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The Equipment Rental Specialists Annual Report and Accounts 2012

www.vpplc.com



Groundforce

Specialist Construction Solutions



UK Forks

Materials Handling Specialists



Airpac Bukom

Oilfield Services



Torrent Trackside

Railway Plant. Railway People.



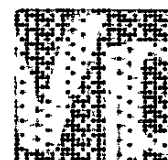
TPA

Portable Roadways



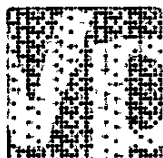
Hire Station

Tools for Industry, Construction & DIY



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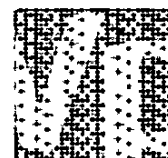


Financial Highlights

	2012	2011
Revenue	£163.6m	£141.0m
Operating profit before amortisation and exceptional items	£18.5m	£16.5m
Operating profit	£17.9m	£14.9m
Profit before amortisation, exceptional items and taxation	£16.0m	£13.8m
Profit before taxation	£15.3m	£12.2m
Basic earnings per share before amortisation and exceptional items	30.76p	26.09p
Dividend per share⁽¹⁾	11.35p	10.80p
Return on average capital employed	13.0%	12.3%
Net assets per share	197p	198p
Net debt	£40.4m	£40.5m
Financial gearing⁽²⁾	18%	29%
Interest cover before amortisation and exceptional items	7.3x	6.1x
Expenditure on rental equipment	£32.1m	£24.2m

⁽¹⁾ Dividends quoted are paid and proposed for each year

⁽²⁾ Financial gearing is calculated after adjusting debt and equity for the market value of shares held by the Vp Employee Trust and treasury shares



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

Peter W Parkin

Stephen Rogers B Sc , F C A , J P

Secretary

Allison M Bainbridge

Registered Office

Central House, Beckwith Knowle,

Otley Road, Harrogate, North Yorkshire, HG3 1UD

Registered in England and Wales No 481833

Telephone 01423 533400

Auditor

KPMG Audit Plc, 1 The Embankment,

Neville Street, Leeds, West Yorkshire, LS1 4DW

Solicitors

Squire Sanders (UK) LLP,

2 Park Lane, Leeds, West Yorkshire, LS3 1ES

Registrars and Transfer Office

Capita Registrars, The Registry, 34 Beckenham Road,

Beckenham, Kent, BR3 4TU

Bankers

Royal Bank of Scotland Plc

Barclays Bank Plc

Yorkshire Bank

Merchant Bankers

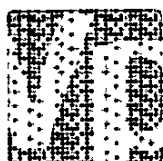
N M Rothschild & Sons Limited

Stockbrokers

N +1 Brewin

Public Relations

Abchurch Communications



Chairman's Statement

I am very pleased to be able to report on another excellent performance by the Group. Profits before tax and amortisation increased 16% to £16.0 million (2011: £13.8 million, pre-exceptional) on revenue also ahead by 16% at £164 million. Basic earnings per share pre amortisation rose 18% to 30.8 pence per share (2011: 26.1 pence, pre-exceptional).

Each of the Group's businesses reported advances in revenue and all except one delivered profit growth. The performances of the individual businesses are discussed in the Business Review.

Our continuous and determined focus on quality of profits has enabled us to invest over £32 million in expanding and refreshing our rental fleet in the period whilst holding year end debt at £40.4 million (2011: £40.5 million). Return on capital improved to 13.0% (2011: 12.3%).

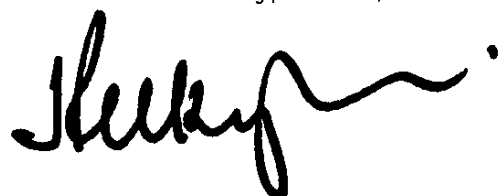
Towards the end of the financial year, the Group announced a share buy back by way of a tender offer for up to 3.1 million shares as a means of returning £7.8 million of funds to shareholders and improving earnings per share. The tender was oversubscribed and successfully completed on 4 April 2012.

Reflecting the continued progress demonstrated by these results, your Board is recommending an increase of 7.1% in the final dividend to 8.25 pence per share (2011: 7.70 pence) making a total for the year of 11.35 pence per share. This year and in the future, the Annual General Meeting will be held in July rather than its traditional September date. This is to facilitate a more timely conclusion of the year's business and to bring forward the date for the final dividend to better balance the timing of the interim and final dividend payments. Subject to shareholders' approval at the Annual General Meeting on 18 July 2012 it is proposed to pay the final dividend on 10 August 2012 to members registered as of 13 July 2012.

The strength of this year's results once again demonstrates the benefits of our well established strategy of focusing on specialist sectors where the Group can command strong market positions. It is also a testament to the quality of leadership of our management team, which I believe to be the best in the industry.

The new financial year has started well, in line with our expectations. There will no doubt be further challenges and uncertainties, but we remain committed, and confident in our continued ability, to create opportunities and to deliver growth in shareholder value over the longer term.

It is my pleasurable duty to thank all of our employees, both within the UK and increasingly throughout our international operations, for their contribution to an outstanding performance, in which we should all take great pride.



Jeremy Pilkington
Chairman
29 May 2012



Business Review

OVERVIEW

Vp plc is a specialist rental business providing products and services to a diverse range of markets including civil engineering, rail, oil and gas exploration, construction, outdoor events and industry, primarily within the UK, but also overseas

The Group has delivered another impressive trading performance despite the lack of improvement in general market conditions over the last 12 months. The quality of the earnings is underlined by the strong cash generation that has allowed net debt to remain broadly unchanged, notwithstanding an increased investment in the rental fleet in the year.

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£163.6 million	£141.0 million
Operating Profit before amortisation and exceptional items	£18.5 million	£16.5 million
Operating margin	11.3%	11.7%
Investment in Rental Fleet	£32.1 million	£24.2 million

Our long established focus on business specialisation, both in services and markets, has yet again proven its worth as the Group has delivered significant profit improvement in the year. Whilst the general construction market has remained quiet, demand from the rail, housebuild, oil and gas and infrastructure markets, in particular, has helped fuel this increase in profitability.

Revenues grew by 16% to £163.6 million, a record turnover figure for the Group. This revenue increase translated into operating profits before amortisation of £18.5 million, an increase of 12% over the prior year. Operating margins reduced slightly from 11.7% to 11.3% largely reflecting the change in mix of the divisional results.

The financial progress highlighted above has been driven entirely by organic growth within our existing activities with no acquisitions in the period under review. We have continued to invest strongly in our businesses, with capital expenditure on rental fleet growing to £32.1 million (2011: £24.2 million). Whilst there is a proportion of renewal investment in these figures, there is also a strong element of fleet growth in support of secured business opportunities. The Group has also continued to streamline the fleet, withdrawing from or reducing low margin product lines. Fleet sale proceeds remained an important cash inflow at £7.4 million (2011: £7.2 million) generating profits on sale of £2.2 million (2011: £2.3 million).

UK FORKS

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

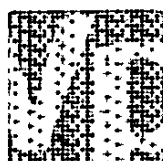
	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£13.2 million	£10.8 million
Operating Profit before amortisation and exceptional items	£1.5 million	£1.1 million
Investment in Rental Fleet	£8.6 million	£4.4 million

UK Forks made further significant progress in the period, reporting profits of £1.5 million (2011: £1.1 million). Hire revenues grew by around 20% for the second year in succession and with a well managed cost base, this has produced a valuable improvement in divisional profitability.

We have continued to secure new business relationships whilst maintaining our key housebuilding and construction accounts. The business has also made good inroads to the infrastructure segment over the last 12 months. UK Forks has an excellent industry reputation for quality of both service and equipment and these attributes are serving the business well as customers become increasingly discerning in the tougher market. Costs, particularly on new machines, spares and transportation, have escalated and the impact of these increases has been mitigated to some extent by securing hire rate increases for our services.

In the first half of the year, fleet utilisation was very high and this justified significant second half investment, with fleet numbers increasing by 14% on the back of capital investment of £8.6 million (2011: £4.4 million).

Trading since the start of the new calendar year has been slower to pick up than anticipated but we expect the business to make further progress in the new financial year.



Business Review

GROUNDFORCE

Excavation support systems, specialist solutions and trenchless technology for the water, gas, civil engineering and construction industries

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£33.7 million	£30.3 million
Operating Profit before amortisation and exceptional items	£6.7 million	£6.7 million
Investment in Rental Fleet	£5.6 million	£3.8 million

Groundforce produced another very good set of results, particularly in the context of the weakness in the construction sector. The first half of the year saw residual demand from the Olympics, whilst in the second half the division started to benefit from the water companies' infrastructure investment programme, AMP5. The division produced 11% revenue increase in the year, delivering maintained profits of £6.7 million with margins slightly impacted by higher operating costs, most notably on transport.

In the UK, the excavation support business maintained its strong market position and completed a number of key contracts including the Hilton Hotel in Southwark, the Riverside Quarter at Wandsworth and Heathrow Airport. Work arising from the energy sector saw an upturn, whilst general construction and commercial development remained subdued. Major propping work, primarily in London, provided a consistent demand and in the final quarter, work commenced on the Crossrail project at Woolwich.

Piletec made progress in a very challenging market place that has seen a number of national competitors cease trading entirely. This business has been operated efficiently during the downturn and remains well positioned to grow as work is released into a sector with a diminished supplier base. U Mole enjoyed another strong year, developing its market leading position in vacuum excavation.

Further growth is anticipated as an increasing number of contractors recognise the operational benefits of using their vacuum excavation rigs on utility contracts.

Outside the UK, the Irish business remained stable, in the toughest of trading environments. Activity on creating a rental footprint in Europe continued, with a number of projects being undertaken and successfully completed in countries such as Germany, Italy and Denmark. The recruitment of key personnel is well underway and an early structure has been established. Enquiry levels were broadly in line with expectation and levels of repeat business were encouraging. Sales to other overseas markets remained more subdued.

Capital expenditure on the rental fleet was up on prior year at £5.6 million, largely orientated towards organic growth, including investment in some of the specialist businesses.

Moving into the new financial year, demand from AMP5, infrastructure and utilities should provide support, whilst little improvement is anticipated in general construction and commercial development.

AIRPAC BUKOM OILFIELD SERVICES

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

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£19.5 million	£17.5 million
Operating Profit before amortisation and exceptional items	£3.6 million	£2.7 million
Investment in Rental Fleet	£2.0 million	£1.3 million

Airpac Bukom primarily provides support in well testing, rig maintenance, high pressure applications and LNG projects. Trading picked up during the year as exploration and production expenditure generally increased, albeit with regional variations. Revenues grew by 12% to £19.5 million, delivering increased profits of £3.6 million.

The Pluto LNG project in Western Australia was one of the main contributors to Airpac Bukom's growth, with testing of the assembled modules at Karratha continuing until the financial year end. The Pluto project is now largely complete but further opportunities exist within the region as other gas fields are developed.

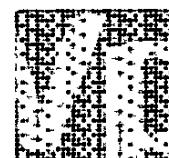
Performance in the Middle East strengthened significantly. Whilst well testing in Saudi Arabia was the main catalyst, our geographical footprint broadened with activity in markets including Iraq and Oman. Supported by our base in UAE, we anticipate this region being capable of further sustainable growth.

The North Sea activity also delivered strong results although in this case it was driven by a combination of a healthy demand from rig maintenance and added value high pressure contracts, rather than any particular improvement in well testing activity.

Revenues in Africa were more subdued. Political and social unrest in Tunisia, Egypt and Libya meant that some of our core markets offered little chance for development, although we remain hopeful of improvement in this region over the next 12 months.

Capital investment in the fleet increased to £2.0 million in support of specific growth opportunities.

Whether the improvement in exploration and production activity will be sustained over the coming year against the backdrop of a delicate global economy remains to be seen. However, the combination of a recently strengthened management team, the investment that has already been made and the positive long term attributes of the energy sector makes Airpac Bukom well placed to deliver further progress.



Business Review

HIRE STATION

Small tools and specialist equipment for industry and construction

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£60.3 million	£53.5 million
Operating Profit before amortisation and exceptional items	£3.3 million	£3.0 million
Investment in Rental Fleet	£8.1 million	£10.3 million

Hire Station continued to operate in very testing market conditions throughout the year but, nevertheless, managed to make good progress. After a difficult first half, the business produced a stronger second half performance which helped revenues for the year grow by 13% to a record £60.3 million, and to deliver a 10% increase in profits to £3.3 million. These results were particularly pleasing given that seasonal incomes from our cooling, drying and heating products were adversely impacted by the mild weather conditions both in the summer and the winter periods.

Like the rest of the market, we were once again challenged by inflationary cost pressures with the capital cost of equipment rising and fuel and vehicle costs reaching unprecedented highs. Where possible we have mitigated these cost pressures on the business by hire rate increases and fuel supplement charges. Capital expenditure of £8.1 million was £2.2 million lower than prior year, and directed at optimising the fleet mix towards asset categories which provide a better return.

After a difficult start the Tools business made further progress in the year. The launch of our business improvement project entitled "Transform" has led to greater consistency and standardisation in operational processes which will ultimately deliver improved levels of service to our customers. The focus on high product availability has enabled us to gain market share at the expense of our competition as well as reducing inter-branch stock movements which historically added unnecessary cost. The first year of our five year contract with Network Rail went well with revenues surpassing our initial estimates and the business achieving excellent service levels for the customer.

ESS SafeForce, the division's specialist safety rental business, had an excellent year with growth in all of its key revenue streams. During the year we further strengthened the management team to capitalise on the many growth opportunities that exist for this market leading business. A new 10,000 square foot unit was opened in Castleford and in the current financial year we anticipate additional branch openings in the UK. We delivered our first monitoring project for a shutdown at Lindsey Oil Refinery, and also established an onsite shop presence in the Pembroke Oil Refinery utilising our RFID asset management system to service the many onsite contractors. Confined space training, now available from over 10 locations nationally, grew strongly during the period, strengthening our position as the UK's confined space training provider of choice. We now welcome over 25,000 delegates per year to our training business.

The MEP Hire business, which supplies specialist press fitting and electro fusion equipment into the mechanical and electrical sector, delivered further growth, aided by the establishment of a national sales team supporting its nine locations. This year we will see a further location opening in Bristol to service the South West market. The Climate Hire business, by its nature, relies on adverse weather conditions and, as reported earlier, received little or no help in this respect.

Overall, the division has made satisfactory progress over the past year in the face of some challenging markets. It is clear that the dynamics within the tool hire arena have changed over the last three years and we have had to adjust our model to take account of this. The business has a number of initiatives underway and the focus will continue to be on improving margins and delivering better quality returns by managing our business as efficiently as possible, whilst embracing fresh opportunities.

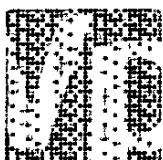
TPA

Portable roadway systems, primarily to the UK market, but also in mainland Europe and the Republic of Ireland

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£14.7 million	£14.0 million
Operating Profit before amortisation and exceptional items	£1.2 million	£1.4 million
Investment in Rental Fleet	£5.1 million	£1.5 million

TPA's revenues were ahead of the prior year at £14.7 million, an increase driven mainly from the UK, but there was also growth from our German operations. However, profit for the year was below prior year, being impacted by a change in the business sector and geographical mix and the seasonality of demand.

In the UK, the transmission sector was busier than anticipated and whilst demand from outdoor events remained strong, the less seasonal construction related activities showed a downturn. The timing, nature and geography of the work in the busy summer season created some operational inefficiencies leading to erosion of margins as costs escalated. Throughout the winter actions were commenced to ensure these pressures are alleviated in the future.



Business Review

To complement the traditional roadway products, TPA introduced a plastic pitch cover, which is used in stadia for concerts. A trading agreement was concluded with a key manufacturer and early successes included outdoor concert tours for Take That and Kings of Leon. A second pitch cover was purchased towards the end of the financial year, in readiness for summer 2012.

The business in Germany experienced a consistent, less seasonal level of demand and produced another good result for the year. Investment in systems and processes in Europe continues to be made and a more resilient structure is taking shape. This has facilitated a widening of the customer base, particularly in construction and transport. Transmission work dominated the revenue stream, but outdoor events experienced healthy growth, with the annual Hessentag Festival in Germany being a key contract delivery.

Capital investment at £5.1 million is up on 2011, including the pitch cover investment highlighted above.

Towards the end of the year, the division was awarded BS OHSAS 18001 (Occupational Health and Safety Management System Standard) for their processes and systems, an accreditation demanded by an increasing number of clients and providing competitive advantage and differentiation.

Delivering on the operational improvements made over the winter will be crucial to TPA growing profitability in the new year. The business has carefully assessed the opportunities for the Olympics and will engage in a limited number of contracts whilst ensuring that it is not unduly distracted from maintaining existing customer relationships.

TORRENT TRACKSIDE

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

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	£22.1 million	£14.9 million
Operating Profit before amortisation and exceptional items	£2.2 million	£1.6 million
Investment in Rental Fleet	£2.9 million	£2.9 million

Torrent made significant progress in the year with revenue and profit growing by 48% and 38% respectively. This performance was delivered from improved revenues with our established key customer relationships combined with the benefits of our first full year of the contract award from Network Rail.

Torrent experienced strong demand from the UK rail infrastructure market, both in renewals and maintenance. In addition, further growth has been secured through plant hire activities and contracting services to London Underground and other non-national infrastructure contracts.

The rail market has been stable and consistent over the past year within the areas of spend from which Torrent derives most of its revenues. This positive market view is forecast to continue through into the new financial year.

Torrent has enjoyed a period of rapid growth and it is likely that the coming year will see some slowing in the rate of growth. However, the rail market remains buoyant, and as the market leading portable rail plant specialist, new opportunities will undoubtedly arise to further develop Torrent's added value service offerings to the rail sector.

PROSPECTS

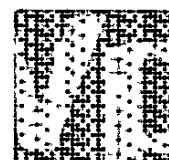
The Group enters the new financial year against a background of uncertainty, in both domestic and European markets, which continues to challenge investment confidence. We have demonstrated that the Vp business model can navigate through these difficult conditions and we have confidence in our ability to continue to do so.

We believe the construction market in the UK will remain testing over the next 12 months, but we equally believe we have the ideas, the ambition and the ability to develop the business further into the future.

Financially, we remain in very good shape and have the capacity to utilise that financial strength in delivering continued shareholder value creation over the longer term.



Neil Stothard
Group Managing Director
29 May 2012



Financial Review

GROUP FINANCIAL PERFORMANCE

Group revenues increased by 16% to £163.6 million (2011: £141.0 million). Profit before tax, amortisation and exceptional items also rose by 16% to £16.0 million (2011: £13.8 million) with PBTA margins maintained at 9.8% (2011: 9.8%).

The return on average capital employed (being EBITA/average capital employed) improved on prior year at 13% (2011: 12.3%) based on average capital employed of £142.6 million (2011: £133.8 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 26.09 pence to 30.76 pence, an increase of 18%. Basic earnings per share after the amortisation of intangibles was 29.63 pence (2011: 23.42 pence).

It is proposed to increase the final dividend to 8.25 pence per share. If approved, the full year dividend would be increased by 0.55 pence (5.1%) to 11.35 pence with a dividend cover of 2.7 times (2011: 2.4 times) earnings per share. The final dividend will be paid on 10 August 2012 to all shareholders on the register on 13 July 2012.

On 26 March 2012 the Company announced that following a tender offer share buyback £7.8 million would be returned to shareholders via the purchase of 3.1 million shares at 254 pence per share. Payment for these shares was made on 4 April 2012 with a corresponding liability shown in the balance sheet at 31 March 2012. The transaction is earnings per share enhancing.

The Company also purchased into treasury 52,000 shares in August 2011 at a price of 233 pence and 1.7 million shares from the Vp Employee Trust in December 2011 at a price of 217 pence.

At 31 March 2012, 40.2 million shares were in issue (excluding 6.0 million shares held in treasury). No shares purchased into treasury have been cancelled. In addition 1.95 million shares were held by the Employee Trust.

The average number of shares in issue during the year was 41.3 million (2011: 41.8 million) excluding shares held by the Employee Trust and treasury shares.

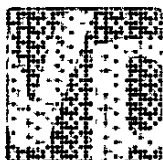
CAPITAL EXPENDITURE, DISPOSAL AND DEPRECIATION

Total capital expenditure was £34.8 million (2011: £26.1 million) of which £32.1 million (2011: £24.2 million) related to equipment for hire. The increased expenditure on rental fleet reflects the Group's ability to fund demand led fleet investment. Proceeds from disposals of assets amounted to £7.4 million (2011: £7.2 million) resulting in total net capital expenditure of £27.4 million (2011: £18.9 million). The disposal of hire fleet during the year produced profit of £2.2 million (2011: £2.3 million) reflecting appropriate depreciation policies and strong asset management. Depreciation charge for the year was £20.2 million (2011: £18.6 million).

CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows. Cash generated from operations totalled £39.4 million (2011: £33.9 million). Accordingly, despite the growth in capital expenditure, net debt fell slightly from £40.5 million at 31 March 2011 to £40.4 million at 31 March 2012.

After adjusting for movements in capital creditors cashflows in respect of capital expenditure were £34.6 million (2011: £21.9 million).



Financial Review

CASH FLOWS AND NET DEBT (continued)

There were no acquisitions in the year. Dividend payments to shareholders totalled £4.5m (2011: £4.5 million). The cash investment in own shares during the year was £1.4 million (2011: £0.4 million).

Interest cover before amortisation and exceptional items was 7.3 times (2011: 6.1 times) and Net Debt/EBITDA was 1.05 (2011: 1.16), both comfortably within banking covenants.

Gearing calculated as net debt divided by total equity was 44% (2011: 44%) and underlying financial gearing was 18% (2011: 29%) after excluding the investment in own shares at market value of £20.1 million (2011: £10.5 million).

BALANCE SHEET

Total net assets were £91.1 million (2011: £91.5 million), representing net assets per share of 197 pence (2011: 198 pence). The reduction in net assets is due to the increase in treasury shares at a cost of £7.8 million in respect of the tender offer buy back of shares, which replaces shareholder equity with debt. However, net assets per share, excluding treasury shares, increased to 227 pence (2011: 203 pence). The net book value of property, plant and equipment was £110.7 million (2011: £101.3 million) of which rental equipment represents 90% (2011: 90%).

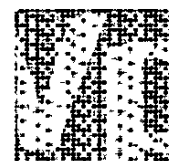
Gross trade debtors were £33.6 million at 31 March 2012 (2011: £32.2 million). Bad debt and credit note provisions totalled £3.6 million (2011: £3.5 million) equivalent to 10.6% (2011: 10.7%) of gross debtors. Debtor days fell to 63 days (2011: 65 days).

With no impairments, the Group carried forward £5.0 million (2011: £5.6 million) of intangible assets and £34.0 million (2011: £34.0 million) goodwill at year end. The movement in the year reflects amortisation of intangibles of £0.6 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 2012 the Group's bank facilities comprised £65 million (2011: £55 million) of committed facilities and overdraft facilities of £5 million (2011: £10 million). The Group's bank facilities comprise a £35 million committed three year revolving credit facility which expires in May 2013, a £30 million committed four year revolving credit facility expiring in August 2015 and overdraft facilities totalling £5 million. Bank borrowings net of cash totalled £40.4 million (2011: £40.5 million) at the year end. Net interest expense for the year totalled £2.5 million (2011: £2.7 million).

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a margin. The Group utilises interest rate hedges to manage fluctuations in LIBOR. The Group has six interest rate swaps which are held for hedging purposes in order to reduce the risk of exposure to changes in interest rates on the Group's secured bank loans. These swaps, all of which are for £7.5 million of debt, were taken out in two tranches. The first tranche of swaps was taken out in September 2007, December 2007 and July 2008, these swaps are for a period of 5 years, with a bank only call option after 3 years. They fix interest rates net of bank margin at between 5.20% and 5.56%. The second tranche of swaps was taken out in August, October and December 2011. These swaps are future dated to start as each swap in the first tranche expires. They fix interest rates net of bank margin at between 1.225% and 1.27%, and each has a life of three years. In addition the Group enters into basis rate swap agreements which are designed to provide an interest saving on existing arrangements whilst maintaining the effectiveness of the original swaps.



Financial Review

CAPITAL STRUCTURE AND TREASURY (continued)

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 four foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2012. It also entered into a further six foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2012 to 30 June 2013. In addition to the US dollar hedges the Group also had an Australian dollar hedge in the year and has taken out hedges for the next financial year in Australian dollars and Singapore dollars.

TAXATION

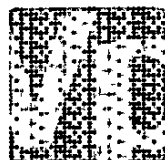
The overall tax charge on profit before tax was £3.1 million (2011: £2.5 million), an effective rate of 20.2% (2011: 20.0%). The current year tax charge was reduced by £45,000 (2011: £92,000 reduction) in respect of adjustments relating to prior years. The underlying tax rate was 20.5% (2011: 20.8%) 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 24%, this has reduced the deferred tax liability and hence the tax charge by £0.8 million (5.0%). 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 7.2% from 235 pence to 252 pence, compared to a 3% decrease in the FSTE small cap index. The Company's shares ranged in price from 191 pence to 258 pence but averaged 233 pence during the year.



Allison Bainbridge
Group Finance Director
29 May 2012



Directors' Report

The directors of Vp plc present their annual report and the audited Financial Statements for the year ended 31 March 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is equipment rental and associated services conducted mainly in the United Kingdom and Europe together with services to the international oil and gas exploration and development markets on a worldwide basis

In accordance with the requirements of the Companies Act 2006, a review of the development of the business and the current trading position is provided in the Chairman's Statement and the other reports and reviews in these financial statements, which form part of this Directors' Report

DIVIDEND

The directors are proposing to increase the final dividend to 8.25 pence per share reflecting the trading performance and prospects for the Group whilst maintaining a reasonable level of dividend cover. Subject to approval at the Annual General Meeting, shareholders will receive a total dividend for the year of 11.35 pence (2011: 10.8 pence) per share. This equates to a total dividend of £4,430,000 (2011: £4,474,000) net of waived dividends. As required under adopted IFRSs the dividends charged in the accounts do not include the proposed dividend, which is subject to approval at the Annual General Meeting.

The final dividend will be paid to shareholders on the register of members of the Company on 13 July 2012 and it is proposed that dividend warrants be posted on 10 August 2012.

DIRECTORS

The directors who held office during the year were as follows:

Jeremy Pilkington

Chairman

Jeremy Pilkington was appointed a director of the Company in 1979 and was Chairman and Chief Executive between 1981 and 2004. Since July 2004 he has been Chairman of the Company. He is also Chairman of the Nomination Committee.

Neil Stothard

Group Managing Director

Neil Stothard joined Vp as Group Finance Director in 1997. In July 2004 he was appointed Group Managing Director. He 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.

Allison Bainbridge

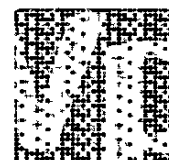
Group Finance Director

Allison Bainbridge 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.

Peter Parkin

Non-executive Director, Senior Independent Director

Peter Parkin was appointed a non-executive director in 1999. He is Chairman of Wheeldon Brothers Limited, a private house building company and had previously been Chairman and Chief Executive of Raine plc. He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.



Directors' Report

Steve Rogers

Non-executive Director

Steve Rogers was appointed a non-executive director on 1 October 2008. He retired as a senior partner of PricewaterhouseCoopers in 2007. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. 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.

Neil Stothard and Allison Bainbridge retire by rotation and being eligible, offers themselves for re-appointment. They have service contracts with the Company, terminable by 12 months' notice.

As Peter Parkin has been a non-executive director for over nine years he is required under the UK Corporate Governance Code to retire annually and being eligible offers himself for re-appointment. He does not have a service contract with the Company, although he does have a letter of engagement.

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.

DIRECTORS' INTERESTS

The interests of each director in the shares of the Group companies are shown in the Remuneration Report on page 19.

SUBSTANTIAL SHAREHOLDERS

As at 29 May 2012 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital (exclusive of treasury shares):

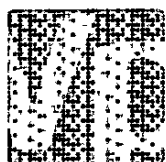
	Number of Ordinary Shares	Percentage of Issued Ordinary Shares %
Ackers P Investment Company Limited	21,181,411	52.75
JP Morgan Asset Management (UK) Limited	2,478,772	6.17
Discretionary Unit Fund Managers Limited	2,356,880	5.87
Vp Employee Trust	1,941,353	4.83

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

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.



Directors' Report

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £24,946 (2011: £24,066). 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 2012 was 56 days (2011: 55 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

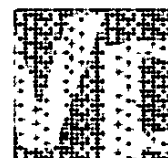
CONTRACTS

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

ANNUAL GENERAL MEETING

Resolutions are to be proposed as special business to enable the directors to allot unissued shares and (subject to the limits therein contained) to allot shares for cash other than to existing shareholders in proportion to their shareholding. The resolution enabling directors to continue to allot unissued shares will be limited to the allotment of shares up to a maximum nominal amount of £690,750 which represents 34.4% of the total ordinary share capital (exclusive of treasury shares) in issue at 29 May 2012. The directors do not have any present intention of exercising such authority. The authority will expire on the date of the next Annual General Meeting after the passing of the proposed resolution. The resolution enabling the directors to allot shares for cash other than to existing shareholders in proportion to their shareholdings will be limited to the allotment of shares up to a maximum nominal amount of £100,000 which represents 5% of the total ordinary share capital (exclusive of treasury shares) in issue at 29 May 2012. These resolutions seek to renew the authorities approved at last year's Annual General Meeting and comply with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds ("Guidelines").

A resolution is also to be proposed to authorise the Company to purchase its own shares, subject to certain specific limits. This resolution is in accordance with the Guidelines. The maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers are set out in Resolution 11(b) and 11(c) of the Notice of Meeting. The directors undertake to shareholders that they will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares provided that the number so held did not at any time exceed 15% of the Company's total 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 2012 the Company acquired 52,000 shares (2011: Nil shares) under the authority of the resolution passed at the Annual General Meeting and also transferred a further 1,675,000 shares from the Employee Trust to treasury shares. In addition the Company acquired 3,089,000 shares as a result of the tender process approved at the General Meeting in March 2012. The shares acquired are being held as treasury shares and in total represent 13.1% of the total ordinary share capital in issue at 29 May 2012.



Directors' Report

GOING CONCERN

The Business Review on pages 6 to 9 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 10 to 12 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.

The Board has evaluated the facilities and covenants on the basis of the budget for 2012/13 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.

RESPONSIBILITY STATEMENT OF THE DIRECTORS

The directors whose names appear on page 4 confirm that to the best of their knowledge:

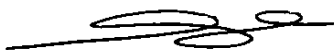
- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Business Review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

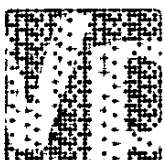
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company auditors are unaware, and all directors have taken all the steps that they ought to have taken as a director to make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

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

By Order of the Board



Allison Bainbridge
Company Secretary
29 May 2012



Remuneration Report

This report sets out the Group's policy on the remuneration of directors and provides details of the remuneration, fees and share incentives of the directors for the year ended 31 March 2012. A resolution will be put to shareholders at the Company's Annual General Meeting to approve this report.

This report complies with the Companies Act 2006 which incorporates the Directors' Remuneration Report Regulations 2002 and also with the UK Corporate Governance Code 2010 (the "Code").

UNAUDITED INFORMATION

THE REMUNERATION COMMITTEE

The primary role of the Remuneration Committee is to determine, on behalf of the Board, the remuneration of the executive directors. In this regard, the committee takes into consideration the interests of the Group and of its shareholders as a whole. The committee comprises the Company's independent non-executive directors, chaired by Peter Parkin. Jeremy Pilkington, Neil Stothard and Allison Bainbridge attend the meetings, in part, by invitation but are not present during any discussion on their own emoluments.

The committee's terms of reference, which are available on the Company's website and from the Company Secretary on request, set out the responsibilities of the committee which include determining and agreeing with the Board the fair and reasonable remuneration of the executive directors. The objective of this policy is to ensure that executive management are appropriately rewarded for their contribution to the success of the Company and provided with incentives to encourage enhanced performance. The committee met twice during the year. The committee takes into account levels of remuneration in comparable companies, benchmark surveys and consults with independent remuneration advisors as appropriate.

REMUNERATION POLICY

The Group is committed to achieving sustainable improvements in performance and therefore seeks to recruit, retain and motivate employees of the highest calibre at all levels within the organisation.

The main components of executive director and senior management remuneration are base salary, annual performance related bonus, long term incentives and pension allowances. Additional benefits include a company car or car allowance and private health insurance. The committee is mindful of the balance between performance and non-performance related remuneration.

SALARY

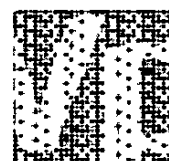
The committee's policy is to set base salaries broadly comparable to the median level of a comparator group of companies in the FTSE Small Cap Index. When conducting its review, the committee takes into account the Company's performance, market conditions and market rates for similar positions in comparable companies and pay conditions elsewhere within the Group. The committee also takes into account the personal performance of each director. The salaries of executive directors are reviewed annually in March.

It is the committee's policy that no executive director should have a contract with a notice period of more than twelve months.

Non-executive directors do not have service contracts. The remuneration of the non-executive directors is set by the full board with each director abstaining from voting on his own remuneration.

ANNUAL PERFORMANCE RELATED BONUS

The executive directors are entitled to an annual bonus which rewards performance against financial targets set at the beginning of each year. The annual bonus is normally capped at 50% of base salary and any bonus payable is reviewed and agreed by the Remuneration Committee.



Remuneration Report

SHARE PLANS

The Committee believes that earnings per share growth and return on average capital employed are the most appropriate performance measures to align management rewards with shareholder value

Awards under all share plans, with the exception of the save as you earn scheme, are subject to achievement of pre-agreed levels of earnings per share and minimum ROACE targets over the three year performance period. Awards vest on the achievement of challenging compound annual growth rate targets over a pre agreed baseline level of earnings and a minimum ROACE of 12%

Long-term incentive plan

Under the rules of the long-term incentive plan, executive directors and senior management may receive a conditional right to acquire shares at no cost. The vesting of this entitlement is dependent upon the achievement of the performance conditions relating to earnings per share and return on average capital employed over a three year period. The initial value of awards is for up to a maximum of 100% of base salary, although depending on circumstances, the Remuneration Committee may at its discretion award more.

Share option schemes

Under the Approved and Unapproved share option schemes, certain employees of the Group are granted rights to acquire shares at a pre-determined price, which cannot be less than the higher of the mid-market price on the dealing day immediately before the date of the award and the nominal value of the shares. Awards under these schemes are not granted to executive directors.

Share matching scheme

Under the share matching scheme, certain executive directors and senior management of the Group are incentivised to invest in Vp plc shares from their own funds and are granted rights to acquire shares at nil cost in proportion to the number of shares purchased. Awards are subject to the same performance conditions as the Approved and Unapproved share option schemes. The maximum annual level of award under this scheme is shares to the value of 10% of base salary.

Save as you earn scheme

Under the terms of the SAYE scheme invitations are made to all eligible employees. Options are granted at a discount of up to 20% of the mid-market price immediately prior to invitation and are not subject to any performance targets. At 31 March 2012 there were 469 (31%) employees (2011: 402 (29%)) participating in the scheme.

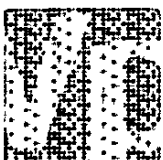
Benefits in kind

For each executive director these comprise a pension allowance or contribution to a pension scheme, a car or car allowance and private health insurance and, for Jeremy Pilkington and Neil Stothard, permanent health insurance.

TOTAL SHAREHOLDER RETURN

The total cumulative shareholder return of the Group for the 5 years to 31 March 2012 reduced by 10% as compared to a reduction of 9% for the FTSE Small Cap Index, which is regarded as an appropriate benchmark for the Group's shareholders. The movements in shareholder return for both are shown in the graph opposite.

Total shareholder return is defined as the total return a shareholder would receive over the period inclusive of both share price growth and dividends.



Remuneration Report

SERVICE CONTRACTS

In accordance with the Group's policy, executive directors have service contracts which are terminable by the Company on twelve months' notice. The contracts of Jeremy Pilkington and Neil Stothard are dated 10 June 2002 and the contract of Allison Bainbridge is dated 15 February 2011.

The non-executive directors do not have service contracts, however they do have letters of engagement terminable on between three and six months' notice. The dates of these letters are 18 November 1999 for Peter Parkin and 10 September 2008 for Steve Rogers.

AUDITED INFORMATION

DIRECTORS' REMUNERATION

The details of the remuneration of directors for the year ended 31 March 2012 are set out below.

	Salary/ Fees £000	Bonus £000	Cash Allowance/ Pension £000	Benefits £000	Total 2012 £000	Total 2011 £000
Jeremy Pilkington	435	217	173	47	872	940
Neil Stothard	311	155	54	25	545	591
Mike Holt (resigned 19 November 2010)	-	-	-	-	-	207
Allison Bainbridge (appointed 1 March 2011)	210	105	32	-	347	21
Peter Parkin	35	-	-	-	35	35
Steve Rogers	35	-	-	-	35	35
	<u>1,026</u>	<u>477</u>	<u>259</u>	<u>72</u>	<u>1,834</u>	<u>1,829</u>

In line with the standard company wide pay award the base salaries of the executive directors have been increased by 2% in 2012/2013 (2011/2012 2%).

Under their annual performance related bonus scheme Jeremy Pilkington, Neil Stothard and Allison Bainbridge can earn bonus payments of a maximum of 50% of base salary, dependent upon the financial performance of the Group during the year. Specifically for 2011/12 the Group had to achieve an improvement in profit before tax and amortisation compared to prior year before any bonus payments would start to accrue. For performance resulting in profit before tax and amortisation of £15.3 million or above then the maximum threshold of 50% of base salary would be payable. The Group exceeded this financial target for the year and therefore maximum bonuses of 50% of base salary are payable to Jeremy Pilkington, Neil Stothard and Allison Bainbridge. Before its award Neil Stothard waived his bonus entitlement. Pension contributions equal to the amount waived will be made into a pension plan for the benefit of his dependants. The amount shown in the table reflects the full bonus earned.

PENSIONS

The Company contributed to a defined contribution scheme on behalf of Neil Stothard and also paid him a cash allowance in lieu of some of his pension contribution. In addition cash allowances in lieu of pension contributions are paid to Jeremy Pilkington and Allison Bainbridge.

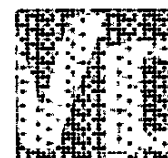
DIRECTORS' INTERESTS

Shareholdings

The beneficial interests of directors who served during the year and their families, in the ordinary share capital of the Company are set out below.

	31 March 2011	Purchases	31 March 2012
Jeremy Pilkington	27,220	-	27,220
Neil Stothard	612,758	45,391	658,149
Allison Bainbridge	-	8,000	8,000
Peter Parkin	67,500	-	67,500
Steve Rogers	-	-	-

During the year Jeremy Pilkington was interested in the shares owned by Ackers P Investment Company Limited. This is a company controlled by a number of trusts with which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person. At 31 March 2011 Ackers P Investment Company Limited owned 23,684,876 shares, however, as a result of the tender offer at 31 March 2012 this had reduced to 21,181,411.



Remuneration Report

DIRECTORS' INTERESTS (continued)

Share Options

Two directors had share options during the year and these are set out below

	1 April 2011	Granted in year	Exercised in year	Lapsed in year	31 March 2012	Option price
Neil Stothard						
2008 SAYE Scheme	1,989	-	(1,989)	-	-	189p
2009 SAYE Scheme	2,927	-	-	-	2,927	124p
2010 SAYE Scheme	1,294	-	-	-	1,294	139p
2011 SAYE Scheme	-	1,805	-	-	1,805	200p

Options held under the Share Matching Scheme were

	1 April 2011	Granted in year	Exercised in year	Lapsed in year	31 March 2012	Vested shares within total	Vested in year
Neil Stothard	33,338	12,000	(6,216)	(7,722)	31,400	-	6,216
Allison Bainbridge	-	8,000	-	-	8,000	-	-

Long-term Incentive Plan

Awards under the long-term incentive plan were

	1 April 2011	Granted in year	Exercised in year	Lapsed in year	31 March 2012	Vested shares within total	Vested in year
Jeremy Pilkington*	875,000*	174,000*	(87,862)*	(109,138)*	852,000*	-	(87,862)*
Neil Stothard	626,000	124,000	(62,886)	(78,114)	609,000	-	(62,886)
Allison Bainbridge	-	84,000	-	-	84,000	-	-

*The shares outstanding in respect of Jeremy Pilkington are notional shares which would be satisfied by a cash payment

The vesting of the outstanding awards at 31 March 2012 is subject to the achievement of performance criteria over the relevant three year periods up to the year ended 31 March 2014

Vesting will be based upon the Company's earnings per share (EPS) performance. EPS is measured on a net basis, in accordance with International Financial Reporting standards, but assuming a standard corporation tax charge on profits 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

No awards will vest if return on average capital employed is less than 12%

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

Vesting of recent plans has been as follows

Award Date	Vesting Date	Status
June 2007 (2007/08)	July 2010	0% vested (lapsed)
June 2008 (2008/09)	July 2011	44.6% vested
June 2009 (2009/10)	July 2012	82.0% due to vest

Details of the market value of shares at the year end and the highest and lowest market values in the financial year are provided in note 21 to the Financial Statements. The share price on the date the awards were made in the year was 250p

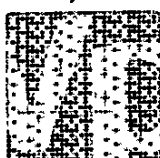
There were no changes in the interest of the directors between 31 March 2012 and 29 May 2012

On behalf of the Board

Peter Parkin

Chairman, Remuneration Committee

29 May 2012



Corporate Governance

The Board recognises that it is accountable to the Company's shareholders for good governance and is committed to high standards of corporate governance throughout the Group. The Board has prepared this report with reference to the UK Corporate Governance Code issued in June 2010 (the "Code"). The Board confirms that throughout the year ended 31 March 2012 the Company has been in compliance with all of the provisions of the Code. The following paragraphs explain how the Company has applied good governance and the relevant principles of the Code.

LEADERSHIP

The Board consists of three executive directors and two non-executive directors. The Chairman is an executive director. The biographies of the Board members shown on pages 13 and 14 indicate the high level and broad range of experience which the Board possesses. Peter Parkin is the Senior Independent Non-Executive Director.

The role of the Board is to sustain the enhancement of shareholder value over the long term. 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 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.

In the year ended 31 March 2012, the Board met five times. The Board also met on an ad hoc basis to deal with urgent business including the consideration and approval of major transactions. The table below lists the directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2012.

	Board	Audit	Remuneration
Number of meetings held	5	2	2
<i>Executive directors</i>			
Jeremy Pilkington	5	-	-
Neil Stothard	5	-	-
Allison Bainbridge	5	-	-
<i>Non-executive directors</i>			
Peter Parkin	5	2	2
Steve Rogers	5	2	2

Whilst Jeremy Pilkington, Neil Stothard and Allison Bainbridge are not members of the Audit Committee, they did attend both meetings. They also attended, in part, certain of the Remuneration Committee meetings.

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

EFFECTIVENESS

Independence

The Board considers the non-executive directors to be independent under the provisions of the Code on the basis that they are not members of management and they 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 Nomination Committee is chaired by the Company's Chairman, Jeremy Pilkington, with the two non-executive directors. 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 Nomination Committee has written terms of reference, which are available on the Company's website at www.vpplc.com



Corporate Governance

Induction, development and support

All new directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisors 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.

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. All directors have ready access to the advice and services of the Company Secretary. The Company Secretary is charged by the Board with ensuring that Board procedures are followed and that all applicable rules and regulations are complied with.

The Company reviews conduct and liability issues as part of its annual risk review and mitigates these exposures through Directors and Officer's insurance cover where applicable.

Performance evaluation

An evaluation of the Chairman, the Board and its committees 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 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. Furthermore, Peter Parkin having served over nine years as a non-executive director retires annually and offers himself for re-appointment by the shareholders at the next annual General Meeting in accordance with the Code (A 7.2).

ACCOUNTABILITY

Financial reporting

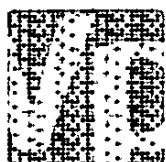
The directors and auditors set out their respective responsibilities for preparing and reviewing the financial statements in the statement of directors' responsibilities on page 28 and the independent auditor's report on page 29 of the financial statements.

Risk management and internal control

Throughout the year, the Group has been in full compliance with the applicable provisions on internal control contained in the Code.

The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee reviews the effectiveness of the Group's risk process.

During the year the Group's risk process was refreshed. Potential risks were identified and reviewed by all business areas and measured against a defined set of likelihood and impact criteria. This work was carried out in a series of workshops involving senior operational and financial managers working alongside Internal Audit. The risks were defined using clear descriptions and wording developed by the business areas. Action plans with defined ownership and timeframes for completion have been prepared for any gap identified in internal controls. The risk profile for each business area 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. The executive directors discussed the Group risk profile ahead of it being submitted to the Board for final approval. Action plans against each risk are to be monitored on a regular basis. Further information is provided on page 23 on our principal risks and mitigating activities to address them.



Corporate Governance

RISK DESCRIPTION

MITIGATION

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 Group's return on capital employed was a healthy 13% in 2011/12. 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.

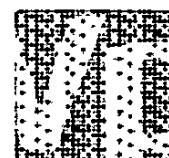
Financial Risks

To develop the business Vp must have access to funding at a reasonable cost.

The Group 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.

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.

Our treasury policy requires a high proportion of debt to have fixed interest rates through interest rate swaps and we have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and credit insurance where cost effective. Debtor days improved during the year and bad debts as a percentage of turnover remained low at 0.9% (2011: 0.9%).



Corporate Governance

Audit

The Audit Committee is chaired by Steve Rogers, and Peter Parkin also sits on the Committee. Steve retired as a senior partner of PriceWaterhouse in 2007 and the Board is satisfied that he has recent and relevant financial experience. Both committee members are considered by the Board to be independent.

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.

The independence and objectivity of the external auditor is also considered on a regular basis, with particular regard to the level of non-audit work and fees. The split between audit and non-audit fees for the year to 31 March 2012 and information on the nature of the non-audit fees incurred appears in note 3 to the Financial Statements. The non-audit fees which were paid in respect of taxation and other advice are considered by the Committee not to affect the independence or objectivity of the auditor. The external auditor's appointment is subject to regular review by the Committee and the lead audit partner is rotated at least every five years. The Committee also maintains a formal policy on the provision of non-audit services by the auditor, which is reviewed each year. This policy prohibits the provision of certain services and requires that others are subject to prior approval by the Committee or its Chairman. All other permitted non-audit services are considered on a case by case basis.

The Committee also receives an annual confirmation of independence from the auditor.

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

Remuneration

The Remuneration Committee Chairman is Peter Parkin, Steve Rogers is also a member of the Committee. The Committee has written terms of reference, which are published on the Company's website at www.vpplc.com. Committee members are considered to be independent.

Full details of directors' remuneration and a statement of the Company's remuneration policy are set out in the Remuneration Report appearing on pages 17 to 20. Each executive director's package is set by the Remuneration Committee in line with the policy adopted by the full Board. Each executive director abstains from any discussion or voting at full Board meetings on those recommendations of the Remuneration Committee which have a direct bearing on their own remuneration package.

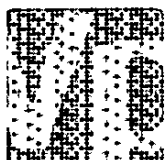
The Committee annually invites shareholders to vote on the Remuneration Report at the Company's Annual General Meeting.

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 Brewin 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.



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.

EMPLOYEES

We recognise the importance of attracting talented people to our business. Our recruitment processes are rigorous, competency based and focused on recruiting the best. It is, therefore, vital that we treat employees with respect and ensure that proper account is taken of any issues or concerns they may have. Our employment practices, which are summarised below, take this into account.

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.

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. As a group we have a large number of long serving employees, some of whom have in excess of 35 years of service. Long service is recognised and celebrated by the business. We also reward excellent performance from our employees as well as encouraging their ideas with schemes including our 'Bright Ideas' initiative. We regularly communicate with our people by making extensive use of our intranet as well as employee conferences and our bi-annual newsletter ViewPoint.

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 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. During 2011/12, in line with the introduction of the UK Bribery Act, we have also rolled out a group wide training and assessment programme designed to further minimise the risk of bribery and corruption.

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. During the year we have made a significant investment in low level access fleet which will encourage safer sites and reduce the risk for our customers connected with working at height.

Health and safety reports and issues are discussed at operational board meetings with updates to the main Board. During the year there were 15 (2011: 17) reportable accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

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.



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 of our activities 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 CO₂) 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 CO₂ emissions for all categories are based on the DEFRA June 2011 table for converting energy usage to CO₂ 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	
	2012	2011	2012	2011
Gas and electricity	15.17	17.90	2,482	2,524
Diesel	77.29	77.37	12,644	10,909
Gas Oil	2.10	1.93	343	272
Total	<u>94.56</u>	<u>97.20</u>	<u>15,469</u>	<u>13,705</u>

Indirect (Supply Chain)

External Haulage	<u>26.53</u>	<u>26.65</u>	<u>4,341</u>	<u>3,757</u>
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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 CO₂ efficient and have the best fuel economy. A large proportion of our fleet now uses 'start stop technology'.

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

Whilst in absolute terms CO₂ emissions have increased, after taking account of the increased trading, the normalised figures (CO₂ per million pounds of revenue) show a small reduction in CO₂ emissions.

Vp is also working with one of its largest customers to find new LED based lighting solutions which will radically reduce their energy consumption on night works.

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 the 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 and the Group matches monies raised by employees. This year our people have been involved in an impressive range of activities from skydiving and triathlons, to bakeathons and a bike hike from Mandurah to Perth in Australia.

During the year ended 31 March 2012 we donated nearly £25,000 (2011: £24,000) 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. This year the Group welcomed 12 apprentices who will complete a 3 year course leading to a qualification in plant maintenance and repair.



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 judgments 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 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

We have audited the financial statements of Vp plc for the year ended 31 March 2012 set out on pages 31 to 63. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

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 2012 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

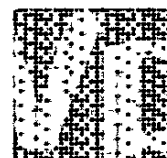
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- information given in the Corporate Governance Statement set out on pages 21 to 24 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

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.



Auditor's Report

Under the Listing Rules we are required to review

- the directors' statement, set out on page 16, in relation to going concern,
- the part of the Corporate Governance Statement on pages 21 to 24 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on directors' remuneration



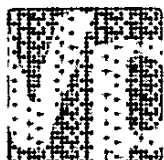
Chris Hearld (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

1 The Embankment, Neville Street, Leeds LS1 4DW

29 May 2012



Consolidated Income Statement

for the Year Ended 31 March 2012

		2012 £000	2011 £000
Revenue	Note 2	163,563	140,959
Cost of sales		<u>(122,959)</u>	<u>(106,461)</u>
Gross profit		40,604	34,498
Administrative expenses		<u>(22,737)</u>	<u>(19,577)</u>
Operating profit before amortisation and exceptional items	2	18,500	16,472
Amortisation and impairment of intangibles	9	(633)	(962)
Exceptional items	3	-	(589)
Operating profit	3	17,867	14,921
Financial income	6	36	2
Financial expenses	6	<u>(2,575)</u>	<u>(2,689)</u>
Profit before amortisation, exceptional items and taxation		15,961	13,785
Amortisation and impairment of intangibles	9	(633)	(962)
Exceptional items	3	-	(589)
Profit before taxation		15,328	12,234
Income tax expense	7	<u>(3,101)</u>	<u>(2,451)</u>
Net profit for the year		12,227	9,783
Basic earnings per 5p ordinary share	20	29.63p	23.42p
Diluted earnings per 5p ordinary share	20	28.26p	23.24p
Dividend per 5p ordinary share interim paid and final proposed	19	11.35p	10.80p

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



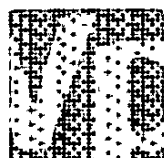
Statements of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2012

	Note	2012 £000	2011 £000
Profit for the year		12,227	9,783
Actuarial (losses)/gains on defined benefit pension scheme	24	(1,355)	526
Tax on items taken to Other Comprehensive Income	7	354	(147)
Impact of tax rate change	7	(98)	(77)
Effective portion of changes in fair value of cash flow hedges		684	1,493
Foreign exchange translation difference		(182)	11
Total Other Comprehensive Income		(597)	1,806
Total Comprehensive Income for the year		11,630	11,589

Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2012

	Note	2012 £000	2011 £000
Profit for the year		6,574	5,688
Actuarial (losses)/gains on defined benefit pension scheme	24	(1,355)	526
Tax on items taken to Other Comprehensive Income	7	354	(147)
Impact of tax rate change	7	(98)	(77)
Effective portion of changes in fair value of cash flow hedges		684	1,493
Total Other Comprehensive Income		(415)	1,795
Total Comprehensive Income for the year		6,159	7,483



Statements of Changes in Equity

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2012

	Note	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Non- controlling Interest £000	Total Equity £000
Equity as at 1 April 2010		2,309	16,192	(3,167)	68,826	27	84,187
Total comprehensive income for the year		-	-	1,493	10,096	-	11,589
Tax movements to equity	7	-	-	-	24	-	24
Impact of tax rate change	7	-	-	-	5	-	5
Share option charge in the year		-	-	-	624	-	624
Net movement relating to treasury shares and shares held by Vp Employee Trust		-	-	-	(392)	-	(392)
Dividend to shareholders	19	-	-	-	(4,509)	-	(4,509)
Total change in equity during the year		-	-	1,493	5,848	-	7,341
Equity at 31 March 2011		2,309	16,192	(1,674)	74,674	27	91,528
Total comprehensive income for the year		-	-	684	10,946	-	11,630
Tax movements to equity	7	-	-	-	233	-	233
Impact of tax rate change	7	-	-	-	(20)	-	(20)
Share option charge in the year		-	-	-	1,415	-	1,415
Net movement relating to treasury shares and shares held by Vp Employee Trust		-	-	-	(9,268)	-	(9,268)
Dividend to shareholders	19	-	-	-	(4,457)	-	(4,457)
Total change in equity during the year		-	-	684	(1,151)	-	(467)
Equity at 31 March 2012		2,309	16,192	(990)	73,523	27	91,061

Parent Company Statement of Changes in Equity for the Year Ended 31 March 2012

	Note	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Equity as at 1 April 2010		2,309	16,192	(3,167)	37,581	52,915
Total comprehensive income for the year		-	-	1,493	5,990	7,483
Tax movements to equity	7	-	-	-	24	24
Impact of tax rate change	7	-	-	-	5	5
Share option charge in the year		-	-	-	624	624
Net movement relating to treasury shares and shares held Vp Employee Trust		-	-	-	(392)	(392)
Dividend to shareholders	19	-	-	-	(4,509)	(4,509)
Total change in equity during the year		-	-	1,493	1,742	3,235
Equity at 31 March 2011		2,309	16,192	(1,674)	39,323	56,150
Total comprehensive income for the year		-	-	684	5,475	6,159
Tax movements to equity	7	-	-	-	233	233
Impact of tax rate change	7	-	-	-	(20)	(20)
Share option charge in the year		-	-	-	1,415	1,415
Net movement relating to treasury shares and shares held by Vp Employee Trust		-	-	-	(9,268)	(9,268)
Dividend to shareholders	19	-	-	-	(4,457)	(4,457)
Total change in equity during the year		-	-	684	(6,622)	(5,938)
Equity at 31 March 2012		2,309	16,192	(990)	32,701	50,212

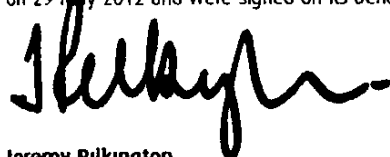


Consolidated Balance Sheet

at 31 March 2012

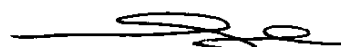
	Note	2012 £000	2011 £000
Non-current assets			
Property, plant and equipment	8	110,680	101,286
Intangible assets	9	38,966	39,599
Total non-current assets		149,646	140,885
Current assets			
Inventories	11	4,826	5,388
Trade and other receivables	12	34,997	33,307
Cash and cash equivalents	13	5,582	5,509
Total current assets		45,405	44,204
Total assets		195,051	185,089
Current liabilities			
Interest-bearing loans and borrowings	14	(1)	(20,020)
Income tax payable		(1,476)	(897)
Trade and other payables	16	(47,654)	(37,178)
Total current liabilities		(49,131)	(58,095)
Non-current liabilities			
Interest-bearing loans and borrowings	14	(46,000)	(26,001)
Employee benefits	24	(1,046)	(178)
Deferred tax liabilities	17	(7,813)	(9,287)
Total non-current liabilities		(54,859)	(35,466)
Total liabilities		(103,990)	(93,561)
Net assets		91,061	91,528
Equity			
Issued share capital	18	2,309	2,309
Share premium		16,192	16,192
Hedging reserve		(990)	(1,674)
Retained earnings		73,523	74,674
Total equity attributable to equity holders of the parent		91,034	91,501
Non-controlling interest		27	27
Total equity		91,061	91,528

These financial statements were approved by the Board of Directors on 29 May 2012 and were signed on its behalf by

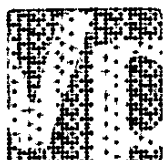


Jeremy Pilkington
Chairman

Company number 481833



Allison Bainbridge
Director

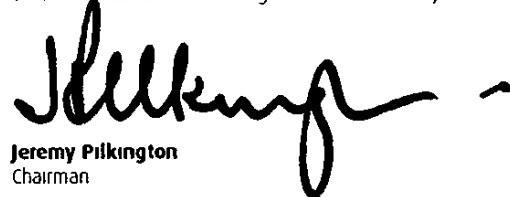


Parent Company Balance Sheet

at 31 March 2012


	Note	2012 £000	2011 £000
Non-current assets			
Property, plant and equipment	8	59,154	52,716
Intangible assets	9	15,042	15,347
Investments in subsidiaries	10	25,385	25,385
Total non-current assets		99,581	93,448
Current assets			
Inventories	11	1,058	1,565
Trade and other receivables	12	51,955	48,910
Cash and cash equivalents	13	728	459
Total current assets		53,741	50,934
Total assets		153,322	144,382
Current liabilities			
Interest-bearing loans and borrowings	14	(3,008)	(22,284)
Income tax payable		(1,014)	(513)
Trade and other payables	16	(47,411)	(33,621)
Total current liabilities		(51,433)	(56,418)
Non-current liabilities			
Interest-bearing loans and borrowings	14	(46,000)	(26,000)
Employee benefits	24	(1,046)	(178)
Deferred tax liabilities	17	(4,631)	(5,636)
Total non-current liabilities		(51,677)	(31,814)
Total liabilities		(103,110)	(88,232)
Net assets		50,212	56,150
Equity			
Issued share capital	18	2,309	2,309
Share premium		16,192	16,192
Hedging reserve		(990)	(1,674)
Retained earnings		32,701	39,323
Total equity		50,212	56,150

These financial statements were approved by the Board of Directors on 29 May 2012 and were signed on its behalf by



Jeremy Pilkington
Chairman

Company number 481833



Allison Bainbridge
Director



Consolidated Statement of Cash Flows

for the Year Ended 31 March 2012

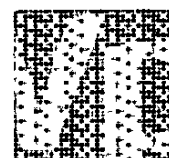
	Note	2012 £000	2011 £000
Cash flows from operating activities			
Profit before taxation		15,328	12,234
Adjustments for			
Pension fund contributions in excess of expense recognised in Income Statement		(487)	(423)
Share based payment charges		1,415	624
Depreciation	8	20,169	18,558
Amortisation and impairment of intangibles	9	633	962
Financial expense		2,575	2,689
Financial income		(36)	(2)
Profit on sale of property, plant and equipment		(2,199)	(2,348)
Operating cash flow before changes in working capital and provisions		37,398	32,294
Decrease/(increase) in inventories		562	(1,571)
Increase in trade and other receivables		(1,690)	(5,898)
Increase in trade and other payables		3,099	9,029
Cash generated from operations		39,369	33,854
Interest paid		(2,558)	(2,677)
Interest element of finance lease rental payments		(3)	(31)
Interest received		36	2
Income taxes paid		(3,530)	(3,065)
Net cash from operating activities		33,314	28,083
Investing activities			
Proceeds from sale of property, plant and equipment		7,370	7,188
Purchase of property, plant and equipment		(34,596)	(21,911)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	-	(690)
Net cash from investing activities		(27,226)	(15,413)
Cash flows from financing activities			
Purchase of own shares by Employee Trust and Company		(1,422)	(392)
Repayment of borrowings		(30,000)	(46,500)
New loans		30,000	43,000
Payment of hire purchase and finance lease liabilities		(20)	(189)
Dividend paid	19	(4,457)	(4,509)
Net cash used in financing activities		(5,899)	(8,590)
Net increase in cash and cash equivalents		189	4,080
Effect of exchange rate fluctuations on cash held		(116)	44
Cash and cash equivalents as at the beginning of the year		5,509	1,385
Cash and cash equivalents as at the end of the year		5,582	5,509



Parent Company Statement of Cash Flows

for the Year Ended 31 March 2012

	Note	2012 £000	2011 £000
Cash flows from operating activities			
Profit before taxation		8,314	7,028
Adjustments for			
Pension fund contributions in excess of expense recognised in Income Statement		(487)	(423)
Share based payment charges		1,415	624
Depreciation	8	9,050	8,728
Amortisation of intangibles	9	305	303
Financial expense		2,558	2,664
Financial income		(21)	-
Profit on sale of property, plant and equipment		(1,190)	(1,342)
Operating cash flow before changes in working capital and provisions		19,944	17,582
Decrease/(increase) in inventories		507	(660)
(Increase)/decrease in trade and other receivables		(3,045)	1,686
Increase in trade and other payables		3,764	2,885
Cash generated from operations		21,170	21,493
Interest paid		(2,544)	(2,677)
Interest element of finance lease rental payments		-	(9)
Interest received		21	-
Income taxes paid		(1,775)	(1,676)
Net cash from operating activities		16,872	17,131
Investing activities			
Proceeds from sale of property, plant and equipment		2,902	3,206
Purchase of property, plant and equipment		(14,350)	(10,290)
Acquisition of subsidiaries (net of cash acquired)		-	(690)
Net cash from investing activities		(11,448)	(7,774)
Cash flow from financing activities			
Purchase of own shares by Employee Trust and Company		(1,422)	(392)
Repayment of borrowings		(30,000)	(46,500)
New loans		30,000	43,000
Payment of finance lease liabilities		(3)	(43)
Dividend paid	19	(4,457)	(4,509)
Net cash from financing activities		(5,882)	(8,444)
Net (decrease)/increase in cash and cash equivalents		(458)	913
Cash and cash equivalents as at the beginning of the year		(1,822)	(2,735)
Cash and cash equivalents net of overdraft as at the end of the year		(2,280)	(1,822)



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 2012, 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.

The Group's accounting policies are set out below and have, unless otherwise stated, been applied consistently to all periods presented in these consolidated Financial Statements.

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

- Amendments to IAS 1 'Presentation of Items in Other Comprehensive Income' (effective for periods commencing on or after 1 July 2012)
- IFRS 10 'Consolidated Financial Statements' (effective for periods commencing on or after 1 January 2013)
- IFRS 13 'Fair Value Measurement' (effective for periods commencing on or after 1 January 2013)
- Amendments to IAS 19 – 'Employee Benefits' (effective for periods commencing on or after 1 January 2013)
- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' (effective for periods commencing on or after 1 January 2013)
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (effective for periods commencing on or after 1 January 2014)
- IFRS 9 'Financial Instruments' (effective for periods commencing on or after 1 January 2015)

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

Basis of consolidation

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

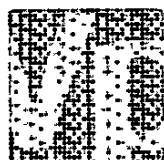
Property, plant and equipment

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

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

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

Profit on disposal of rental equipment from customer losses is credited to cost of sales to reflect the fact that it relates to the routine disposal of rental equipment and in essence is an adjustment to depreciation previously charged. IAS 16, "Property, Plant and Equipment", classifies proceeds from the sale of ex rental assets as revenue.



Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. 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 transaction 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 (all the agreements are fully amortised)
Trade names	- over the estimated initial period of usage, normally 10 years

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

Impairment

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

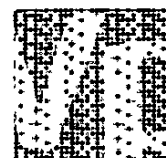
Investments

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

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

Inventories

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



Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, providing 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 or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Trade and other payables

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

Employee benefits – pensions

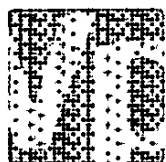
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

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

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

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.



Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend

Dividends are recognised as a liability in the period in which they are declared

Employee trust shares

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

Treasury shares

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

Derivative financial instruments

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

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

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

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

Financial guarantee contracts

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

Revenue

Revenue represents the amounts (excluding Value Added Tax) derived from the hire of equipment and the provision of goods and services to third party customers during the year. Revenue from equipment hire which is the vast majority of Group revenues, is recognised from the start of hire through to the end of the agreed hire period predominately on a time apportioned basis. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the transaction at the balance sheet date. Proceeds from the disposal of fixed assets are shown in the Group and Parent Company's Statement of Cash Flows and any profit or loss is included within cost of sales. IAS 16, "Property, Plant and Equipment", classifies proceeds from the sale of ex rental assets as revenue.



Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payments

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

The fair values are calculated using an appropriate option pricing model. The Group's Approved, Unapproved and Save As You Earn (SAYE) schemes have been valued using the Black-Scholes model and the Income Statement charge is adjusted to reflect the expected number of options that will vest, based on expected levels of performance against non-market based conditions and the expected number of employees leaving the Group. The fair values of the Group's Long Term Incentive Plan (LTIP) and Share Matching scheme are calculated using a discounted grant price model, again adjusted for expected performance against non-market based conditions and employees leaving the Group. Amendments to IFRS 2, "Share Based Payments", clarifies 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 Group has chosen to adopt the exemption permitted by IFRS 1 whereby, for equity settled options, IFRS 2 is only applied to options granted after 7 November 2002 that had not vested at 1 January 2005.

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

Payments made under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease.

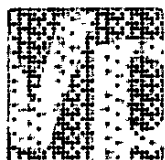
Exceptional items

Exceptional items comprise items of income and expense which merit separate disclosure in order to provide an understanding of the Group's financial performance. Examples of events giving rise to disclosure of income and expense as exceptional include, but are not limited to, reorganisation of operations and economic events which necessitate a review of asset valuations.

Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2012 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 39). The rate of technological and legislative change is factored into the estimates, together with the diminution in value through use and time. As an equipment rental specialist, the Group disposes of used assets and generally achieves profits on disposals which are used to further assess the level of provisioning for asset depreciation across the Group.



Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

The key assumptions applied to pensions are disclosed in note 24. The pension scheme liabilities are 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 liabilities, small changes to these assumptions can give rise to a significant impact on the pension scheme deficit 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 fluctuations caused by the cash settled 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, 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 £88,000 (2011: £40,000).

2. SEGMENT REPORTING

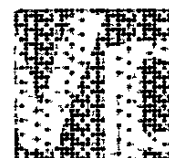
Segment reporting is presented in respect of the Group's business and geographical segments. The Group's segments and reportable segments are the six business units. Details of these are set out on page 1. Total revenue in 2012 was £163,563,000 (2011: £140,959,000). Inter-segment pricing is determined 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 £23.9m (2011: £20.3m). In addition, all material assets and liabilities of the Group are accounted for by UK based companies.

Business segments

	Revenue						Operating profit before amortisation and exceptional items	
	2012	2012	Total	2011	2011	Total	2012	2011
	External Revenue £000	Internal Revenue £000	Revenue £000	External Revenue £000	Internal Revenue £000	Revenue £000	£000	£000
Groundforce	33,706	230	33,936	30,314	220	30,534	6,738	6,711
UK Forks	13,231	380	13,611	10,789	310	11,099	1,462	1,055
Airpac Bukom	19,542	-	19,542	17,451	-	17,451	3,561	2,701
Torrent Trackside	22,103	1	22,104	14,903	85	14,988	2,223	1,618
TPA	14,697	231	14,928	13,966	45	14,011	1,178	1,434
Hire Station	60,284	706	60,990	53,536	425	53,961	3,338	2,953
	163,563	1,548	165,111	140,959	1,085	142,044	18,500	16,472



Notes

2. SEGMENT REPORTING (continued)

Business segments	Assets		Liabilities		Net Assets	
	2012	2011	2012	2011	2012	2011
	£000	£000	£000	£000	£000	£000
Groundforce	38,366	37,364	8,322	7,863	30,044	29,501
UK Forks	20,990	14,555	6,563	3,119	14,427	11,436
Airpac Bukom	27,573	29,111	4,878	5,122	22,695	23,989
Torrent Trackside	12,421	10,728	5,203	4,578	7,218	6,150
TPA	31,642	28,740	4,914	4,395	26,728	24,345
Hire Station	61,575	62,501	14,536	17,894	47,039	44,607
Group/unallocated	2,484	2,090	59,574	50,590	(57,090)	(48,500)
	195,051	185,089	103,990	93,561	91,061	91,528

	Acquired Assets		Capital Expenditure		Depreciation and Amortisation	
	2012	2011	2012	2011	2012	2011
	£000	£000	£000	£000	£000	£000
Groundforce	-	739	5,859	4,096	3,648	3,702
UK Forks	-	-	8,805	4,442	2,070	1,645
Airpac Bukom	-	-	2,023	1,691	3,543	3,640
Torrent Trackside	-	-	3,427	3,181	1,720	1,643
TPA	-	-	5,272	1,572	1,931	1,569
Hire Station	-	-	9,100	10,903	7,527	6,874
Group/unallocated	-	-	311	181	363	447
	-	739	34,797	26,066	20,802	19,520

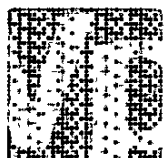
Acquired assets relate to non-current assets acquired as a result of acquisitions, including intangible assets and goodwill. Capital expenditure relates to tangible fixed assets acquired in the normal course of business.

Included within segmental assets above is goodwill and indefinite life intangibles in relation to Groundforce of £8.5m, Airpac Bukom £4.8m, TPA £9.3m and Hire Station £12.8m.

3. OPERATING PROFIT

	2012	2011
	£000	£000
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	633	962
Depreciation of property, plant and equipment – owned	20,157	18,516
– leased	12	42
Rent of land and buildings	3,945	3,953
Hire of other assets	10,071	8,959
Profit on sale of plant and equipment	(2,199)	(2,348)
Amounts paid to auditor:		
Audit fees – parent company annual accounts	61	56
– other group companies	71	65
– total group	132	121
Tax compliance services	127	111
Other services pursuant to legislation	27	25

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 required to be disclosed on a consolidated basis.



Notes

3. OPERATING PROFIT (continued)

Exceptional items

	2012	2011
	£000	£000
Employment termination and restructuring costs	-	589
	<u>-</u>	<u>589</u>

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	
	2012	2011
Operations	1,116	1,034
Sales	180	155
Administration	233	219
	<u>1,529</u>	<u>1,408</u>

The aggregate payroll costs of these persons were as follows

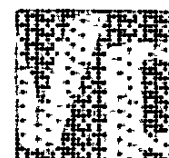
	2012	2011
	£000	£000
Wages and salaries	45,732	40,123
Social security costs	4,604	3,827
Defined benefit pension costs	(97)	(47)
Other pension related costs	960	893
Share option costs including associated social security costs - equity settled	1,783	788
- cash settled	1,013	467
	<u>53,995</u>	<u>46,051</u>

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

	2012	2011
	£000	£000
Basic remuneration including bonus and benefits	1,575	1,428
Cash allowances/pension contributions	259	401
	<u>1,834</u>	<u>1,829</u>

Further details of directors' remuneration and pensions are given in the Remuneration Report on pages 17 to 20



Notes

6. FINANCIAL INCOME AND EXPENSES

	2012 £000	2011 £000
Financial income		
Bank and other interest receivable	36	2
Financial expenses		
Bank loans, overdrafts and other interest	(2,572)	(2,658)
Finance charges payable in respect of finance leases and hire purchase contracts	(3)	(31)
	<u>(2,575)</u>	<u>(2,689)</u>

7. INCOME TAX EXPENSE

	2012 £000	2011 £000
Current tax expense		
UK Corporation tax charge at 26% (2011: 28%)	3,835	3,473
Overseas tax	303	250
UK adjustments relating to earlier years	(32)	(85)
Total current tax	<u>4,106</u>	<u>3,638</u>
Deferred tax expense		
Current year deferred tax	(222)	(392)
Impact of tax rate change	(770)	(788)
Adjustments to deferred tax relating to earlier years	(13)	(7)
Total deferred tax	<u>(1,005)</u>	<u>(1,187)</u>
Total tax expense in income statement	<u>3,101</u>	<u>2,451</u>

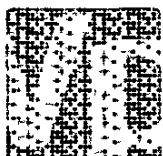
Reconciliation of effective tax rate

	2012 %	2012 £000	2011 %	2011 £000
Profit on ordinary activities before tax		15,328		12,234
Profit on ordinary activities multiplied by standard rate of corporation tax	26.0	3,985	28.0	3,426
Effects of				
Impact of tax rate changes	(5.0)	(770)	(6.4)	(788)
Expenses not deductible for tax purposes	0.4	67	0.8	96
Non-qualifying depreciation	0.8	131	1.6	193
Share option schemes	-	-	(1.4)	(168)
Gains covered by exemption/losses	(1.8)	(280)	(1.8)	(214)
Overseas tax rate	0.1	13	-	(2)
Adjustments to tax charge in respect of previous years	(0.3)	(45)	(0.8)	(92)
Total tax charge for the year	<u>20.2</u>	<u>3,101</u>	<u>20.0</u>	<u>2,451</u>

Deferred tax recognised in reserves

	2012 £000	2011 £000
Other comprehensive income		
Tax relating to actuarial (losses)/gains on defined benefit pension scheme	(352)	148
Tax relating to historic asset revaluations	(2)	(1)
Impact of tax rate change	98	77
	<u>(256)</u>	<u>224</u>
Direct to equity		
Tax relating to share based payments	(233)	(24)
Impact of tax rate change	20	(5)
	<u>(213)</u>	<u>(29)</u>
Total	<u>(469)</u>	<u>195</u>

The Government has announced further reductions in the rate of Corporation Tax. It is estimated that for each 1% reduction in the tax rate which is enacted there will be a credit to the Income Statement of approximately £0.4m.

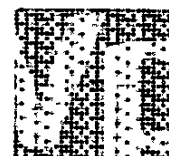


Notes

8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
Cost or deemed cost					
At 1 April 2010	11,442	152,761	1,831	8,942	174,976
Additions	538	24,197	207	1,124	26,066
Acquisitions	-	-	-	4	4
Disposals	-	(13,603)	(160)	(56)	(13,819)
Exchange rate differences	-	(24)	-	-	(24)
Transfer between categories	-	-	84	(84)	-
At 31 March 2011	11,980	163,331	1,962	9,930	187,203
Additions	872	32,131	200	1,594	34,797
Disposals	(305)	(15,410)	(154)	(531)	(16,400)
Exchange rate differences	(6)	(81)	(1)	(6)	(94)
At 31 March 2012	12,541	179,971	2,007	10,987	205,506
Depreciation and impairment losses					
At 1 April 2010	4,667	64,530	1,203	5,941	76,341
Charge for year	495	16,647	340	1,076	18,558
On disposals	-	(8,790)	(140)	(49)	(8,979)
Exchange rate differences	-	(5)	(1)	3	(3)
Transfer between categories	-	-	78	(78)	-
At 31 March 2011	5,162	72,382	1,480	6,893	85,917
Charge for year	550	18,187	278	1,154	20,169
On disposals	(300)	(10,270)	(154)	(505)	(11,229)
Exchange rate differences	(4)	(22)	(1)	(4)	(31)
At 31 March 2012	5,408	80,277	1,603	7,538	94,826
Carrying amount					
At 31 March 2012	7,133	99,694	404	3,449	110,680
At 31 March 2011	6,818	90,949	482	3,037	101,286
At 31 March 2010	6,775	88,231	628	3,001	98,635

COMPANY	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
Cost or deemed cost					
At 1 April 2010	7,559	78,539	615	3,511	90,224
Additions	303	9,443	1	322	10,069
Group transfers	-	(370)	-	4	(366)
Disposals	-	(3,489)	(17)	(19)	(3,525)
At 31 March 2011	7,862	84,123	599	3,818	96,402
Additions	152	16,111	101	569	16,933
Group transfers	-	(418)	-	-	(418)
Disposals	-	(3,804)	(61)	(2)	(3,867)
At 31 March 2012	8,014	96,012	639	4,385	109,050
Depreciation and impairment losses					
At 1 April 2010	2,600	32,104	430	2,002	37,136
Charge for year	220	7,984	90	434	8,728
Group transfers	-	(169)	-	-	(169)
On disposals	-	(1,985)	(10)	(14)	(2,009)
At 31 March 2011	2,820	37,934	510	2,422	43,686
Charge for year	248	8,259	74	469	9,050
Group transfers	-	(211)	-	-	(211)
On disposals	-	(2,566)	(61)	(2)	(2,629)
At 31 March 2012	3,068	43,416	523	2,889	49,896
Carrying amount					
At 31 March 2012	4,946	52,596	116	1,496	59,154
At 31 March 2011	5,042	46,189	89	1,396	52,716
At 31 March 2010	4,959	46,435	185	1,509	53,088



Notes

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 (2011 £2,176,000) of freehold land not subject to depreciation

Included in the total net book value of fixed assets of the Group is £1,000 (2011 £13,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £nil (2011 £nil) The leased equipment secures lease obligations (see note 14) Depreciation for the year on these Group assets was £12,000 (2011 £42,000) and £nil (2011 £19,000) for the Company In addition the banks have a fixed and floating charge over the assets of the Group as set out in note 14

9. INTANGIBLE ASSETS

GROUP

	Trade Names £000	Customer Relationships £000	Supply Agreements £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2010	2,118	5,349	1,176	33,798	42,441
Acquired through business combinations	-	264	-	471	735
At 31 March 2011 and 31 March 2012	<u>2,118</u>	<u>5,613</u>	<u>1,176</u>	<u>34,269</u>	<u>43,176</u>
Accumulated amortisation and impairment					
At 1 April 2010	192	1,298	1,125	-	2,615
Amortisation and impairment charge	<u>72</u>	<u>559</u>	<u>51</u>	<u>280</u>	<u>962</u>
At 31 March 2011	264	1,857	1,176	280	3,577
Amortisation	<u>72</u>	<u>561</u>	<u>-</u>	<u>-</u>	<u>633</u>
At 31 March 2012	<u>336</u>	<u>2,418</u>	<u>1,176</u>	<u>280</u>	<u>4,210</u>
Carrying amount					
At 31 March 2012	<u>1,782</u>	<u>3,195</u>	<u>-</u>	<u>33,989</u>	<u>38,966</u>
At 31 March 2011	<u>1,854</u>	<u>3,756</u>	<u>-</u>	<u>33,989</u>	<u>39,599</u>
At 31 March 2010	<u>1,926</u>	<u>4,051</u>	<u>51</u>	<u>33,798</u>	<u>39,826</u>

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 up to 10 years derived from the approved budget for the coming year. The discount rate applied was 9% being the estimated weighted average cost of capital which is consistent with last year, but is still considered appropriate for all businesses. A growth rate factor was not applied to the projections as value in use exceeded the carrying amounts before any such 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. During the previous year the goodwill associated with a sub division of TPA was fully written off as the sub division has ceased trading, the total Group charge was £0.3m.

Intangible assets with an indefinite life totalling £1,400,000 (2011 £1,400,000) is included within trade names and relates to the TPA name on the basis that it is expected to be maintained indefinitely and continue to deliver future value to the Group. The impairment test of this has been performed using the same assumptions as for the other intangibles.



Notes

9. INTANGIBLE ASSETS (continued)

COMPANY	Trade Names £000	Customer Relationships £000	Supply Agreements £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2010	376	2,418	477	12,703	15,974
Transfer from cost of investment	-	190	-	471	661
Group transfer	-	74	-	-	74
At 31 March 2011 and 31 March 2012	<u>376</u>	<u>2,682</u>	<u>477</u>	<u>13,174</u>	<u>16,709</u>
Accumulated amortisation					
At 1 April 2010	78	504	477	-	1,059
Amortisation charge	38	265	-	-	303
At 31 March 2011	<u>116</u>	<u>769</u>	<u>477</u>	-	<u>1,362</u>
Amortisation charge	37	268	-	-	305
At 31 March 2012	<u>153</u>	<u>1,037</u>	<u>477</u>	-	<u>1,667</u>
Carrying amount					
At 31 March 2012	<u>223</u>	<u>1,645</u>	<u>-</u>	<u>13,174</u>	<u>15,042</u>
At 31 March 2011	<u>260</u>	<u>1,913</u>	<u>-</u>	<u>13,174</u>	<u>15,347</u>
At 31 March 2010	<u>298</u>	<u>1,914</u>	<u>-</u>	<u>12,703</u>	<u>14,915</u>

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

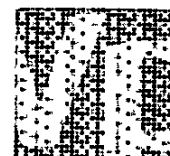
COMPANY	£000
Cost	
At 1 April 2010	26,764
Acquisition	969
Transfer to goodwill	(661)
At 31 March 2011 and 31 March 2012	<u>27,072</u>
Impairment	
At 1 April 2010, 31 March 2011 and 31 March 2012	<u>1,687</u>
Carrying amount	
At 31 March 2012	<u>25,385</u>
At 31 March 2011	<u>25,385</u>
At 31 March 2010	<u>25,077</u>

The transfer to Goodwill in the year ended 31 March 2011 relates to the hive up of the business and assets of Harbray Plant Hire Limited into Vp plc

The significant investments in 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%

The Company has taken advantage of section 410(2) of the Companies Act 2006 and accordingly a full list of subsidiary undertakings will be annexed to the Company's next annual return



Notes

11. INVENTORIES

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Raw materials and consumables	2,146	2,198	796	663
Goods for resale	2,680	3,190	262	902
	<u>4,826</u>	<u>5,388</u>	<u>1,058</u>	<u>1,565</u>

12. TRADE AND OTHER RECEIVABLES

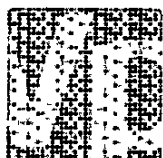
	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Trade receivables	30,044	28,736	11,355	11,016
Amounts owed by subsidiary undertakings	-	-	38,796	36,324
Other receivables	163	190	-	-
Prepayments and accrued income	4,790	4,381	1,804	1,570
	<u>34,997</u>	<u>33,307</u>	<u>51,955</u>	<u>48,910</u>

There are £6.8m 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 2012 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are overdue and unprovided. During the year there was an increase in the provisions for impairment of trade receivables of £116,000 (2011: £888,000 decrease). The provision at the year end for bad debts and credit notes was £3.6m. The slight increase reflects the level of write offs during the year and the Group's judgement regarding the risks associated with collecting trade receivables. 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:

	2012	2011
	£000	£000
Not overdue	23,236	21,992
0 - 30 days overdue	4,641	4,604
31 - 90 days overdue	1,635	1,678
More than 90 days overdue	532	462
	<u>30,044</u>	<u>28,736</u>

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank balances	5,582	5,509	728	459



Notes

14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Current liabilities				
Bank overdraft	-	-	3,008	2,281
Secured bank loans	-	20,000	-	20,000
Obligations under finance leases and hire purchase contracts	1	20	-	3
	<u>1</u>	<u>20,020</u>	<u>3,008</u>	<u>22,284</u>
Non-current liabilities				
Secured bank loans	46,000	26,000	46,000	26,000
Obligations under finance leases and hire purchase contracts	-	1	-	-
	<u>46,000</u>	<u>26,001</u>	<u>46,000</u>	<u>26,000</u>

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2012 is

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Due in more than one year but not more than two years:				
Secured bank loans	16,000	-	16,000	-
Obligations under finance leases and hire purchase contracts	-	1	-	-
	<u>16,000</u>	<u>1</u>	<u>16,000</u>	<u>-</u>
Due in more than two years but not more than five years:				
Secured bank loans	30,000	26,000	30,000	26,000
	<u>30,000</u>	<u>26,000</u>	<u>30,000</u>	<u>26,000</u>
Total	<u>46,000</u>	<u>26,001</u>	<u>46,000</u>	<u>26,000</u>

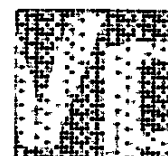
The Group's bank accounts are subject to set off arrangements covered by cross guarantees and, where appropriate, are presented accordingly. The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to LIBOR. The unutilised bank facilities available to the Group as at 31 March 2012 were £24m.

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 10 to 12 and the Corporate Governance Report on page 23. 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 year end loans are repaid at the end of the committed period and interest rates reflect future dated swap agreements.

GROUP	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years
	£000	£000	£000	£000	£000
31 March 2012					
Secured bank loans	46,000	50,595	2,173	17,136	31,286
Finance lease liabilities	1	1	1	-	-
Trade and other payables	47,654	47,654	47,654	-	-
	<u>93,655</u>	<u>98,250</u>	<u>49,828</u>	<u>17,136</u>	<u>31,286</u>
31 March 2011					
Secured bank loans	46,000	48,873	21,558	1,124	26,191
Finance lease liabilities	21	27	25	2	-
Trade and other payables	37,178	37,178	37,178	-	-
	<u>83,199</u>	<u>86,078</u>	<u>58,761</u>	<u>1,126</u>	<u>26,191</u>



Notes

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

COMPANY	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
31 March 2012					
Secured bank loans	46,000	50,595	2,173	17,136	31,286
Bank overdraft	3,008	3,008	3,008	-	-
Trade and other payables	47,411	47,411	47,411	-	-
	<u>96,419</u>	<u>101,014</u>	<u>52,592</u>	<u>17,136</u>	<u>31,286</u>
31 March 2011					
Secured bank loans	46,000	48,873	21,558	1,124	26,191
Bank overdraft	2,281	2,281	2,281	-	-
Finance lease liabilities	3	4	4	-	-
Trade and other payables	33,621	33,621	33,621	-	-
	<u>81,905</u>	<u>84,779</u>	<u>57,464</u>	<u>1,124</u>	<u>26,191</u>

Hire purchase and finance lease liabilities

GROUP	Payment 2012 £000	Interest 2012 £000	Principal 2012 £000	Payment 2011 £000	Interest 2011 £000	Principal 2011 £000
Less than one year	1	-	1	25	(5)	20
Between one and five years	-	-	-	2	(1)	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>27</u>	<u>(6)</u>	<u>21</u>

15. FINANCIAL INSTRUMENTS

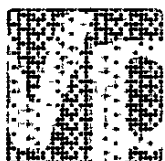
The Group has six interest rate swaps which are held for hedging purposes in order to reduce the risk of exposure to changes in interest rates on the Group's secured bank loans. These swaps, all of which are for £7.5m of debt, were taken out in two tranches. The first tranche was taken out in September 2007, December 2007 and July 2008, these swaps are for a period of 5 years, with a bank only call option after 3 years. These fix interest rates net of bank margin at between 5.20% and 5.56%. The second tranche was taken out in August, October and December 2011. These swaps are future dated to start as each swap in the first tranche expires. They fix interest rates net of bank margin at between 1.225% and 1.27%, and each has a life of three years. In addition the Group enters into basis rate swap agreements which are designed to provide an interest saving on existing arrangements whilst maintaining the effectiveness of the original swaps. All of the swaps are effective cash flow hedges and the movements in fair values have been taken to equity. Fair values of the derivatives have been determined by the respective counterparties based on quoted prices in active markets for identical assets and liabilities.

During the year the Group had four foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US dollars and Sterling in the year ended 31 March 2012. It also entered into a further six foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2012 to 30 June 2013. In addition to the US dollar hedges the group also had an Australian dollar hedge 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 2012				31 March 2011
	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities at fair value					
Interest rate swaps	1,041	-	1,041	-	1,625
Forward exchange rate agreements	(55)	-	(55)	-	13
	<u>986</u>	<u>-</u>	<u>986</u>	<u>-</u>	<u>1,638</u>



Notes

15. FINANCIAL INSTRUMENTS (continued)

The movements in liabilities within Level 2 trading derivatives are reconciled below

	31 March 2012	
	Interest rate swaps	Forward exchange rate agreements
	£000	£000
Opening liability	1,625	13
Other comprehensive income	(584)	(100)
Recycled to income statement	-	32
Closing balance	<u>1,041</u>	<u>(55)</u>
		<u>986</u>

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

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Capital Structure and Treasury section of the Financial Review on pages 10 to 12 and the Corporate Governance Report on page 23, 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)	
	2012	2011
	£000	£000
10% strengthening of Sterling against:		
US Dollar	(12)	73
Australian Dollar	(43)	63
Singapore Dollar	106	125
Euro	27	6
10% weakening of Sterling against:		
US Dollar	14	(90)
Australian Dollar	53	(72)
Singapore Dollar	(129)	(152)
Euro	(33)	(7)
10% movement in Sterling interest rates:		
Increase in interest rates	(68)	(38)
Decrease in interest rates	68	38

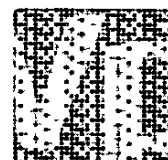
The exposure of the Group to other foreign exchange rate movements is not significant and therefore is not presented in the analysis above

16. TRADE AND OTHER PAYABLES

Current liabilities

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Trade payables	18,177	18,759	7,237	4,479
Amounts owed to subsidiary undertakings	-	-	21,773	19,973
Other taxes and social security	3,523	2,633	968	1,561
Other payables	3,414	3,936	986	1,638
Accruals and deferred income	22,540	11,850	16,447	5,970
	<u>47,654</u>	<u>37,178</u>	<u>47,411</u>	<u>33,621</u>

Included in accruals and deferred income is a creditor for the £7.8 million payable in April 2012 in relation to the tender offer. In the cash flow the £7.8 million has not been reflected as a cash flow on purchase of own shares. This will be shown in the 2012/13 cash flow



Notes

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following

GROUP	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2010		9,862	1,938	(862)	(729)	10,209
Recognised on acquisition		-	73	-	-	73
Recognised in income		(1,041)	(231)	(177)	262	(1,187)
Recognised in equity	7	(8)	-	203	-	195
Foreign exchange		(3)	-	-	-	(3)
At 31 March 2011		8,810	1,780	(836)	(467)	9,287
Recognised in income		(872)	(180)	(193)	240	(1,005)
Recognised in equity	7	(8)	-	(461)	-	(469)
At 31 March 2012		7,930	1,600	(1,490)	(227)	7,813

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2010		6,897	729	(862)	(567)	6,197
Recognised on acquisition		-	73	-	-	73
Recognised in income		(773)	(111)	(177)	232	(829)
Recognised in equity	7	(8)	-	203	-	195
At 31 March 2011		6,116	691	(836)	(335)	5,636
Recognised in income		(447)	(102)	(193)	206	(536)
Recognised in equity	7	(8)	-	(461)	-	(469)
At 31 March 2012		5,661	589	(1,490)	(129)	4,631

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

	2012	2011
	£000	£000
Ordinary share capital		
Allotted, called up and fully paid		
46,185,000 Ordinary shares of 5 pence each	2,309	2,309
(2011 46,185,000)		

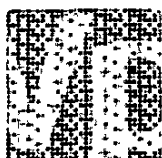
All shares have the same voting rights

Reserves

Full details of reserves are provided in the consolidated and parent company statements of changes in equity on page 33

Own shares held

Deducted from retained earnings (Group and Company) is £17,936,000 (2011 £11,414,000) 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 1,954,000 shares (2011 3,237,000) with a market value at 31 March 2012 of £4,923,000 (2011 £7,606,000). The Company has 6,031,000 treasury shares (2011 1,215,000 shares) with a market value of £15,197,000 (2011 £2,855,000).



Notes

19. DIVIDENDS

	2012 £000	2011 £000
Amounts recognised as distributions to equity holders of the parent in the year		
Ordinary shares		
Final paid 7 70p (2011 7 70p) per share	3,180	3,215
Interim paid 3 10p (2011 3 10p) per share	1,277	1,294
	<u>4,457</u>	<u>4,509</u>

The dividend paid in the year is after dividends were waived to the value of £531,000 (2011 £479,000) 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 8 25p per share which will absorb an estimated £3,153,000 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 29 63 pence (2011 23 42 pence) was based on the profit attributable to equity holders of the parent of £12,227,000 (2011 £9,783,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2012 of 41,268,000 (2011 41,776,000), calculated as follows:

	2012 Shares 000's	2011 Shares 000's
Issued ordinary shares	46,185	46,185
Effect of own shares held	(4,917)	(4,409)
Weighted average number of ordinary shares	<u>41,268</u>	<u>41,776</u>

Basic earnings per share before the amortisation of intangibles and exceptional items was 30 76 pence (2011 26 09 pence) and is based on an after tax add back of £468,000 (2011 £1,117,000) in respect of the amortisation of intangibles and exceptional items.

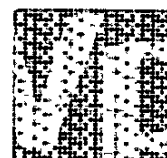
Diluted earnings per share

The calculation of diluted earnings per share of 28 26 pence (2011 23 24 pence) was based on profit attributable to equity holders of the parent of £12,227,000 (2011 £9,783,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2012 of 43,269,000 (2011 42,096,000), calculated as follows:

	2012 Shares 000's	2011 Shares 000's
Weighted average number of ordinary shares	41,268	41,776
Effect of share options	2,001	320
Weighted average number of ordinary shares (diluted)	<u>43,269</u>	<u>42,096</u>

There are additional options which are not currently dilutive, but may become dilutive in the future.

Diluted earnings per share before the amortisation of intangibles and exceptional items was 29 34 pence (2011 25 89 pence).



Notes

21. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 461,120 shares were granted under the SAYE scheme at a price of 200 pence. The outstanding options at the year end were

Date of Grant	Price per share	Number of shares
August 2009	124p	516,095
August 2010	139p	403,032
August 2011	200p	431,797
		<u>1,350,924</u>

All the options are exercisable between 3 and 3.5 years. At 31 March 2012 there were 469 employees saving an average £121 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 496,000 shares were granted during the year at a price of 249.5 pence. The options outstanding at the year end were

Date of Grant	Price per share	Number of shares
June 2003	104.0p	4,625
June 2004	145.5p	34,826
July 2005	200.0p	120,000
July 2006	293.5p	239,000
July 2008	213.0p	88,531
July 2009	154.0p	217,500
July 2010	165.0p	119,000
July 2011	249.5p	456,250
		<u>1,279,732</u>

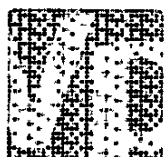
These options are exercisable between the third and tenth anniversary of the grant. The awards for 2009 to 2011 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 18. The awards for 2008 and prior are vested, but not yet exercised.

Unapproved Share Option Scheme

Options over 612,000 shares were granted during the year at a price of 249.5 pence. The options outstanding at the year end were

Date of Grant	Price per share	Number of shares
July 2004	145.5p	102,500
July 2005	200.0p	350,000
July 2006	293.5p	251,500
July 2008	213.0p	177,285
July 2009	154.0p	887,500
July 2010	165.0p	924,000
July 2011	249.5p	547,750
		<u>3,240,535</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2009 to 2011 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 18. The awards for 2008 and prior are vested, but not yet exercised.



Notes

21. SHARE OPTION SCHEMES (continued)

Long-Term Incentive Plan

Awards were made during the year in relation to a further 636,000 shares. Shares outstanding at the year end were

	Number of shares
July 2008	63,496
July 2009	1,186,000
July 2010	775,000
July 2011	616,000
	<u>2,640,496</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2009 to 2011 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on pages 18 and 20. The awards for 2008 are vested, but not yet exercised.

Share Matching

Awards were made during the year in relation to a further 47,340 shares. Shares outstanding at the year end were

Date of Grant	Number of shares
August 2005	5,000
August 2006	5,750
August 2008	9,879
August 2009	66,288
August 2010	39,485
August 2011	47,340
	<u>173,742</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2009 to 2011 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 18. The awards for 2008 and prior are vested, but not yet exercised.

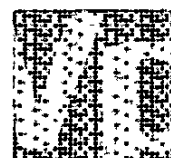
Awards under the above schemes will be generally made utilising shares owned by the Vp Employee Trust.

The market value of the ordinary shares at 31 March 2012 was 252 pence (2011: 235 pence), the highest market value in the year to 31 March 2012 was 258 pence and the lowest 191 pence. The average share price during the year was 233 pence.

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

	2012		2011	
	Weighted average exercise price	Number of options '000s	Weighted average exercise price	Number of options '000s
Outstanding at beginning of the year	121p	8,300	140p	7,615
Lapsed during the year	144p	(1,321)	166p	(1,873)
Exercised during the year	126p	(546)	163p	(154)
Granted during the year	164p	2,252	102p	2,712
Outstanding at the end of the year	<u>128p</u>	<u>8,685</u>	<u>121p</u>	<u>8,300</u>
Exercisable at the year end	<u>217p</u>	<u>1,452</u>	<u>229p</u>	<u>1,257</u>

The options outstanding at 31 March 2012 have an exercise price in the range of 0.0p to 293.5p and have a weighted average life of 2.2 years.



Notes

21. SHARE OPTION SCHEMES (continued)

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

	2012	2011
Weighted average fair value per share	95.1p	74.1p
Share price at date of grant	238.0p to 249.5p	163.5p to 173.5p
Exercise price (details provided above)	0p to 249.5p	0p to 165p
Expected volatility	20.1% to 20.3%	38.6% to 40.3%
Option life	3 to 10 years	3 to 10 years
Expected dividend yield	4.8% to 5.0%	6.9% to 7.3%
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 at the year end was £1,315,000 (2011: £547,000).

22. OPERATING LEASES

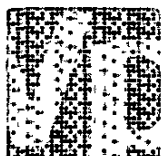
The total remaining cost of non-cancellable operating leases is payable as follows:

	2012		2011	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
GROUP				
Operating leases which expire				
Within one year	3,181	2,855	3,094	2,387
In the second to fifth years inclusive	5,876	2,724	6,245	2,421
Over five years	927	-	1,956	-
	<u>9,984</u>	<u>5,579</u>	<u>11,295</u>	<u>4,808</u>
COMPANY				
Operating leases which expire				
Within one year	768	1,529	704	1,469
In the second to fifth years inclusive	1,781	1,075	1,515	795
Over five years	-	-	61	-
	<u>2,549</u>	<u>2,604</u>	<u>2,280</u>	<u>2,264</u>

23. CAPITAL COMMITMENTS

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

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Contracted	<u>2,816</u>	<u>1,197</u>	<u>2,288</u>	<u>803</u>



Notes

24. PENSION SCHEME

Defined benefit scheme

The details in this 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 scheme is operated in the United Kingdom and was closed to new entrants in 1997. As a consequence the current service cost calculated under the project unit method can be expected to increase over time as the average age of the membership increases. A full actuarial valuation was carried out at 1 April 2009 and the provisional results have been updated to 31 March 2012 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are set out below.

The Group made cash contributions during the financial year of £390,000. This is equivalent to approximately 24.7% of pensionable pay plus regular monthly contributions to reduce the deficit in the scheme totalling £375,000 for the year. Contributions are expected to continue at the rate of 24.7% of pensionable pay plus £375,000 per annum payable in monthly instalments. These contributions represent the cash cost to the business. The overall impact on the Income Statement and Statement of Comprehensive Income is considered in detail below.

It is the policy of the Company to recognise all actuarial gains and losses in the year in which they occur in the Statement of Comprehensive Income.

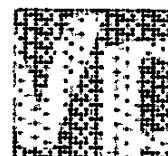
Present value of net obligation

	Group and Company	
	2012	2011
	£000	£000
Present value of defined benefit obligation	(8,958)	(8,017)
Fair value of scheme assets	7,912	7,839
Present value of net obligations	<u>(1,046)</u>	<u>(178)</u>

Liability for defined benefit obligations

Changes in the present value of the defined benefit obligation are as follows:

	Group and Company	
	2012	2011
	£000	£000
Opening defined benefit obligation	8,017	8,309
Service cost	16	16
Interest cost	433	450
Actuarial losses/(gains)	830	(470)
Benefits paid	(341)	(291)
Contributions by employees	3	3
Closing defined benefit obligation	<u>8,958</u>	<u>8,017</u>



Notes

24. PENSION SCHEME (continued)

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows

	Group and Company	
	2012	2011
	£000	£000
Opening fair value of scheme assets	7,839	7,182
Expected return	546	513
Actuarial (losses)/gains	(525)	56
Contributions by employer	390	376
Contributions by employees	3	3
Benefits paid	(341)	(291)
Closing fair value of scheme assets	7,912	7,839

Expense recognised in the Income Statement

	Group and Company	
	2012	2011
	£000	£000
Current service costs	16	16
Interest on obligation	433	450
Expected return on scheme assets	(546)	(513)
	(97)	(47)

These expenses are recognised in the following line items in the Income Statement

	Group and Company	
	2012	2011
	£000	£000
Cost of sales	16	16
Administrative expenses	(113)	(63)
	(97)	(47)

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 £3,072,000 (2011 £1,717,000)

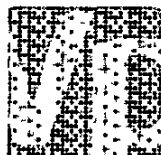
Scheme assets and returns

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

	Group and Company			
	2012		2011	
	Long Term		Long Term	
Fair value of assets	Rate of Return	£000	Rate of Return	£000
Equities	7.40%	5,419	7.50%	5,900
Bonds and other	5.50%	2,493	5.50%	1,939
	6.93%	7,912	7.10%	7,839
Returns				
Actual return on scheme assets		21		569

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by or other assets used by the Company

The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities has been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date.



Notes

24. PENSION SCHEME (continued)

Principal actuarial assumptions

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

	Group and Company	
	2012	2011
Inflation	3.1%	3.5%
Discount rate at 31 March	4.6%	5.5%
Expected future salary increases	3.1%	3.5%
Expected future pension increases	3.1%	3.5%
Revaluation of deferred pensions	2.2%	2.8%

Mortality rate assumptions adopted at 31 March 2012 imply the following life expectations on retirement at age 65 for

	2012	2011
Male currently aged 45	26 years	26 years
Female currently aged 45	29 years	29 years
Male currently aged 65	24 years	24 years
Female currently aged 65	26 years	26 years

History of scheme

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

	2012	2011	Group and Company		
	£000	£000	2010	2009	2008
			£000	£000	£000
Present value of defined benefit obligation	(8,958)	(8,017)	(8,309)	(10,302)	(12,098)
Fair value of plan assets	7,912	7,839	7,182	7,108	10,665
Present value of net obligations	(1,046)	(178)	(1,127)	(3,194)	(1,433)

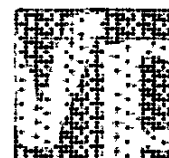
Gains/(losses) recognised in Statement of Comprehensive Income

	2012	2011	Group and Company		
			2010	2009	2008
Difference between expected and actual return on scheme assets					
Amount (£000)	(525)	56	1,819	(2,232)	(983)
Percentage of scheme assets	(6.6%)	0.7%	25.3%	(31.4%)	(9.2%)
Experience gains and losses arising on the scheme liabilities					
Amount (£000)	(76)	-	542	57	30
Percentage of present value of scheme liabilities	(0.8%)	0.0%	6.5%	0.6%	0.2%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount (£000)	(754)	470	(1,635)	293	534
Percentage of present value of scheme liabilities	(8.4%)	5.9%	(19.7%)	2.8%	4.4%
Total amount recognised in statement of comprehensive income					
Amount (£000)	(1,355)	526	726	(1,882)	(419)
Percentage of present value of scheme liabilities	(15.1%)	6.6%	8.8%	(18.3%)	(3.5%)

The Group expects to contribute £390,000 to its defined benefit plan in 2012/13

Defined contribution plan

The Group also operates defined contribution schemes for other eligible employees. 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 £531,000 (2011: £486,000) in the year.



Notes

25. BUSINESS COMBINATIONS

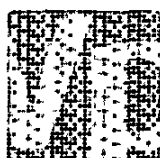
The Group acquired the following businesses from 1 April 2010 to 31 March 2012

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Harbray Plant Hire Limited	14 May 2010	Share purchase (100% equity)	Vp plc

Details of the acquisitions are provided below

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Property, plant and equipment	-	4	-	-
Current assets	-	83	-	-
Net debt	-	279	-	-
Tax, trade and other payables	-	(59)	-	-
Deferred tax	-	1	-	-
Book value of assets acquired	-	308	-	-
Fair value adjustments				
Intangibles on acquisition	-	264	-	-
Deferred tax on intangibles	-	(74)	-	-
Fair value of assets acquired	-	498	-	-
Goodwill on acquisition	-	471	-	-
Cost of acquisitions	-	969	-	-
Satisfied by				
Consideration	-	969	-	-
Deferred consideration	-	-	-	-
	-	969	-	-
Analysis of cash flow for acquisitions				
Consideration	-	969	-	-
Contingent consideration	-	-	-	-
Acquisition costs capitalised	-	-	-	-
Net cash included in acquisitions	-	(279)	-	-
Adjustment for accruals	-	-	-	-
	-	690	-	-

Intangibles were identified in relation to the acquisition in the year ended 31 March 2011 where the acquired customer list / relationships provided access to new markets or territories or provided further leverage for the acquiring business or target. Customer related intangibles are being amortised over ten years, which is considered to be the period over which the majority of the benefits are expected to arise. The acquisition costs expensed in the year ended 31 March 2011 were £19,000 including stamp duty.



Notes

25. BUSINESS COMBINATIONS (continued)

Goodwill on acquisitions relates to the relationships, skills and inherent market knowledge of employees within the acquired businesses together with the synergistic benefits within the enlarged businesses post acquisition, principally through economies of scale and improved business processes and management. These are critical to the ongoing success of any specialised equipment rental business, together with the availability of the right equipment.

As the acquisition of Harbray was not material its trading performance has not been disclosed separately in the Income Statement. For the same reason disclosure of the revenue or profit for the combined entity, if the business combination had occurred on 1 April 2010, has not been provided.

26. RELATED PARTIES

Material transactions with key management (being the directors of the Group) only constitute remuneration, details of which are included in the Remuneration Report on pages 17 to 20 and in note 5 to the Financial Statements.

Trading transactions with subsidiaries – Group

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

Trading transactions with subsidiaries – Parent Company

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

- Internal funding loans
- Provision of Group services (including Senior Management, IT, Group Finance, Group HR and Group Properties)
- 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 2012 totalled £38,796,000 (2011: £36,324,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2012 totalled £21,773,000 (2011: £19,973,000).

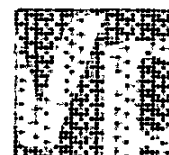
The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans and overdrafts to the Company. The total value of such borrowings at 31 March 2012 was £46.0m (2011: £46.0m).

27. CONTINGENT LIABILITIES

There are no contingent liabilities (2011: 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.

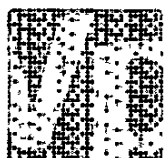


Five Year Summary

	2008	2009 (Restated)	2010	2011	2012
	£000	£000	£000	£000	£000
Revenue	<u>149,269</u>	<u>157,470</u>	<u>134,163</u>	<u>140,959</u>	<u>163,563</u>
Operating profit before amortisation	<u>23,271</u>	<u>25,431</u>	<u>18,610</u>	<u>16,472</u>	<u>18,500</u>
Profit before amortisation and taxation	<u>20,152</u>	<u>21,744</u>	<u>16,005</u>	<u>13,785</u>	<u>15,961</u>
Profit before taxation	19,857	20,835	14,339	12,234	15,328
Taxation	(4,462)	(5,701)	(4,094)	(2,451)	(3,101)
Profit after taxation	<u>15,395</u>	<u>15,134</u>	<u>10,245</u>	<u>9,783</u>	<u>12,227</u>
Dividends*	<u>(3,761)</u>	<u>(4,505)</u>	<u>(4,510)</u>	<u>(4,509)</u>	<u>(4,457)</u>
Share capital	2,309	2,309	2,309	2,309	2,309
Reserves	71,458	74,843	81,851	89,192	88,725
Total equity before non-controlling interest	<u>73,767</u>	<u>77,152</u>	<u>84,160</u>	<u>91,501</u>	<u>91,034</u>
Share Statistics					
Asset value	<u>160p</u>	<u>167p</u>	<u>182p</u>	<u>198p</u>	<u>197p</u>
Earnings (pre amortisation)	<u>36.64p</u>	<u>37.99p</u>	<u>27.57p</u>	<u>26.09p</u>	<u>30.76p</u>
Dividend**	<u>10.50p</u>	<u>10.80p</u>	<u>10.80p</u>	<u>10.80p</u>	<u>11.35p</u>
Times covered (pre amortisation)	<u>3.49</u>	<u>3.52</u>	<u>2.55</u>	<u>2.42</u>	<u>2.71</u>

* 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





Notice of Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Vp plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the fortieth Annual General Meeting of the Company will be held at Ridding House Ridding Park Follifoot Harrogate on 18 July 2012 at 10am for the following purposes

As ordinary business

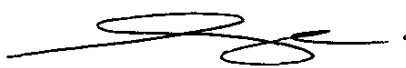
- 1 To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2012, and the Auditor's Report contained therein
- 2 To declare a final dividend of 8.25 pence per ordinary share
- 3 To re-appoint N A Stothard as a Director
- 4 To re-appoint A M Bainbridge as a Director
- 5 To re-appoint P W Parkin as a Director
- 6 To re-appoint KPMG Audit Plc as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at which the accounts are laid before the Company
- 7 To authorise the Directors to agree the remuneration of the auditor
- 8 To approve the Remuneration Report for the year ended 31 March 2012

As special business

To consider and if thought fit pass the following resolutions of which Resolution 9 will be proposed as an Ordinary Resolution and Resolutions 10 and 11 will be proposed as Special Resolutions

- 9 That for the purposes of Section 551 of the Companies Act 2006 (the "Act") the Directors be, and they are generally authorised to allot equity securities (as defined in Section 560 of the Act) up to a maximum nominal amount of £690,750 to such persons at such times and on such terms as they think proper during the period expiring on the date of the next Annual General Meeting after the passing of this Resolution (or any adjournment thereof) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired
- 10 That subject to the passing of the previous resolution the Directors be and they are hereby generally authorised to allot for cash or otherwise equity securities (as defined in Section 560 of the Act) of the Company pursuant to the authority conferred by Resolution 9 above as if sub-section (1) of Section 561 of the Act did not apply to such allotment provided that this power shall be limited
 - a) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of holders of ordinary shares of 5 pence each ("Ordinary Shares") where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory,

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- b) to the allotment of equity securities pursuant to the terms of any share schemes for Directors and employees of the Company or any of its subsidiaries approved by the Company in General Meeting and
 - c) to the allotment otherwise than pursuant to sub-paragraphs (a) and (b) above of equity securities not exceeding in aggregate the nominal amount of £100,000 provided further that the authority hereby granted shall expire at the conclusion of the next Annual General Meeting after the passing of this Resolution (or any adjournment thereof) save that the Directors shall be entitled to make at any time before the expiry of the power hereby conferred any offer or agreement which might require equity securities to be allotted after the expiry of such power
- 11** That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Act) of Ordinary Shares provided that
- a) the maximum number of Ordinary Shares to be purchased is 4,618,500 being 10% of the issued share capital of the Company,
 - b) the minimum price which may be paid for Ordinary Shares is 5 pence per Ordinary Share exclusive of expenses
 - c) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of
 - (i) 105 per cent of the average market value of an Ordinary Share for the five business days prior to the day the purchase is made and
 - (ii) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for
 - a the last independent trade of and
 - b the highest current independent bid for,any number of the Company's Ordinary Shares on the trading venue where the purchase is carried out,
 - d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 12 months from the passing of this resolution if earlier and
 - e) the Company may make a contract to purchase Ordinary Shares under the authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract
- By order of the Board
- 
- A M Bainbridge**
Company Secretary
- 15 June 2012
- Registered Office
Central House Beckwith Knowle,
Otley Road Harrogate,
North Yorkshire HG3 1UD

Notice of Meeting

Notes

- 1 Only those members entered on the register of members of the Company as at 6 00pm on 16 July 2012 or if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours (excluding weekends and bank holidays) before the time fixed for the adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 6 00pm on 16 July 2012 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 2 Information regarding the Meeting, including information required by Section 311A of the Act is available from www.vpplc.com

Appointment of proxies

- 3 If you are a member of the Company at the time set out in note 1 above you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy or proxies using the procedure set out in these notes and the notes to the proxy form.
- 4 If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" on page 5.
- 5 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 6 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by you on the record date will result in the proxy appointment being invalid. To appoint more than one proxy, you may photocopy the Form of Proxy. Please indicate in the space next to the proxy holder's name the number of shares in relation to which you authorise them to act as your proxy and complete any voting instructions. Please also indicate by ticking the box provided on the Form of Proxy if the proxy instruction is one of multiple instructions being given. All such Forms of Proxy should be returned in one envelope.
- 7 A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your

proxy will vote or abstain from voting at his or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

- 8 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be

- completed and signed,
- sent or delivered to Capita Registrars at PXS, 31 Beckenham Road, Beckenham Kent BR3 4TU,
- received by Capita Registrars no later than 48 hours before the time appointed for holding the Meeting.

In the case of a member which is a company the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

- 9 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (whose CREST ID is RA10) no later than 48 hours before the time appointed for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note the EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member

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concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of a proxy by joint members

- 10 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- 11 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 12 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or any attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such a power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 48 hours before the time appointed for the holding of the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

The appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment(s) will automatically be terminated.

Corporate representatives

- 13 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

- 14 As at 15 June 2012, the Company's issued share capital comprised 46,185,000 ordinary shares of 5 pence each of which 6,030,747 shares were held in treasury. Each ordinary share not held in treasury carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 15 June 2012 is 40,154,253. The website referred to in note 2 will include information on the number of shares and voting rights.

Questions at the Meeting

- 15 Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information,
 - the answer has already been given on a website in the form of an answer to a question, or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Website publication of audit concerns

- 16 Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 17 (Members' qualification criteria) below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request,

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- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and
- the statement may be dealt with as part of the business of the Meeting

The request

- may be in hard copy form or in electronic form (see note 18 below (Submission of hard copy and electronic requests and authentication requirements)),
- either set out the statement in full or if supporting a statement sent by another member, clearly identify the statement which is being supported,
- must be authenticated by the person or persons making it (see note 18 below (Submission of hard copy and electronic requests and authentication requirements)) and
- be received by the Company at least one week before the Meeting

Members' qualification criteria

- 17** In order to be able to exercise the members' right to require the Company to publish audit concerns the relevant request must be made by
- a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company or
 - at least 100 members who have a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital

For information on voting rights, including the total number of voting rights, see note 14 (Issued shares and total voting rights) above and the website referred to in note 2

Submission of hard copy and electronic requests and authentication requirements

- 18** Where a member or members wishes to request the Company to publish audit concerns such request must be made in accordance with one of the following ways
- a hard copy request which is signed by you, states your full name and address and is sent to the Company Secretary Vp plc Central House Beckwith Knowle, Otley Road, Harrogate HG3 1UD,
 - a request which is signed by you, states your full name and address and is faxed to **01423 524683** marked for the attention of the Company Secretary
 - a request which states your full name and address and is sent to **enquiries@vpplc.com** Please state AGM in the subject line of the e mail

Nominated persons

- 19** If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person)
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Meeting
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters) The only exception to this is where the Company expressly requests a response from you

Documents on display

- 20** The following documents will be available for inspection at Central House, Beckwith Knowle Otley Road Harrogate HG3 1UD from the date of sending the circular until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting
- copies of the service contracts of executive directors of the Company
 - copies of the letters of appointment of the non-executive directors of the Company

Communication

- 21** You may not use any electronic address provided either,
- in this notice of annual general meeting, or
 - any related documents (including the chairman's letter and proxy form)
- to communicate with the Company for any purposes other than those expressly stated