	**1,985**	1,804
More than 90 days overdue	**1,111**	471
	33,366	29,112

On this basis there are £9.9m 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 2014 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are overdue and unprovided.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank balances	**8,978**	8,712	**1,473**	237

14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Current liabilities				
Bank overdraft	**-**	-	**-**	605
Secured bank loans	**-**	24,000	**-**	24,000
Obligations under finance leases and hire purchase contracts	**17**	-	**17**	-
	17	24,000	**17**	24,605
Non-current liabilities				
Secured bank loans	**62,000**	30,000	**62,000**	30,000
	62,000	30,000	**62,000**	30,000

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

	2014 £000	2013 £000
Total borrowing	**62,017**	54,000
Cash or cash equivalents	**(8,978)**	(8,712)
Net debt	**53,039**	45,288

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2014 is:

	Group		Company	
Due in more than one year but not more than two years:	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Secured bank loans	**-**	-	**-**	-
	-	-	**-**	-
Due in more than two years but not more than five years:				
Secured bank loans	**62,000**	30,000	**62,000**	30,000
Total	**62,000**	30,000	**62,000**	30,000

The Group's bank accounts are subject to set off arrangements covered by cross guarantees and, where appropriate, are presented accordingly. 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 2014 were £8.0m.

There is no material difference between the carrying value and fair value of the Group's borrowings. Further details relating to the Group's funding strategy (including the maturity details of the bank loans) and its credit, interest rate and currency risk policies are provided in the Financial Review on pages 18 and 19 and the Risk Management Report on page 21. The loans are subject to covenants and these have been fulfilled at all times during the year.

Liquidity Risk

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

GROUP 31 March 2014	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
Secured bank loans	62,000	65,850	1,403	1,407	63,040
Finance lease liabilities	17	19	19	-	-
Trade and other payables	39,654	39,654	39,654	-	-
	101,671	105,523	41,076	1,407	63,040
31 March 2013					
Secured bank loans	54,000	56,555	25,425	840	30,290
Trade and other payables	30,479	30,479	30,479	-	-
	84,479	87,034	55,904	840	30,290

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

COMPANY 31 March 2014	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
Secured bank loans	62,000	65,850	1,403	1,407	63,040
Finance lease liabilities	17	19	19	-	-
Trade and other payables	48,297	48,297	48,297	-	-
	110,314	114,166	49,719	1,407	63,040
31 March 2013					
Secured bank loans	54,000	56,555	25,425	840	30,290
Bank overdraft	605	605	605	-	-
Trade and other payables	41,792	41,792	41,792	-	-
	96,397	98,952	67,822	840	30,290

Hire purchase and finance lease liabilities

GROUP	Payment 2014 £000	Interest 2014 £000	Principal 2014 £000	Payment 2013 £000	Interest 2013 £000	Principal 2013 £000
Less than one year	19	2	17	-	-	-
	19	2	17	-	-	-

15. FINANCIAL INSTRUMENTS

During the year the Group had six interest rate swaps to fix interest rates on a proportion of the revolving credit facility. Details are as follows:

Start date	Finish date	Notional Debt value	Fixed margin
August 2008	August 2013	7,500,000	5.595
September 2012	August 2015	7,500,000	1.300
December 2012	December 2015	7,500,000	1.255
August 2013	August 2016	7,500,000	1.323
October 2013	October 2016	2,500,000	0.980
November 2013	October 2016	2,500,000	0.980

All of these 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 nine foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US dollars and Sterling in the year ended 31 March 2014. It also has a further ten foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2014 to 30 June 2015. In addition to the US dollar hedges the group also had Australian dollar and Singapore dollar hedges in the year and has taken out hedges for the next financial year in Australian dollars and Singapore dollars. All the exchange rate hedges are effective cash flow hedges and movements in fair value have been taken to equity.

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

Liabilities measured at fair value:

	31 March 2014				31 March 2013
	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities at fair value:					
Interest rate swaps	145	-	145	-	619
Forward exchange rate agreements	(154)	-	(154)	-	281
	(9)	-	(9)	-	900

15. FINANCIAL INSTRUMENTS (continued)

The movements in liabilities are reconciled below:

	31 March 2014		
	Interest rate swaps £000	Forward exchange rate agreements £000	Total £000
Opening liability	619	281	900
Other comprehensive income	(474)	(230)	(704)
Recycled to income statement	-	(205)	(205)
Closing balance	145	(154)	(9)

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

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Capital Structure and Treasury section of the Financial Review on page 19 and the Risk Management Report on page 21, as are the risks relating to credit and currency management, this disclosure has been subject to audit.

Financial Sensitivity Analysis

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

	Equity and Profit/(Loss)	
	2014	2013
10% strengthening of Sterling against:	**£000**	£000
US Dollar	**(59)**	(94)
Australian Dollar	**42**	63
Singapore Dollar	**11**	20
Euro	**23**	35
10% weakening of Sterling against:		
US Dollar	**73**	115
Australian Dollar	**(52)**	(76)
Singapore Dollar	**(13)**	(26)
Euro	**(28)**	(47)
10% movement in Sterling interest rates:		
Increase in interest rates	**(71)**	(80)
Decrease in interest rates	**71**	80

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	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade payables	**15,640**	13,277	**5,926**	4,814
Amounts owed to subsidiary undertakings	**-**	-	**30,202**	26,904
Other taxes and social security	**4,742**	4,359	**1,615**	1,986
Other payables	**3,863**	3,060	**-**	900
Accruals and deferred income	**20,151**	14,142	**12,169**	9,174
	44,396	34,838	**49,912**	43,778

Within Group and Company other payables in prior year is the £0.9m in relation to interest rate swaps and foreign exchange rate agreements.

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 2012		7,930	1,600	(1,490)	(227)	7,813
Recognised in income statement		(922)	(182)	107	(8)	(1,005)
Recognised in equity	7	(6)	-	(518)	-	(524)
At 31 March 2013		7,002	1,418	(1,901)	(235)	6,284
Recognised on acquisition		-	307	-	-	307
Recognised in income statement		(1,030)	(305)	(40)	(2)	(1,377)
Recognised in equity	7	(12)	-	(678)	-	(690)
Foreign exchange		7	-	-	-	7
At 31 March 2014		**5,967**	**1,420**	**(2,619)**	**(237)**	**4,531**

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2012		5,661	589	(1,490)	(129)	4,631
Recognised in income statement		(497)	(72)	107	(13)	(475)
Recognised in equity	7	(6)	-	(518)	-	(524)
At 31 March 2013		5,158	517	(1,901)	(142)	3,632
Recognised on acquisition		-	307	-	-	307
Recognised in income statement		(629)	(161)	(40)	33	(797)
Recognised in equity	7	(12)	-	(678)	-	(690)
At 31 March 2014		**4,517**	**663**	**(2,619)**	**(109)**	**2,452**

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.

18. CAPITAL AND RESERVES

	2014	2013
Ordinary share capital	**£000**	£000
Allotted, called up and fully paid		
40,154,253 Ordinary shares of 5 pence each (2013: 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 £5,795,000 (2013: £4,943,000) in respect of own shares held by the Vp Employee Trust and the Company. The Trust acts as a repository of issued Company shares and held 883,000 shares (2013: 1,554,000) with a market value at 31 March 2014 of £5,601,000 (2013: £5,332,000). On 28 March 2013 6,031,000 treasury shares with a market value of £20.7 million were cancelled.

19. DIVIDENDS

	2014	2013
	£000	£000
Amounts recognised as distributions to equity holders of the parent in the year:		
Ordinary shares:		
Final paid 9.00p (2013: 8.25p) per share	**3,520**	3,160
Interim paid 3.60p (2013: 3.25p) per share	**1,442**	1,277
	4,962	4,437

The dividend paid in the year is after dividends were waived to the value of £97,000 (2013: £874,000) in relation to shares held by the Vp Employee Trust and the Company as treasury shares. 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 10.4p per share which will absorb an estimated £4,074,000 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 earning per share

The calculation of basic earnings per share of 39.78 pence (2013: 33.62 pence) was based on the profit attributable to equity holders of the parent of £15,695,000 (2013: £13,049,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2014 of 39,451,000 (2013: 38,818,000), calculated as follows:

	2014	2013
	Shares	Shares
	000's	000's
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(703)**	(1,336)
Weighted average number of ordinary shares	**39,451**	38,818

Basic earnings per share before the amortisation of intangibles was 41.97 pence (2013: 35.47 pence) and is based on an after tax add back of £862,000 (2013: £721,000) in respect of the amortisation of intangibles.

Diluted earnings per share

The calculation of diluted earnings per share of 36.31 pence (2013: 30.84 pence) was based on profit attributable to equity holders of the parent of £15,695,000 (2013: £13,049,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2014 of 43,222,000 (2013: 42,308,000), calculated as follows:

	2014	2013
	Shares	Shares
	000's	000's
Weighted average number of ordinary shares	**39,451**	38,818
Effect of share options	**3,771**	3,490
Weighted average number of ordinary shares (diluted)	**43,222**	42,308

Diluted earnings per share before the amortisation of intangibles was 38.31 pence (2013: 32.55 pence).

Notes

21. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 439,795 shares were granted under the SAYE scheme at a price of 282 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
August 2011	200p	327,403
July 2012	197p	438,755
June 2013	282p	419,637
		1,185,795

All the options are exercisable between 3 and 3.5 years. At 31 March 2014 there were 603 employees saving an average £124 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 291,075 shares were granted during the year at a price of 389 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
June 2004	145.5p	5,000
July 2005	200.0p	15,000
July 2006	293.0p	60,540
July 2008	213.0p	19,624
July 2009	154.0p	16,650
July 2010	165.0p	12,861
July 2011	249.5p	428,000
July 2012	266.5p	225,500
July 2013	389.0p	286,175
		1,069,350

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2011 to 2013 are subject to achievement of performance targets over a three year period. The awards for 2010 and prior are vested, but not yet exercised.

Unapproved Share Option Scheme

Options over 674,925 shares were granted during the year at a price of 389 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2005	200.0p	20,000
July 2006	293.0p	80,500
July 2008	213.0p	28,321
July 2009	154.0p	25,830
July 2010	165.0p	225,858
July 2011	249.5p	508,000
July 2012	266.5p	846,500
July 2013	389.0p	670,825
		2,405,834

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2011 to 2013 are subject to achievement of performance targets over a three year period. The awards for 2010 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 443,900 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2010	125,532
July 2011	616,000
July 2012	616,000
July 2013	443,900
	1,801,432

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2011 to 2013 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 35. The awards for 2010 are vested, but not yet exercised. A proportion of these awards are cash settled.

Share Matching

Awards were made during the year in relation to a further 35,250 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
August 2005	3,000
August 2006	2,750
August 2008	446
August 2009	7,657
August 2010	13,695
August 2011	47,340
July 2012	52,500
August 2013	35,250
	162,638

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2011 to 2013 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 35. The awards for 2010 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 2014 was 634.5 pence (2013: 343 pence), the highest market value in the year to 31 March 2014 was 688 pence and the lowest 330 pence. The average share price during the year was 492 pence.

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

	2014		2013	
	Weighted average exercise price	**Number of options 000s**	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	**144p**	**8,225**	128p	8,685
Lapsed during the year	**187p**	**(330)**	122p	(708)
Exercised during the year	**111p**	**(3,155)**	121p	(2,089)
Granted during the year	**265p**	**1,885**	174p	2,337
Outstanding at the end of the year	**191p**	**6,625**	144p	8,225
Exercisable at the year end	**159p**	**663**	146p	1,774

The options outstanding at 31 March 2014 have an exercise price in the range of 0.0p to 389.0p 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 period end. The assumptions used to value the models are in the following ranges:

	2014	2013
Weighted average fair value per share	**161.1p**	97.8p
Share price at date of grant	**352.0p to 413.5p**	245.5p to 302.5p
Exercise price (details provided above)	**0p to 389.0p**	0p to 266.5p
Expected volatility	**23.6% to 25.3%**	17.4% to 19.8%
Option life	**3 to 10 years**	3 to 10 years
Expected divided yield	**3.3% to 3.9%**	4.2% to 5.1%
Risk free rate	**0.50%**	0.50%

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

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

The total carrying amount of cash settled transaction liabilities including associated national insurance at the year end was £2,121,000 (2013: £1,302,000). None of this liability had vested at the year end (2013: none).

22. OPERATING LEASES

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

	2014		2013	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
GROUP				
Operating leases which expire:				
Within one year	**3,574**	**3,389**	3,282	3,234
In the second to fifth years inclusive	**6,160**	**3,034**	6,290	2,464
Over five years	**1,099**	**-**	908	-
	10,833	**6,423**	10,480	5,698
COMPANY				
Operating leases which expire:				
Within one year	**866**	**1,951**	782	1,727
In the second to fifth years inclusive	**1,810**	**1,898**	1,598	847
Over five years	**342**	**-**	4	-
	3,018	**3,849**	2,384	2,574

23. CAPITAL COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made are as follows:

	Group		**Company**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Contracted	**3,167**	2,943	**934**	2,326

24. PENSION SCHEME

Defined benefit scheme

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

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

24. PENSION SCHEME (continued)

There are three categories of pension scheme member:

- Active members: currently employed by the Company and accruing benefits
- Deferred members: former employees of the Company or current employees no longer accruing benefits
- Pension members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits are subject to increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined obligation as at 31 March 2014 was 15 years.

The Trustee is required to carry out an acturial valuation every 3 years. The last acturial valuation of the Schemes was performed by the Scheme Actuary for the Trustee as at 31 March 2012. This valuation revealed a funding shortfall of £1,341,000. The Company agreed to pay annual contributions of 24.1% of members' pensionable salaries each year from 1 April 2013 to meet the cost of future service accrual. In respect of the deficit in the Scheme as at 31 March 2012, the Company agreed to pay £375,000 pa for 3 years 10 months. The Company expects to pay £388,000 to the Scheme during the accounting year beginning 1 April 2014. The results of the last actuarial valuation have been updated to 31 March 2014 by a qualified actuary independent of the scheme's sponsoring employer. The assumptions used are set out on page 83.

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

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

The Trustee and Company manage risks in the Scheme through the following strategies:

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

All actuarial gains and losses are recognised in the year in which they occur in the Statement of Comprehensive Income. From 1 April 2014 the Group and the Company have adopted IAS19 revised as set out in the accounting policies in note 1. Prior year comparatives have not been restated as the adjustments were not material.

Present value of net obligation	**Group and Company**	
	2014	2013
	£000	£000
Present value of defined benefit obligation	**(8,318)**	(8,893)
Fair value of scheme assets	**9,007**	8,973
Present value of net obligations	**689**	80

Liability for defined benefit obligations

Changes in the present value of the defined benefit obligation are as follows:	**Group and Company**	
	2014	2013
	£000	£000
Opening defined benefit obligation	**8,893**	8,958
Service cost	**12**	14
Interest cost	**354**	404
Actuarial gains: experience differing from that assumed	**-**	(350)
Actuarial gains: changes in demographic assumptions	**(63)**	(385)
Actuarial (gains)/losses: changes in financial assumptions	**(172)**	637
Benefits paid	**(709)**	(388)
Contributions by employees	**3**	3
Closing defined benefit obligation	**8,318**	8,893

24. PENSION SCHEME (continued)

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:	Group and Company	
	2014	2013
	£000	£000
Opening fair value of scheme assets	**8,973**	7,912
Interest income	**365**	444
Actuarial (losses)/gains	**(2)**	599
Contributions by employer	**388**	403
Contributions by employees	**3**	3
Benefits paid	**(709)**	(388)
Administration costs	**(11)**	-
Closing fair value of scheme assets	**9,007**	8,973

Expense recognised in the Income Statement	Group and Company	
	2014	2013
	£000	£000
Current service costs	**12**	14
Net interest	**(11)**	(40)
Administration costs	**11**	-
	12	(26)

These expenses are recognised in the following line items in the Income Statement:	Group and Company	
	2014	2013
	£000	£000
Cost of sales	**12**	14
Administrative expenses	**-**	(40)
	12	(26)

Amount recognised in other Comprehensive Income	Group and Company	
	2014	2013
	£000	£000
Actuarial gains on defined benefit obligation	**235**	98
Actual return on assets less interest	**(2)**	599
Amount recognised in Other Comprehensive Income	**233**	697

Cumulative actuarial net losses reported in the Statement of Comprehensive Income since 1 April 2004, the transition to adopted IFRSs, for the Group and Company are £2,142,000 (2013: £2,375,000).

Scheme assets and returns

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

	Group and Company	
	2014	2013
Fair value of assets	**£000**	£000
Equities	**5,435**	5,573
Bonds and cash	**3,572**	3,400
	9,007	8,973
Returns		
Actual return on scheme assets	**363**	1,043

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

24. PENSION SCHEME (continued)

Principal actuarial assumptions

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

	Group and Company	
	2014	2013
Inflation	**3.5%**	3.4%
Discount rate at 31 March	**4.3%**	4.1%
Expected future salary increases	**3.5%**	3.4%
Expected future pension increases	**3.4%**	3.3%
Revaluation of deferred pensions	**2.5%**	2.4%

Mortality rate assumptions adopted at 31 March 2014, based on S1MA/S1PFA CMI mode 2013, imply the following life expectations on retirement at age 65 for:

	2014	2013
Male currently aged 45	**24 years**	24 years
Female currently aged 45	**26 years**	27 years
Male currently aged 65	**22 years**	22 years
Female currently aged 65	**24 years**	25 years

History of scheme

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

	Group and Company				
	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	**(8,318)**	(8,893)	(8,958)	(8,017)	(8,309)
Fair value of plan assets	**9,007**	8,973	7,912	7,839	7,182
Present value of net obligations	**689**	80	(1,046)	(178)	(1,127)

Gains/(losses) recognised in Statement of Comprehensive Income

	Group and Company				
	2014	2013	2012	2011	2010
Difference between expected and actual return on scheme assets:					
Amount (£000)	**(2)**	599	(525)	56	1,819
Percentage of scheme assets	**0.0%**	6.7%	(6.6%)	0.7%	25.3%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**-**	350	(76)	-	542
Percentage of present value of scheme liabilities	**0.0%**	3.9%	(0.8%)	0.0%	6.5%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**235**	(252)	(754)	470	(1,635)
Percentage of present value of scheme liabilities	**2.8%**	(2.8%)	(8.4%)	5.9%	(19.7%)
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**233**	697	(1,355)	526	726
Percentage of present value of scheme liabilities	**2.8%**	7.8%	(15.1%)	6.6%	8.8%

Sensitivity analysis

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

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

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

Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £635,000 (2013: £560,000) in the year.

25. BUSINESS COMBINATIONS

The Group acquired the following businesses from 1 April 2012 to 31 March 2014:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Plant rental business activity from Balfour Beatty	29 June 2012	Business and assets	Vp plc
Survey, safety and communication rental business activity from Balfour Beatty	6 July 2012	Business and assets	Hire Station Limited
Mr Cropper Limited	3 September 2013	Share purchase (100% equity)	Vp plc

Details of the acquisitions are provided below:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Property, plant and equipment	**163**	2,798	**163**	1,284
Current assets	**1,612**	57	**1,612**	57
Net debt	**49**	-	**49**	-
Tax, trade and other payables	**(1,379)**	-	**(1,379)**	-
Book value of assets acquired	**445**	2,855	**445**	1,341
Fair value adjustments				
Intangibles on acquisition	**1,335**	1,262	**1,335**	394
Deferred tax on intangibles	**(307)**	-	**(307)**	-
Fair value adjustment to property, plant and equipment	**1,270**	-	**1,270**	-
Fair value of assets acquired	**2,743**	4,117	**2,743**	1,735
Goodwill on acquisition	**1,857**	-	**1,857**	-
Cost of acquisitions	**4,600**	4,117	**4,600**	1,735
Satisfied by				
Consideration	**4,600**	4,117	**4,600**	1,735
Analysis of cash flow for acquisitions				
Consideration	**4,600**	4,117	**4,600**	1,735
Net cash included in acquisitions	**(102)**	-	**(102)**	-
	4,498	4,117	**4,498**	1,735

Intangibles were identified in relation to the acquisitions in the year ended 31 March 2014 in relation to customer lists and a brand name. In the year ended 31 March 2013 intangibles were identified in relation to supply agreements. The amortisation periods for these intangibles are set out in note 1. The acquisition costs expensed in the year ended 31 March 2014 were £90,000.

As the acquisitions of Mr Cropper and from Balfour Beatty were not material the trading performances 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 2013, has not been provided.

Notes

26. RELATED PARTIES

Material transactions with key management (being the directors of the Group) mainly constitute remuneration including share based payments, details of which are included in the Remuneration Report on pages 33 to 45 and in note 5 to the Financial Statements. In addition one director has sold some Vp plc shares he acquired, as a result of exercising his options, to the Vp Employee Trust at market value, being the previous days closing mid market share price, namely 82,689 shares at a market value of £462,645.

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

Trading transactions with subsidiaries – Parent Company
The Company enters into transactions with its subsidiary undertakings in respect of the following:

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

Recharges are made for Group services based on the utilisation of those services, however the Group does not charge interest on internal funding. In addition to these services the Company acts as a buying agent for certain Group purchases such as insurance and IT services. These are recharged based on utilisation by the subsidiary undertaking.

The amount outstanding from subsidiary undertakings to the Company at 31 March 2014 totalled £37,412,000 (2013: £41,583,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2014 totalled £30,202,000 (2013: £26,904,000).

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 2014 was £62.0m (2013: £54.0m).

27. CONTINGENT LIABILITIES

There are no contingent liabilities (2013: nil) in respect of the Group or Company.

28. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company Limited which is the ultimate parent Company incorporated in Great Britain. Consolidated accounts are prepared for this Company.

29. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings are:

	Country of Registration or Incorporation	**Principal Activity**	**Country of Principal Operation**	**Class and Percentage of Shares Held**
Torrent Trackside Limited	England	Rail equipment hire	UK	Ordinary shares 100%
Hire Station Limited	England	Tool hire	UK	Ordinary shares 100%
TPA Portable Roadways Limited	England	Hire of portable roadways	UK	Ordinary shares 100%
Airpac Bukom Oilfield Services Pte Limited	Singapore	Oilfield services	Singapore	Ordinary shares 100%
Airpac Bukom Oilfield Services (Curacao) NVA	Curacao	Oilfield services	Curacao	Ordinary shares 100%
Airpac Bukom Oilfield Services Middle East FZE	Sharjah	Oilfield services	Sharjah	Ordinary shares 100%
Airpac Bukom Oilfield Services (Australia) Pty Limited	Australia	Oilfield services	Australia	Ordinary shares 100%
Vp GmbH	Germany	Equipment hire	Germany	Ordinary shares 100%
Vp Equipment Rental (Ireland) Limited	Ireland	Equipment hire	Ireland	Ordinary shares 100%

Notes

29. SUBSIDIARY UNDERTAKINGS (continued)

The full list of the dormant subsidiary undertakings is:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Stoppers Specialists Limited	England	Dormant	n/a	Ordinary shares 100%
Trench Shore Limited	England	Dormant	n/a	Ordinary shares 100%
UK Training Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Investments Limited	England	Dormant	n/a	Ordinary shares 100%
Bukom General Oilfield Services Limited	England	Dormant	n/a	Ordinary shares 100%
Redding Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Climate Hire & Sales Limited	England	Dormant	n/a	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	n/a	Ordinary shares 100%
Vacuum Excavation Limited	England	Dormant	n/a	Ordinary shares 100%
Domindo Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Instant Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
The Handi Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Halls Hire Centres Limited	England	Dormant	n/a	Ordinary shares 100%
L&P 52 Limited	England	Dormant	n/a	Ordinary shares 100%
Northern Site Supplies Limited	England	Dormant	n/a	Ordinary shares 100%
Power Tool Supplies Limited	England	Dormant	n/a	Ordinary shares 100%
Hire & Sales (Canterbury) Limited	England	Dormant	n/a	Ordinary shares 100%
Handy Tool Hire (Derby) Limited	England	Dormant	n/a	Ordinary shares 100%
Handy Tool Hire (Nottingham) Limited	England	Dormant	n/a	Ordinary shares 100%
Handy Tool Hire (Loughborough) Limited	England	Dormant	n/a	Ordinary shares 100%
Cool Customers Limited	England	Dormant	n/a	Ordinary shares 100%
Arcotherm (GB) Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	n/a	Ordinary shares 100%
Vibrobet Limited	England	Dormant	n/a	Ordinary shares 90%
UM (Holdings) Limited	England	Dormant	n/a	Ordinary shares 100%
Harbray (Plant Hire) Limited	England	Dormant	n/a	Ordinary shares 100%
Power Rental Services Limited	England	Dormant	n/a	Ordinary shares 100%
Rapid Response Barriers Limited	England	Dormant	n/a	Ordinary shares 100%
U Mole Limited	England	Dormant	n/a	Ordinary shares 100%
727 Plant Limited	England	Dormant	n/a	Ordinary shares 100%
Cannon Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Thanet (Hire) Plant Limited	England	Dormant	n/a	Ordinary shares 100%
The Hire Brigade Limited	England	Dormant	n/a	Ordinary shares 100%
MEP Hire Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Able Safety (Yorkshire) Limited	England	Dormant	n/a	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	n/a	Ordinary shares 100%
Saville Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Limited	England	Dormant	n/a	Ordinary shares 100%
Mechanical Electrical Press Fittings Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Arco'therm Limited	England	Dormant	n/a	Ordinary shares 100%
Mr Cropper Limited	England	Dormant	n/a	Ordinary shares 100%

Five Year Summary

	2010 £000	2011 £000	2012 £000	2013 £000	**2014 £000**
Revenue	129,487	138,052	161,514	167,034	**183,064**
Operating profit before amortisation	18,610	16,472	18,500	19,815	**21,831**
Profit before amortisation and taxation	16,005	13,785	15,961	17,351	**20,053**
Profit before taxation	14,339	12,234	15,328	16,402	**18,933**
Taxation	(4,094)	(2,451)	(3,101)	(3,353)	**(3,238)**
Profit after taxation	10,245	9,783	12,227	13,049	**15,695**
Dividends*	(4,510)	(4,509)	(4,457)	(4,437)	**(4,962)**
Share capital	2,309	2,309	2,309	2,008	**2,008**
Capital redemption reserve	-	-	-	301	**301**
Reserves	81,851	89,192	88,725	98,586	**105,648**
Total equity before non-controlling interest	84,160	91,501	91,034	100,895	**107,957**
Share Statistics					
Asset value	182p	198p	197p	251p	**269p**
Earnings (pre amortisation)	27.57p	26.09p	30.76p	35.47p	**41.97p**
Dividend**	10.80p	10.80p	11.35p	12.25p	**14.00p**
Times covered (pre amortisation)	2.55	2.42	2.71	2.90	**3.00**

* 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
Peter W Parkin (resigned 23 July 2013)

Secretary
Allison M Bainbridge

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Lloyds Bank plc

Merchant Bankers
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Stockbrokers
N+1 Singer

Public Relations
Abchurch Communications