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The Equipment
Rental Specialists

THURSDAY



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COMPANIES HOUSE

**Annual Report and
Accounts 2010**

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

	2010	2009
Revenue (2009 restated)	£134.2m	£157.5m
Operating profit ⁽¹⁾	£18.6m	£25.4m
Profit before taxation ⁽¹⁾	£16.0m	£21.7m
Basic earnings per share ⁽¹⁾	27.57p	37.99p
Dividend per share ⁽²⁾	10.80p	10.80p
Return on average capital employed	13.3%	17.0%
Net assets per share	182p	167p
Net debt	£48.3m	£65.8m
Financial gearing ⁽³⁾	44%	69%
Interest cover ⁽¹⁾	7.1x	6.9x
Expenditure on rental equipment	£13.9m	£28.4m

⁽¹⁾ Based on profit before amortisation and exceptional items

⁽²⁾ Dividends quoted are paid and proposed for each year

⁽³⁾ 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

Michael J Holt, B A , M B A , F C A , A M C T

Non Executive Directors

Peter W Parkin (Senior Non Executive Director)

Stephen Rogers B Sc , F C A , J P

Secretary

Michael J Holt

Registered Office

Central House, Beckwith Knowle,
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Registered in England and Wales No 481833
Telephone 01423 533400

Auditors

KPMG Audit Plc, 1 The Embankment,
Neville Street, Leeds, West Yorkshire, LS1 4DW

Solicitors

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

Registrars and Transfer Office

Capita Registrars Northern House, Woodsome Park,
Fenay Bridge, Huddersfield, West Yorkshire, HD8 0GA

Bankers

Royal Bank of Scotland Plc
Barclays Bank Plc

Merchant Bankers

N M Rothschild & Sons Limited

Stockbrokers

Brewin Dolphin Securities Limited

Chairman's Statement

In the face of the worst economic downturn since the Depression, I am very pleased to be able to report results which, under the circumstances, represent a highly satisfactory outcome for the Group.

Having delivered growth last year despite the onset of the economic downturn, this year the Group experienced a more severe impact from recessionary pressures. The Group achieved profit before amortisation, exceptional items and tax of £16.0 million (2009: £21.7 million) even as revenues fell by 15% to £134.2 million (2009 restated: £157.5 million). Basic earnings per share decreased to 24.68 pence (2009: 36.41 pence) based on profit before taxation of £14.3 million (2009: £20.8 million). Many companies in our sector have been obliged to make large scale asset write-downs, cut dividends and dilute shareholder equity to repair unsound balance sheets. Our focus on sustainably enhancing shareholder value and prudent financial management has enabled us to avoid these scenarios and, we believe, has vindicated our measured long term approach to managing the business.

Our emphasis on cash management has enabled the Group to reduce borrowings by £17.5 million to £48.3 million (2009: £65.8 million) representing a comfortable financial gearing level of 44%. This has been accomplished even as the downturn accelerated and whilst continuing to invest £14 million in rental assets in support of specific opportunities and fleet renewal.

Taking into account these excellent results and our view of future prospects for the Group, the Board is recommending the payment of a final dividend of 7.7 pence per share to maintain last year's full year dividend of 10.8 pence. Subject to shareholders' approval at the Annual General Meeting in September, the dividend will be paid on 1 October 2010 to members registered as of 3 September 2010.

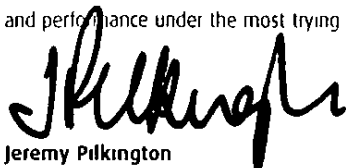
Looking ahead, the systemic threats to the global economy seem to have receded although unpredictable "after-shocks" should be expected for some time. Within the UK, demand has generally stabilised and some markets, such as rail and residential construction, are showing signs of growth, albeit from a severely depressed base.

However, the measures that will have to be taken to reduce public sector borrowing have not yet impacted economic activity and, in particular, government capital investment programmes. Public infrastructure investment has become an important market for several of our businesses and the prospect of cutbacks, not so much this year (2010/11) as thereafter, causes us to view medium term prospects with a degree of caution.

The Group's overseas activities, at present most strongly represented by Airpac Bukoin but also with a growing presence in Europe for some of our other businesses, give us an important and growing non-UK exposure.

We believe that the combination of our robust product portfolio and diverse end markets, together with the Group's financial strength, will continue to provide a compelling mix of downside resilience and upside opportunity for the future.

As always, it is my pleasure to acknowledge the skills and dedication of employees throughout the Group who have delivered exceptional service and performance under the most trying circumstances this year.



Jeremy Pilkington

Chairman

8 June 2010

OVERVIEW

Vp plc is a specialist equipment 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

The performance of the Group, in spite of the very difficult trading conditions in most markets, was extremely robust and demonstrated the quality, breadth and overall resilience of the Vp businesses. The Group was explicitly profitable, strongly cash generative and finished the year with a balance sheet net asset value £7 million stronger than at the start

Revenue	£134.2 million	(2009 restated £157.5 million)
Operating Profit before amortisation and exceptional items	£18.6 million	(2009 £25.4 million)
Investment in Rental Fleet	£13.9 million	(2009 £28.4 million)
Operating margin before amortisation	13.9%	(2009 16.1%)

The divisional businesses have all been affected to varying degrees by the recessionary conditions experienced in the UK. The publicly funded infrastructure markets generally held up well but general construction remained depressed. Whilst house building was quiet for most of the year we did see some tentative signs of recovery in the final quarter. In the regulated sector water related demand (AMP4) was good until, as expected, the programme drew to an end in the second half. Furthermore, transmission activity remained good, though rail remained very subdued.

Operating profits before amortisation and exceptional items decreased 27% to £18.6 million, on revenues 15% reduced at £134.2 million. Operating margins before amortisation reduced from 16.1% to a creditable 13.9% in the year.

The development of the business overseas has continued, in particular for Airpac, Bukom, TPA and Groundforce. Overseas revenues now represent 15% of total group revenues.

Most of the businesses had to take cost reduction actions during the year to mitigate the impact of lower demand. This involved a combination of wage freezes, working hour reductions, vehicle and fleet reductions and a small number of depot closures/mergers. These were difficult but necessary actions given the extreme uncertainty prevailing at the start of the financial year but have left the Group well positioned to capitalise on any upturn.

The focus of the management teams has been to protect profitability where possible, whilst focussing on cash conservation through controlled capital investment and strong working capital management. This has successfully delivered a net reduction in Group borrowings of £17.5 million in the year.

Investment in rental fleet was halved to £13.9 million to reflect the reduction in demand for growth capital expenditure whilst maintaining replacement investment in the rental fleet. Proceeds from fleet disposals totalled £8.5 million, leading to a 'net' cash investment in fleet of £5.4 million (2009 £17.6 million) in the period. The long life nature of much of our rental fleet allows us to flex our capital investment profile to suit market conditions without creating an investment spike at a later date.

GROUNDFORCE

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

Revenue	£32.9 million	(2009 restated £40.6 million)
Operating Profit before amortisation and exceptional items	£9.2 million	(2009 £11.0 million)
Investment in Rental Fleet	£3.5 million	(2009 £6.8 million)

Whilst Groundforce experienced a revenue fall of 19%, the profit result of £9.2 million demonstrates the excellent quality of the business.

As expected, AMP4 demand underpinned revenues at the start of the year though water activity slowed as anticipated in the second half as the programme completed. Major propping activity performed well again with the second Tyne Tunnel project successfully completing in the autumn. Demand from infrastructure project work in general and Olympic site work in particular held up well.

Overall the shoring activity had another good year although house building and commercial development remained very subdued. The specialist divisions of Piletec, Easiform and U Mole who have greater exposure to general contracting suffered relatively more than shoring. U Mole experienced a slow year for product sales, but rental demand was satisfactory and growing. The market in Ireland remained very challenging as lack of infrastructure investment limited demand. The Group continues to establish a European mainland presence and is making good progress on a number of fronts as we expand the geographic reach of our specialist shoring activity. The Harbray acquisition announced following the year end will be integrated within the division. Capital investment of £3.5 million was mostly fleet replacement.

There are further challenges ahead for Groundforce in the coming year as the water related activity experiences a slow year ahead of AMP5 picking up, but the quality and breadth of the Groundforce divisional activities should underpin the performance of this business.

Business Review

UK FORKS

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

Revenue	£10.6 million	(2009 restated £16.9 million)
Operating Profit before amortisation and exceptional items	£0.0 million	(2009 £1.2 million)
Investment in Rental Fleet	£0.1 million	(2009 £1.3 million)

As anticipated, trading conditions continued to be extremely challenging throughout the year for UK Forks, however the Group has seen some partial recovery in demand during the final quarter. The division reported a break even result (2009 profit £1.2 million) on revenues 37% down on prior year. The lack of demand from the housing market continued but this was exacerbated by a rapid decline in general construction demand. The combination of these two factors led to the sharp fall in revenues and hence profitability for the year. Early cost actions helped to mitigate the impact of the revenue shortfall. The combination of improving demand and a lower cost base saw UK Forks creditably return to profitability in the second half, thus eliminating the small first half loss.

Capital investment in fleet was minimal in the year as the focus remained on disposing of surplus equipment to match the fleet, as closely as possible, to current demand patterns. Disposals of surplus fleet generated proceeds of £2 million and healthy profits even at the bottom of the trading cycle, demonstrating the prudence of our depreciation policy.

The new financial year has started positively for the division and we have seen an improvement in house building demand in particular. Tight cost management has created a lean structure which is nevertheless capable of responding to a recovery in demand which should lead to further business progress in the year ahead. Capital investment will resume albeit on a modest basis.

AIRPAC BUKOM OILFIELD SERVICES

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

Revenue	£15.7 million	(2009 £14.7 million)
Operating Profit before amortisation and exceptional items	£3.9 million	(2009 £3.9 million)
Investment in Rental Fleet	£4.6 million	(2009 £6.3 million)

Airpac Bukom reported static operating profits of £3.9 million. Revenues increased by 7% to £15.7 million, largely as a result of favourable exchange movements.

Activity during 2009 in many of our oil and gas market segments was, as predicted, affected by the significantly reduced oil price and lower oil demand against the backdrop of adverse general global economic conditions. Combined with the impacts of the credit market squeeze, this had the consequence of an overall reduction in exploration and production capital expenditures of roughly 15% from the oil majors. This resulted in a contraction of exploration and appraisal drilling by oil operators and deferral of a number of offshore projects with a subsequent knock on effect on the demand for our well testing packages.

The geographic spread of our operations with rental activities in over 60 countries, local support network and our diverse range of service offerings has provided some insulation to this challenging business environment.

Within our main well testing market, the impact on activity has varied by region. Asia, Caspian, Former Soviet Union (FSU) and Middle East regions were quieter whilst Africa and Latin America held up well. Maintenance related activity in the North Sea was reduced, though this was partially offset by improved offshore operations support with oil operators.

The division has continued to pursue a wider range of applications and new markets to better exploit the highly specialised capabilities of the fleet. In late 2009, we were very pleased to have been awarded the compression services contract by Woodside for the Pluto LNG (Liquefied Natural Gas) Project in Australia. Throughout 2010, the Pluto LNG project will engage a large spread of our equipment, much of which was added in the course of the last year supported by a team of our operators.

Though capital expenditure was reduced on the levels of recent years, we continued to grow our offer with the acquisition of sand filters, heat exchangers and colflex hoses. Airpac Bukom has also further developed the high pressure fleet of compressors, booster compressors and desiccant dryers to support pipeline, product transfer and LNG works.

Whilst the pace at which demand will recover remains uncertain for the coming year, the business is well positioned to capitalise on what we see as an inevitable upturn. We have seen a marked improvement in oil prices, demand forecasts and capital spend estimates by oil companies giving cause for optimism that exploration and production growth will resume in 2010. We remain confident that the medium to long term view is positive for the oilfield services sector and Airpac Bukom.

Business Review

TORRENT TRACKSIDE

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

Revenue	£10.6 million	(2009: £14.0 million)
Operating Profit before amortisation and exceptional items	£0.2 million	(2009: £1.2 million)
Investment in Rental Fleet	£0.8 million	(2009: £1.2 million)

The rail market continued to be extremely subdued for the majority of the financial year, though there were some signs of improvement in the final quarter. Revenues fell by 24% to £10.6 million leading to reduced profits of £0.2 million (2009: £1.2 million). The anticipated release by Network Rail of Plain Line renewals and Switches & Crossings (S&C) workbanks to the Integrated Management Team (IMT) contractors did not materialise. This made for a difficult trading year for all contractors in the rail sector and Torrent was no exception. The business responded by reducing the cost base to mitigate some of the impact of reduced revenues.

Prospects for the new financial year are brighter. The business now has a lower and more flexible cost structure which should help improve margins. There are a number of specific rail projects which Torrent hope to support in the coming year together with a reasonable expectation that the CP (controlled spend period) 4 programme will increase investment in track renewal going forward.

TPA

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

Revenue	£14.2 million	(2009: £15.6 million)
Operating Profit before amortisation and exceptional items	£2.2 million	(2009: £1.7 million)
Investment in Rental Fleet	£0.5 million	(2009: £4.0 million)

TPA made good progress in a tough market, growing profits by 29% to £2.2 million, on a reduced revenue of £14.2 million (2009: £15.6 million) reflecting further improvement in operational processes and fixed cost reduction.

TPA operates in three main sectors: Outdoor Events, Transmission and Construction. The former was stable during the year with most key events being repeated in the UK. The business secured a three year supply agreement with the National Grid Alliance for the supply of services on transmission work. However, demand from this sector was lower than the prior year and coupled with a weakening construction market, led to the reduction in revenues.

Within the UK, the management team continued to develop a more flexible working structure to cope better with the seasonal fluctuation in demand which is an intrinsic characteristic of the business. This and other process improvements created a more variable cost base which better matched the timing of activity and revenues. As a result, profits improved despite reduced revenues. In Europe, TPA GmbH maintained its momentum, growing revenues and expanding the fleet. The key demand in Europe emanates from the energy sector, which is less seasonal, and activity remained solid throughout the year.

Investment in the fleet was minor and restricted to replacement of damaged assets and this, together with a robust focus on working capital, enabled strong cash generation in the year.

The outlook for TPA's markets is mixed, with Transmission expected to grow and Outdoor Events to be stable. Construction is anticipated to remain weak but no worse than this year. Demand in Europe is felt to be relatively stable for the next two years. A clear focus on revenue generation assisted by the securing of longer term supply agreements with key customers will be the strategy going forward.

HIRE STATION

Small tools and specialist equipment for industry and construction

Turnover	£50.1 million	(2009: £55.7 million)
Operating Profit before amortisation and exceptional items	£3.2 million	(2009: £6.4 million)
Investment in Rental Fleet	£4.5 million	(2009: £8.8 million)

In the market where the downturn has been at its most severe, Hire Station's resilient business model, complemented by swift and focussed management action has delivered a very creditable profit result. All of the trading arms of Hire Station delivered profits in the year.

Business Review

Whilst revenues of £50.1 million were 10% down on prior year, this compares very favourably with our main competitors, where revenues have typically fallen at a rate in excess of 20%, confirming our view that we have successfully increased market share in the year. Operating profits of £3.2 million are testament to the strong financial controls we have in place and the flexibility of our trading model which allows us to rapidly adjust our cost base to absorb revenue fluctuations. This remains a key differentiating strength of the business.

Capex of £4.5 million was predominantly replacement spend. Sales proceeds of £2.4 million were generated as we continued to cleanse our fleet of obsolete and underutilised assets. Going into 2010/11, we have one of the youngest fleets in the market and significant additional revenue potential available as utilisation improves on the back of recovering demand.

The tools business has made steady progress during the year maintaining a tight control of the cost base but at the same time expanding the key account sales effort to address the many opportunities created by the recession. Customer loyalty during this difficult trading period has been severely tested as many have sought supply savings. We have approached this challenge constructively and maintained or grown relationships further as a result. The National Call centre in Manchester has once more grown its transaction levels as branch telephone traffic migrates centrally. In addition, further successes with our virtual hire arrangement means we now have 21 partners on board. This incremental activity has been absorbed by the Call centre at little or no extra cost. The business moved onto the Group's in house IT platform at the end of the year. The execution of this major project has been extremely smooth, delivered on time and at a very reasonable cost and its benefits were quickly recognised by customers and staff alike.

The specialist safety rental business, ESS SafeForce had another excellent year cementing its position as market leader and preferred supplier for safety equipment and services in the UK. Revenue growth was derived from a number of areas including major petrochemical shutdowns at which ESS SafeForce supported the clients with hire, sales, training and an onsite labour presence. Investment in breathing air trailers continued and helped to secure new customers. The training business was again busy with almost 20,000 people receiving accredited qualifications.

MEP continues to progress well with a new branch in Birmingham opened during the year and an expanded operation in Manchester. MEP has been engaged on Olympic projects via our Heathrow site.

Climate Hire & Sales had an excellent year and benefited from its newly established national footprint. Although the summer was poor for air conditioning units, the winter saw a strong performance from both our heating product range and our disaster recovery products.

PROSPECTS

During the year we have experienced periods of great uncertainty and seen reduced demand in certain of our markets. Although some volatility will remain in individual sectors, we anticipate that there will be overall stability for the Group in the new financial year. We will continue to manage the business carefully in the near term, balancing our focus on maintaining a strong balance sheet with our commitment to embrace suitable opportunities, both organic and acquisitive. The Group announced the acquisition of Harbray Plant Hire Limited last month and where quality opportunities such as this are identified, we will pursue them with vigour.

We enter the new financial year in excellent financial shape and ready to sustain the development of the Group over the longer term whilst coping with the shorter term challenges of the current trading environment.



Neil Stothard
Group Managing Director
8 June 2010

SUMMARY OF GROUP RESULTS

The financial performance of the Group for the year met the expectations of the Board and the market at the start of the year. Group revenues were £134.2m (2009: £157.5m) and profit before tax, amortisation and exceptional items was £16.0m (2009: £21.7m). Consequently, basic earnings per share before the amortisation of intangibles and exceptional items decreased from 37.99 pence to 27.57 pence, a decrease of 27%. Basic earnings per share after the amortisation of intangibles was 24.68 pence (2009: 36.41 pence). There were no asset write-downs or significant impairments during the year. The small exceptional item of £0.3m (2009: Nil) relates to redundancy costs (£0.4m) less profit on disposal of a freehold property (£0.1m).

It is proposed to maintain the final dividend at 7.7 pence per share. If approved, the full year dividend would be unchanged at 10.8 pence with a dividend cover of 2.6 times (2009: 3.5 times) earnings per share.

The return on average capital employed, being EBITA/Average Capital Employed was 13.3% (2009: 17.0%), based on average capital employed of £140.2m (2009: £149.9m) calculated on a 12 month rolling average of total net assets and net debt.

Total net assets at the year end for the Group were £84.2m (2009: £77.2m), an increase of 9.0% representing net assets per share of 182 pence (2009: 167 pence).

CASH FLOWS AND NET DEBT

There was a net inflow of £17.5m (2009: £12.4m outflow) during the year reducing net debt from £65.8m to £48.3m. Cash generated from operations totalled £37.2m (2009: £35.1m) aided by the reduction in working capital of £5.2m. Tight controls over capital expenditure reduced spend to £16.7m, 51% lower than prior year (2009: £34.2m). Expenditure on rental fleet was £15.6m compared with £31.6m in the prior year, reflecting the Group's ability to control fleet investment due in part to the relatively young age of the rental fleet, particularly of assets with long service lives. Proceeds from disposals held up well, totalling £8.7m (2009: £10.8m), enabling the fleet to be rebalanced, principally within UK Forks and Groundforce.

There were no acquisitions in the year (2009: £6.3m). Dividend payments to shareholders totalled £4.5m (2009: £4.5m). The investment in own shares during the year was £0.1m (2009: £3.2m including £1.5m acquired and retained as treasury shares).

Interest cover was 7.1 times (2009: 6.9 times) and Net Debt / EBITA was 2.6 (2009: 2.6), both comfortably within banking covenants.

CAPITAL RISK MANAGEMENT

The Group's objective with respect to managing capital is to maintain a balance sheet structure that is both efficient in terms of providing long-term returns to shareholders and safeguards the Group's ability to continue as a going concern. As appropriate, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with established practice, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (current and non-current borrowings less cash and cash equivalents) divided by total equity. The net debt at 31 March 2010 represents headline gearing of 57% (2009: 85%) and underlying financial gearing of 44% (2009: 69%) after excluding the investment in own shares at market value of £7.8m (2009: £7.7m).

Financial Review

TAXATION

The Group seeks to build open relationships with tax authorities and advisors to bring about timely agreement on its tax affairs, and to remove uncertainty on business transactions. The Group seeks to minimise its tax burden in a manner which is consistent with commercial objectives and meets its legal obligations and ethical standards.

The overall tax charge on profit before tax was £4.1m (2009: £5.7m), an effective rate of 28.6% (2009: 27.4%). The current year tax charge was increased by £0.1m (2009: £0.4m reduction) in respect of adjustments relating to prior years. The underlying tax rate was 27.7% (2009: 29.4%) before prior year adjustments. A more detailed reconciliation of factors affecting the tax charge is shown in note 7 to the Financial Statements.

ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals during the year. However, since the year end the Group has acquired a small pipe pressure testing equipment rental business, Harbray Limited, which augments the existing business within Groundforce, for a net cash investment of £0.6m.

GOODWILL AND INTANGIBLE ASSETS

With no asset write downs or significant impairments, the Group carried forward £6.0m (2009: £7.4m) of intangible assets and £33.8m (2009: £33.8m) goodwill at year end. The movement in the year reflects amortisation of intangibles of £1.3m. Intangible assets have been 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.

TREASURY MANAGEMENT

The Group finances its operations through a mixture of shareholders' funds, bank borrowings and operating leases. The Group operates centralised treasury management over its financial risks within a strong control environment. The Group uses various financial instruments in order to manage the exposures that arise from its operations. It is the Group's policy not to trade financial instruments or to engage in speculative transactions. All funding is properly recognised on the balance sheet. The Board has approved the treasury policy and receives regular reports on compliance. The objectives of the Group's treasury policy are summarised below.

To meet the liquidity requirements of the Group cost effectively The Group aims to maintain undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term funding needs and to minimise the level of surplus cash balances. The Group operates a conservative investment policy and short term deposits are placed with highly rated counterparties.

To deliver the funding demands of the business at low cost The Group funding requirements are largely driven by capital expenditure and acquisition activity. As at 31 March 2010 the Group's bank facilities comprised £70m (2009: £70m) of committed facilities and overdraft facilities of £10m (2009: £10m). The Group has agreed terms for a £35m committed three year revolving credit facility through to May 2013 to replace its £50m committed five year revolving credit facility which is due to expire in November 2010. The new facility is expected to be signed in the next few weeks, well ahead of the current facility's expiry. The sizing of the new facility reflects the lower projected borrowing profile of the Group. The Group also has a £20m committed three year revolving credit facility, due to expire in September 2011 and overdraft facilities totalling £10m. Bank borrowings net of cash totalled £48.1m (2009: £64.9m) at year end.

To develop and maintain strong and stable banking relationships The principal lenders to the Group are Barclays and The Royal Bank of Scotland with whom the Group maintains strong working relationships. The new facility will extend borrowing relationships to include Yorkshire Bank and close relationships also exist with other banks.

To provide reasonable protection against interest rate and foreign currency volatility At 31 March 2010 the Group had fixed the interest rates on £37.5m of floating rate debt through the use of five interest rate swaps. Three of the agreements were entered into in November 2005, September 2007 and December 2007, each fixing £7.5m of debt for a period of 5 years with a bank only break option after 3 years. In addition there were two further agreements, one entered into in October 2008 which fixed £7.5m of debt for a period of 2 years and another agreement was entered into in July 2008 to fix £7.5m of floating rate debt for a period of 5 years with a bank only break option after 3 years.

Throughout the year the Group had three basis rate swap agreements matching a total of £22.5m of interest rate swaps at 3 month LIBOR to 1 month LIBOR. On 15 February 2010 the Group renewed these swaps with agreements expiring in November and December 2010.

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. The most significant transactional currency exposure is US dollars to Sterling and, as at 31 March 2010, agreements were in place to sell US \$15.1m (2009 US \$19.1m) for the coming year.

The counterparties to all these agreements are The Royal Bank of Scotland and Barclays Capital.

To provide reasonable protection against share price volatility in managing share based payments The Company provides funding to the Vp Employee Trust to enable the purchase of treasury shares to fix the actual cash cost of share options during their vesting period. At 31 March 2010 the Vp Employee Trust held 3,073,000 shares (2009 4,093,000 shares) against an expected liability in terms of numbers of shares at that date of 3,161,000 (2009 3,612,000).

TREASURY SHARES

In December 2008 the Company purchased 1.2m shares at an average price of 125 pence. These shares are being held as treasury shares and have not been cancelled. The acquisition was earnings per share enhancing as the expected saving from dividends outweighs the financial carrying cost of this investment.

FINANCIAL CONTROLS

The Group delegates day-to-day control to local management within agreed parameters. The Group has comprehensive control systems in place, with regular reporting to the executive directors. The Internal Audit function reviews each accounting centre twice a year, and its findings are reported to the Audit Committee.

Further information regarding the Group's procedures to maintain strict controls over all aspects of risk, including financial risk, are set out in the Corporate Governance Report on pages 23 and 24.

RISK AND UNCERTAINTIES

The Group comprises a number of businesses serving different markets and manages the risks inherent to these activities. The key external risks include general economic conditions, competitor actions, the effect of legislation, credit risk and business continuity. Internal risks relate mainly to investment and controls failure risk. The Group seeks to mitigate exposure to all forms of risk where practicable and to transfer risk to insurers where cost effective. The diversified nature of the Group limits the exposure to external risk within a particular market. Exposure to credit risk in relation to customers, banks and insurers is managed through credit control practices including credit insurance which limits the Group's exposure to bad debts via an aggregate first loss policy which covers nearly half of the Group's accounts receivable. Business continuity plans exist for key operations and accounting centres. The Group is an active acquirer and acquisitions may involve risks that might materially affect the Group performance. These risks are mitigated by extensive due diligence and appropriate warranties and indemnities from the vendors.

Taking into account these risk mitigation actions and the treasury management policies described above, the Group's exposure to market, liquidity and credit risk is considered to be within normal parameters and represents a level of acceptable risk.

Financial Review

ACCOUNTING STANDARDS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. In 2009/10, the changes that have had the most significant effect on the Group's financial statements are

- Amendments to IAS 1 This amendment has changed the presentation of performance reporting, but has not affected the results reported
- Amendment to IAS 16 This amendment clarifies that proceeds from the sale of ex rental assets should be treated as revenue. As a result revenue and cost of sales recognised in the consolidated statement of income have increased by £4.7m for the year to 31 March 2010 (2009: £6.5m)

A summary of other less significant changes and full details of accounting policies are provided in note 1 to the Financial Statements

SHARE PRICE

During the year the Company's share price increased by 25.5% from 145 pence to 182 pence, compared to a 63% increase in the FTSE small cap index. The Company's shares ranged in price from 135 pence to 210 pence but averaged 168 pence during the year. The average number of shares in issue was 41,514,000 (2009: 41,562,000) excluding shares held by the Employee Trust and Treasury Shares.



Mike Holt
Group Finance Director
8 June 2010

Directors' Report

The Directors of Vp plc present their annual report and the audited Financial Statements for the year ended 31 March 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is equipment rental and associated services conducted mainly in the United Kingdom

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 maintain the final dividend at 7.7 pence per share having taken into account the trading performance, dividend cover and prospects for the Group. Subject to approval at the Annual General Meeting, shareholders will receive a total dividend for the year of 10.8 pence (2009: 10.8 pence) per share. This equates to a total dividend of £4,518,000 (2009: £4,438,000) 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 3 September 2010 and it is proposed that dividend warrants be posted on 1 October 2010.

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. Age 59.

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 was a non executive director of Scarborough Building Society until March 2009. Age 52.

Mike Holt

Group Finance Director

Mike Holt joined Vp as Group Finance Director in July 2004. From 1993 until joining Vp, he held a number of senior financial positions with Rolls-Royce Group plc within the UK, USA and Hong Kong. He is a trustee and treasurer of Target Ovarian Cancer. Age 49.

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. Age 64.

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. Age 58.

Barrie Cottingham

Non executive Director

Barrie Cottingham was appointed a non executive director in 1996. He was a senior partner at Coopers & Lybrand until his retirement in 1995. He was also non executive Chairman of SIG plc for 8 years until retiring in 2004 and non executive Chairman of Cattles plc for 7 years, having been a non executive director for a total of 11 years until retiring in 2006. He was Chairman of the Audit Committee until 21 May 2009. He retired as a director at the last Annual General Meeting. Age 76.

Neil Stothard and Mike Holt retire by rotation and being eligible, offer themselves for re-appointment. Neil Stothard and Mike Holt 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 Combine 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 21.

SUBSTANTIAL SHAREHOLDERS

As at 8 June 2010 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares %
Ackers P Investment Company Limited	23,684,876	52.67
JP Morgan Securities Limited	4,425,975	9.84
Vp Employee Trust	3,153,157	7.01

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £12,143 (2009: £39,002). 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 2010 was 41 days (2009: 56 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average fleet purchases during the year.

CONTRACTS

There are no disclosures required under S417(5)(c) 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 30.7% of the total ordinary share capital (exclusive of treasury shares) in issue at 8 June 2010. 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 £112,000 which represents 5% of the total ordinary share capital (exclusive of treasury shares) in issue at 8 June 2010. 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 at Resolution 10(b) and 10(c) of the Notice of Meeting on page 64. The Directors undertake to shareholders that they will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares provided that the number so held did not at any time exceed 10% of the Company's issued share capital. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. During the year ended 31 March 2010 the Company did not acquire any shares (2009: 1,215,000 shares) under the authority of the resolution passed at the Annual General Meeting in September 2009. The shares acquired in the prior year are being held as treasury shares and represent 2.6% of the total ordinary share capital in issue at 8 June 2010.

A resolution is also to be proposed to amend the Company's Articles of Association to authorise the Company to publish documents and information via its website. The aim is to enable the Company to reduce costs associated with producing and distributing hard copy documents.

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 13 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.

Despite the current economic conditions and uncertain outlook, the Group is in a healthy financial position. The Group has agreed terms for a £35m committed revolving facility through to May 2013 to replace its £50m committed five year revolving facility which is due to expire in November 2010. The agreement for this new facility is expected to be signed in the next few weeks following which the Group will have total banking facilities of £65m which are subject to bank covenant testing.

The Board has evaluated the facilities and covenants on the basis of the budget for 2010/11 which has been prepared taking into account the current economic climate together with a reasonable level of 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 and to manage its business risks through this difficult period. 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.

AUDITORS

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 each Director has taken all the steps that he ought to have taken as a Director to make himself 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

A handwritten signature in black ink, appearing to read 'Mike Holt', written over a horizontal line.

Mike Holt
Company Secretary
8 June 2010

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 2010. 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 Combined Code of Corporate Governance (the "Code") as revised in June 2008.

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, Chairman, and Neil Stothard, Group Managing Director, attend meetings 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 once during the year. The committee takes into account levels of remuneration in comparable companies, benchmark surveys and consults with independent remuneration advisers 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 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 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 ROCE targets over the three year performance period. Recent awards have included compound annual growth rate targets of between 10% and 20% over a pre-agreed baseline level of earnings and a minimum ROCE 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 capital employed over a three year period. The initial value of awards is 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. The average award during the year ended 31 March 2010 was for 11,402 options (2009: 8,194). Awards under these schemes are no longer granted to executive directors.

Share matching scheme

Under the share matching scheme, certain executive directors and senior management of the Group are granted rights to acquire shares at nil cost in proportion to the number of shares purchased from their own funds at the time of the grant. 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 2010 there were 390 (29%) employees (2009: 428 (29%)) participating in the scheme.

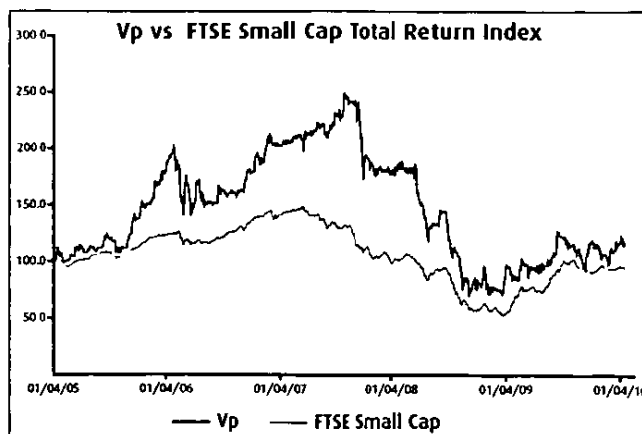
Benefits in kind

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

TOTAL SHAREHOLDER RETURN

The total cumulative shareholder return of the Group for the 5 years to 31 March 2010 was 17% as compared to a reduction of 6% 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 Mike Holt is dated 15 June 2004.

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 2010 are set out below.

	Salary/ Fees	Bonus	Cash Allowance/ Pension	Benefits	Total 2010	Total 2009
	£000	£000	£000	£000	£000	£000
Jeremy Pilkington	420	42	114	38	614	569
Neil Stothard	300	30	53	20	403	373
Mike Holt	205	21	36	16	278	257
Barrie Cottingham	18	-	-	-	18	35
Peter Parkin	35	-	-	-	35	35
Steve Rogers	35	-	-	-	35	18
	<u>1,013</u>	<u>93</u>	<u>203</u>	<u>74</u>	<u>1,383</u>	<u>1,287</u>

PENSIONS

At 31 March 2009 Jeremy Pilkington was a member of the Vp Pension Scheme, but had ceased to accrue benefits from 6 April 2006. In July 2009 the value of his pension benefits were transferred out of the Vp Pension Scheme into an independent personal pension scheme. As a result of this transfer he had no accrued benefits under the scheme as at 31 March 2010. The transfer value included no actuarial adjustment for early retirement in accordance with a long-standing contractual entitlement to retire at any time after the age of 50 without actuarial reduction of pension. Further details are provided in note 24. Since 6 April 2006 Jeremy Pilkington has received a cash allowance in lieu of pension contributions.

The details of Jeremy Pilkington's pension benefits are as follows:

	£
Transfer value of accrued pension at 31 March 2009	2,593,000
Increase in transfer value to transfer date	284,000
Additional transfer value for contractual entitlement accrued at 31 March 2009	873,000
Transfer value of accrued pension entitlement	3,750,000
Total settlement during year	(3,750,000)
Transfer value at 31 March 2010	-

The Company contributes to defined contribution schemes on behalf of Neil Stothard and Mike Holt. Details are provided in the remuneration table above.

Remuneration Report

DIRECTORS' INTERESTS

Shareholdings

The beneficial interests of Directors serving at the end of the year and their families, in the ordinary share capital of the Company are set out below

	31 March 2009	Purchases	31 March 2010
Jeremy Pilkington	27,220	-	27,220
Neil Stothard	254,128	358,630	612,758
Mike Holt	80,915	108,700	189,615
Peter Parkin	67,500	-	67,500
Steve Rogers	-	-	-

During the year Jeremy Pilkington was interested in 23,684,876 shares registered in the name of 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.

Share Options

Two directors have share options and these are set out below

	1 April 2009	Granted in year	Exercised in year	Lapsed in year	31 March 2010	Option price
Neil Stothard						
2006 SAYE Scheme	1,514	-	-	(1,514)	-	247p
2007 SAYE Scheme	623	-	-	-	623	303p
2008 SAYE Scheme	1,989	-	-	-	1,989	189p
2009 SAYE Scheme	-	2,927	-	-	2,927	124p
Mike Holt						
2006 SAYE Scheme	1,514	-	-	(1,514)	-	247p
2007 SAYE Scheme	1,247	-	-	-	1,247	303p
2008 SAYE Scheme	994	-	-	-	994	189p
2009 SAYE Scheme	-	2,927	-	-	2,927	124p
Approved Share Option Scheme	13,700	-	-	-	13,700	145 5p

Share Matching Scheme

Options held under the Share Matching Scheme were

	1 April 2009	Granted in year	Exercised in year	Lapsed in year	31 March 2010	Vested shares within total	Vested in year
Neil Stothard	38,438	19,400	(18,000)	-	39,838	-	6,500
Mike Holt	23,500	13,300	(9,500)	-	27,300	-	4,500

Remuneration Report

Long-term Incentive Plan

Awards under the long-term incentive plan were

	1 April 2009	Granted in year	Exercised in year	Lapsed in year	31 March 2010	Vested shares within total	Vested in year
Jeremy Pilkington*	388,000*	420,000*	(102,000)*	-	706,000*	-	102,000*
Neil Stothard	783,400	300,000	(576,400)	-	507,000	-	88,500
Mike Holt	315,000	205,000	(175,000)	-	345,000	-	51,000

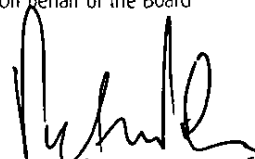
*The shares outstanding in respect of Jeremy Pilkington are notional shares which would be satisfied by a cash payment

The vesting of the outstanding awards at 31 March 2010 is subject to the achievement of performance criteria over the relevant three year periods up to the year ended 31 March 2012

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 150p

There were no changes in the interest of the directors between 31 March 2010 and 8 June 2010

On behalf of the Board



Peter Parkin
Chairman, Remuneration Committee
8 June 2010

Corporate Governance

The Board 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 Combined Code of Corporate Governance (the "Code") issued by the Financial Reporting Council as revised in June 2008. The Board confirms that throughout the year ended 31 March 2010 the Company has been in compliance with all of the provisions of the Code.

DIRECTORS

The Board consists of three executive directors and two non executive directors. The non executive directors are considered by the Board 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. Peter Parkin is the Senior Independent Director. The Chairman is an executive director. The biographies of the Board members shown on pages 14 and 15 indicate the high level and broad range of experience which the Board possesses.

Appropriate training for new and existing Directors is kept under review and provided where necessary.

THE BOARD

The role of the Board is to maximise the long-term performance of the Group through the implementation of strategies designed to enhance shareholder value. The Board reviews strategy on a regular basis and exercises control over the performance of each operating company within the Group by agreeing budgetary targets and monitoring performance against those targets.

The roles of the Chairman and Group Managing Director are separate and clearly defined. The Chairman runs the Board and sets the strategic agenda for the Group. The Group Managing Director is responsible for the operational management of the Group's business.

The Board has five scheduled meetings each year and additional meetings are held as required. The Board has a schedule of matters reserved for its approval, including 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 Audit Committee has two scheduled meetings each year and the Remuneration and Nomination Committees each have one, with additional meetings held as required.

During the year, all Directors attended the six Board meetings that were held. All of the members of the respective committees attended the two Audit Committee meetings and the one Remuneration Committee meeting held during the year. The primary role of the Nomination Committee is to ensure that appointments to the key leadership roles within the Group, particularly Board appointments, 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.

Copies of the terms of reference of the Audit, Remuneration and Nominations Committees are available on the Company's web site at www.vpplc.com.

There is an agreed procedure for directors to take independent professional advice at the Company's expense if deemed necessary for the correct performance of their duties. The Company Secretary is charged by the Board with ensuring that Board procedures are followed.

The Board, having implemented improvements following the last formal evaluation of its performance, its committees and that of the Chairman, feels that there are no major issues requiring change, but will continue to evaluate performance on a regular basis and implement changes as necessary. The last evaluation was undertaken using a questionnaire prepared for the Board by Equity Culture, an independent consultant, which drew on its experience of good practice across a range of listed companies.

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. The evaluation of Board performance concluded that the level of information made available to the Board was of appropriate quality and provided on a timely basis.

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 Mike Holt shall retire by rotation and seek re-election by shareholders at the next Annual General Meeting. In addition Peter Parkin having served over nine years as a non executive Director shall retire annually and offers himself for re-appointment by the shareholders at the next annual General Meeting in accordance with the Code (A 7.2).

Full details of directors' remuneration and a statement of the Company's remuneration policy are set out in the Remuneration Report appearing on pages 18 to 22. 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 the recommendation of the Remuneration Committee which have a direct bearing on his own remuneration package.

COMMUNICATION WITH STAKEHOLDERS

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 the 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 the Company's Brokers, Brewin Dolphin, and the Company's Financial PR advisor Abchurch, is reviewed by the Board as a whole.

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

AUDIT

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 2010 and information on the nature of the non-audit fees incurred appear 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 auditors. 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.

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 responsibility for the Group's system of internal controls and risk management. The Audit Committee reviews and monitors the system's effectiveness on behalf of the Board every six months and ensures that a thorough review in accordance with Turnbull guidance is undertaken annually. The responsibility for the system rests with the executive directors. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee reports on its assessment to the Board, so that the Board can reach its own informed view on control effectiveness. The Board confirms that it has reviewed the significant risks affecting the Group and has reviewed the effectiveness of the system of internal controls in place during the year ended 31 March 2010 and through to the date of this report.

The Statement of the Directors' Responsibilities in relation to the accounts appears on page 27.

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 and competency based. Our aim is to recruit 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 and therefore is committed to providing the same level of opportunity to all, regardless of ethnicity, religion, 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 family and social needs.

Retaining talented people is vital to our continued success. As part of our retention strategy we have an extensive training programme that commences with a detailed induction process and moves on to cover all the technical skills that our employees require to carry out their roles. Management development programmes are run for all individuals new to management roles and we actively encourage and sponsor individuals to develop themselves through further education programmes. Throughout this process we try to ensure that our people fulfil their potential to the benefit of both the individual and the Group.

The Group has an established whistle blowing policy and employees are free to voice concerns on a confidential basis through the Human Resources Director to ultimately the Chairman, or the non executive directors, if appropriate.

HEALTH AND SAFETY

All Group sites operate in accordance with the Group's Health and Safety and Environmental policies and procedures. These policies and procedures are designed to ensure that the health and safety of all our employees and 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.

Health and Safety reports and issues are discussed at operational board meetings with updates to the main Board. During the year there were 11 (2009: 11) 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.

THE ENVIRONMENT

We are aware of the potential risks which our operations may cause to 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.

Corporate and Social Responsibility

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 July 2009 tables for converting energy usage to CO₂ emissions. Prior year numbers have been restated to reflect revised DEFRA tables, restated revenues (IAS 16 - see note 1) and better estimates.

Direct Impacts (Operational)

Energy Type	Absolute Tonnes CO ₂		Normalised Tonnes CO ₂ per £m Revenue	
	2010	2009 (Restated)	2010	2009 (Restated)
Gas and electricity	2,669	2,613	19.89	16.59
Diesel	11,999	13,264	89.44	84.23
Gas Oil	270	296	2.02	1.88
Total	<u>14,938</u>	<u>16,173</u>	<u>111.35</u>	<u>102.70</u>

Indirect (Supply Chain)

External haulage	<u>3,575</u>	<u>3,844</u>	<u>26.65</u>	<u>24.41</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.

In absolute terms CO₂ emissions have been reduced in all categories, other than gas and electricity which was broadly unchanged. As a proportion of each pound of revenue CO₂ emissions have increased, but this does not properly take into account the underlying activity levels which effect emissions. We continue to endeavour to reduce emissions wherever possible.

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.

COMMUNITY

We recognise that in addition to the economic benefits our trading activity brings, we have a wider social responsibility. As such we actively support both local and national charities. During the year ended 31 March 2010 we donated £12,000 (2009: £39,000) to charities. This included donations in support of employees participating in fund raising activities.

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 2010 set out on pages 29 to 61. 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 auditors' 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 27, 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 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 web-site at www.frc.org.uk/apb/scope/UKP.

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 2010 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 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 page 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 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.

Under the Listing Rules we are required to review:

- the directors' statement set out on pages 16 and 17, in relation to going concern, and
- the part of the Corporate Governance Statement on pages 23 and 24 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

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
8 June 2010



Consolidated Income Statement

for the Year Ended 31 March 2010

	Note	2010 £000	2009 £000 (Restated)
Revenue	2	134,163	157,470
Cost of sales		<u>(99,350)</u>	<u>(114,331)</u>
Gross profit		34,813	43,139
Administrative expenses		<u>(17,869)</u>	<u>(18,617)</u>
Operating profit before amortisation and exceptional items	2	18,610	25,431
Amortisation of intangibles		<u>(1,323)</u>	<u>(909)</u>
Exceptional items	3	<u>(343)</u>	<u>-</u>
Operating profit	3	16,944	24,522
Financial income	6	17	28
Financial expenses	6	<u>(2,622)</u>	<u>(3,715)</u>
Profit before amortisation, exceptional items and taxation		16,005	21,744
Amortisation of intangibles		<u>(1,323)</u>	<u>(909)</u>
Exceptional items		<u>(343)</u>	<u>-</u>
Profit before taxation		14,339	20,835
Income tax expense	7	<u>(4,094)</u>	<u>(5,701)</u>
Net profit for the year		10,245	15,134
Basic earnings per 5p ordinary share	20	24 68p	36 41p
Diluted earnings per 5p ordinary share	20	24 36p	35 30p
Dividend per 5p ordinary share interim paid and final proposed	19	10 80p	10 80p

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

The restatement of the prior year figures relates solely to the effect of IAS16 on revenue and cost of sales. There was no profit effect.

Statements of Comprehensive Income

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2010

	Note	2010 £000	2009 £000
Profit for the year		10,245	15,134
Actuarial gains/(losses) on defined benefit pension scheme	24	726	(1,882)
Tax on items taken directly to equity		(203)	527
Effective portion of changes in fair value of cash flow hedges		439	(3,154)
Foreign exchange translation difference		(39)	274
Total Other Comprehensive Income		923	(4,235)
Total Comprehensive Income for the year		11,168	10,899

Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2010

	Note	2010 £000	2009 £000
Profit for the year		6,831	9,007
Actuarial gains/(losses) on defined benefit pension scheme	24	726	(1,882)
Tax on items taken directly to equity		(203)	527
Effective portion of changes in fair value of cash flow hedges		439	(3,154)
Total Other Comprehensive Income		962	(4,509)
Total Comprehensive Income for the year		7,793	4,498

Statements of Changes in Equity

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2010

	Note	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Minority Interest £000	Total Equity £000
Equity as at 1 April 2008		2,309	16,192	(452)	55,718	27	73,794
Total comprehensive income for the year		-	-	(3,154)	14,053	-	10,899
Tax movements to equity		-	-	-	(285)	-	(285)
Share option charge in the year		-	-	-	442	-	442
Net movement relating to Treasury Shares and shares held by Vp Employee Trust		-	-	-	(3,166)	-	(3,166)
Dividend to shareholders	19	-	-	-	(4,505)	-	(4,505)
Total change in equity during the year		-	-	(3,154)	6,539	-	3,385
Equity at 31 March 2009		2,309	16,192	(3,606)	62,257	27	77,179
Total comprehensive income for the year		-	-	439	10,729	-	11,168
Tax movements to equity		-	-	-	1	-	1
Share option charge in the year		-	-	-	434	-	434
Net movement relating to Treasury Shares and shares held by Vp Employee Trust		-	-	-	(85)	-	(85)
Dividend to shareholders	19	-	-	-	(4,510)	-	(4,510)
Total change in equity during the year		-	-	439	6,569	-	7,008
Equity at 31 March 2010		2,309	16,192	(3,167)	68,826	27	84,187

Parent Company Statement of Changes in Equity for the Year Ended 31 March 2010

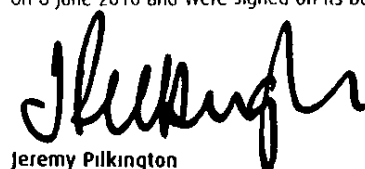
	Note	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Equity as at 1 April 2008		2,309	16,192	(452)	34,249	52,298
Total comprehensive income for the year		-	-	(3,154)	7,652	4,498
Tax movements to equity		-	-	-	(285)	(285)
Share option charge in the year		-	-	-	442	442
Net movement relating to Treasury Shares and shares held by Vp Employee Trust		-	-	-	(3,166)	(3,166)
Dividend to shareholders	19	-	-	-	(4,505)	(4,505)
Total change in equity during the year		-	-	(3,154)	138	(3,016)
Equity at 31 March 2009		2,309	16,192	(3,606)	34,387	49,282
Total comprehensive income for the year		-	-	439	7,354	7,793
Tax movements to equity		-	-	-	1	1
Share option charge in the year		-	-	-	434	434
Net movement relating to Treasury Shares and shares held by Vp Employee Trust		-	-	-	(85)	(85)
Dividend to shareholders	19	-	-	-	(4,510)	(4,510)
Total change in equity during the year		-	-	439	3,194	3,633
Equity at 31 March 2010		2,309	16,192	(3,167)	37,581	52,915

Consolidated Balance Sheet

at 31 March 2010

		2010	2009
		£000	(Restated) £000
Non-current assets			
Property, plant and equipment	8	98,635	107,889
Intangible assets	9	39,826	41,197
Total non-current assets		138,461	149,086
Current assets			
Inventories	11	3,813	5,463
Trade and other receivables	12	27,330	32,856
Cash and cash equivalents	13	1,385	551
Total current assets		32,528	38,870
Total assets		170,989	187,956
Current liabilities			
Interest-bearing loans and borrowings	14	(49,692)	(681)
Income tax payable		(263)	(2,289)
Trade and other payables	16	(25,493)	(30,473)
Total current liabilities		(75,448)	(33,443)
Non-current liabilities			
Interest-bearing loans and borrowings	14	(18)	(65,707)
Employee benefits	24	(1,127)	(3,194)
Deferred tax liabilities	17	(10,209)	(8,433)
Total non-current liabilities		(11,354)	(77,334)
Total liabilities		(86,802)	(110,777)
Net assets		84,187	77,179
Equity			
Issued share capital	18	2,309	2,309
Share premium		16,192	16,192
Hedging reserve		(3,167)	(3,606)
Retained earnings		68,826	62,257
Total equity attributable to equity holders of the parent		84,160	77,152
Minority interest		27	27
Total equity		84,187	77,179

Details of the restatement of the prior year, relating solely to hindsight adjustments for prior year acquisitions are shown in the appropriate notes. These financial statements were approved by the Board of Directors on 8 June 2010 and were signed on its behalf by



Jeremy Pilkington
Chairman



Mike Holt
Director

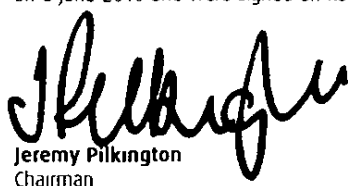
Parent Company Balance Sheet

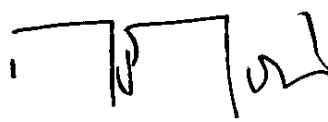
at 31 March 2010

		2010	2009 (Restated)
	Note	£000	£000
Non-current assets			
Property, plant and equipment	8	53,088	55,925
Intangible assets	9	14,915	15,189
Investments in subsidiaries	10	25,077	25,082
Total non-current assets		93,080	96,196
Current assets			
Inventories	11	901	1,922
Trade and other receivables	12	50,517	64,174
Income tax receivable		23	
Cash and cash equivalents	13	631	452
Total current assets		52,072	66,548
Total assets		145,152	162,744
Current liabilities			
Interest-bearing loans and borrowings	14	(52,912)	(5,029)
Income tax payable		-	(1,601)
Trade and other payables	16	(32,001)	(33,452)
Total current liabilities		(84,913)	(40,082)
Non-current liabilities			
Interest-bearing loans and borrowings	14	-	(65,544)
Employee benefits	24	(1,127)	(3,194)
Deferred tax liabilities	17	(6,197)	(4,642)
Total non-current liabilities		(7,324)	(73,380)
Total liabilities		(92,237)	(113,462)
Net assets		52,915	49,282
Equity			
Issued share capital	18	2,309	2,309
Share premium		16,192	16,192
Hedging reserve		(3,167)	(3,606)
Retained earnings		37,581	34,387
Total equity		52,915	49,282

Details of the restatement of the prior year, relating solely to hindsight adjustments for prior year acquisitions are shown in the appropriate notes

These financial statements were approved by the Board of Directors on 8 June 2010 and were signed on its behalf by


Jeremy Pilkington
Chairman


Mike Holt
Director

Consolidated Statement of Cash Flows

for the Year Ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Profit before taxation		14,339	20,835
Adjustments for			
Pension fund contributions in excess of expense recognised in Income Statement		(2,214)	(204)
Share based payment charges		434	442
Depreciation	8	18,901	18,964
Amortisation of intangibles	9	1,323	909
Financial expense		2,622	3,715
Financial income		(17)	(28)
Profit on sale of property, plant and equipment		(3,375)	(3,825)
Operating cash flow before changes in working capital and provisions		32,013	40,808
Decrease/(increase) in inventories		1,650	(348)
Decrease in trade and other receivables		5,484	741
Decrease in trade and other payables		(1,919)	(6,073)
Cash generated from operations		37,228	35,128
Interest paid		(2,453)	(3,711)
Interest element of finance lease rental payments		(156)	(199)
Interest received		17	28
Income taxes paid		(4,546)	(5,991)
Net cash from operating activities		30,090	25,255
Investing activities			
Proceeds from sale of property, plant and equipment		8,718	10,799
Purchase of property, plant and equipment		(16,744)	(34,211)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	19	(6,013)
Net cash from investing activities		(8,007)	(29,425)
Cash flows from financing activities			
Purchase of own shares by Employee Trust and Company		(85)	(3,166)
Repayment of borrowings		(20,000)	(20,401)
New loans		4,000	29,000
Payment of hire purchase and finance lease liabilities		(678)	(1,216)
Dividend paid	19	(4,510)	(4,505)
Net cash used in financing activities		(21,273)	(288)
Net increase/(decrease) in cash and cash equivalents		810	(4,458)
Effect of exchange rate fluctuations on cash held		24	22
Cash and cash equivalents as at the beginning of the year		551	4,987
Cash and cash equivalents as at the end of the year		1,385	551

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Profit before taxation		9,496	12,767
Adjustments for			
Pension fund contributions in excess of expense recognised in Income Statement		(2,214)	(204)
Share based payment charges		434	442
Depreciation	8	8,786	8,850
Amortisation of intangibles	9	684	315
Financial expense		2,522	3,572
Financial income		(12)	(594)
Profit on sale of property plant and equipment		(2,547)	(2,602)
Operating cash flow before changes in working capital and provisions		17,149	22,546
Decrease/(increase) in inventories		1,021	(254)
Decrease/(increase) in trade and other receivables		13,210	(2,230)
Increase/(decrease) in trade and other payables		1,205	(4,358)
Cash generated from operations		32,585	15,704
Interest paid		(2,452)	(3,711)
Interest element of finance lease rental payments		(56)	(56)
Interest received		12	594
Income taxes paid		(2,936)	(3,282)
Net cash from operating activities		27,153	9,249
Investing activities			
Proceeds from sale of property, plant and equipment		5,271	7,647
Purchase of property, plant and equipment		(10,032)	(18,033)
Acquisition of subsidiaries (net of cash acquired)		43	(2,824)
Net cash from investing activities		(4,718)	(13,210)
Cash flow from financing activities			
Purchase of own shares by Employee Trust and Company		(85)	(3,166)
Repayment of borrowings		(20,000)	(20,401)
New loans		4,000	29,000
Payment of finance lease liabilities		(122)	(394)
Dividend paid	19	(4,510)	(4,505)
Net cash used in/generated from financing activities		(20,717)	534
Net increase/(decrease) in cash and cash equivalents		1,718	(3,427)
Cash and cash equivalents as at the beginning of the year		(4,453)	(1,026)
Cash and cash equivalents net of overdraft as at the end of the year		(2,735)	(4,453)

Notes

(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a company incorporated in Great Britain. The consolidated Financial Statements of Vp plc for the year ended 31 March 2010, 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. The following new standards and amendments to standards have become effective from 1 January 2009 and hence are reflected in these financial statements:

- IAS 1 (revised), "Presentation of Financial Statements". The most significant change within IAS 1 (revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present an income statement and a separate statement of comprehensive income. In addition, IAS 1 (revised) requires the statement of changes in shareholders' equity to be presented as a primary statement.
- 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. The effect of this for the year to 31 March 2010 was not material.
- IFRS 8, "Operating Segments" replaces IAS 14, "Segment reporting" and requires the disclosure of segment information on the same basis as the management information provided to the chief operating decision maker. The adoption of this standard has not resulted in a change in the Group's reportable segments.
- An amendment to IAS 16, "Property, Plant and Equipment", classifies proceeds from the sale of ex-tenant assets as revenue. As a result revenue and cost of sales recognised in the consolidated statement of income have increased by £4,676,000 for the year to 31 March 2010 and £6,525,000 for the year ended 31 March 2009.

Prior year comparatives have been restated to reflect the changes for IAS 16 above and hindsight adjustments made in relation to prior year acquisitions. The impact of the hindsight adjustments is shown in the appropriate notes.

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

- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1 July 2009)
- Amendment to IAS 32 'Classification of Rights Issues' (effective 1 February 2010)
- IFRIC 17 'Distribution of Non-Cash Assets to Owners' (effective 1 July 2009)
- IFRIC 18 'Transfer of Assets from Customers' (effective 1 July 2009)
- IFRIC 19 'Extinguishing Financial Liabilities with Equity' (effective 15 July 2010)

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

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.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

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

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. The amendment to IAS 16, "Property, Plant and Equipment", classifies proceeds from the sale of ex rental assets as revenue.

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 buildings	- 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.

Goodwill

All business combinations are accounted for by applying the purchase method. In respect of acquisitions since 1 April 2004, goodwill represents the difference between the cost of acquisitions and the fair value of identifiable net assets and contingent liabilities acquired. 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 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 these transactions which represent its carrying value at the date of transition to adopted IFRS.

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	- 10 years
Supply agreements	- the initial term of the agreement
Trade names	- over the estimated initial period of usage

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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments**

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

Dividends received and receivable from post acquisition profit are credited to the Company's Income Statement to the extent that the Company has the right to receive payment

Inventories

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

Raw materials and consumables stock is held primarily for the repair and maintenance of fleet assets. Goods for resale relate to stock held for sale. The basis of expending 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 provisions for potential 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

Notes

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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. All cumulative actuarial gains and losses at 1 April 2004, the date of transition to adopted IFRSs, were recognised directly in equity. 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.

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 Vp Employee Trust are treated as treasury shares, 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 earning 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 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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue represents the amounts (excluding Value Added Tax) derived from the hire of equipment and the provision of goods and services to third party customers during the year. Revenue from equipment hire which is the vast majority of Group revenues, is recognised from the start of hire through to the end of the agreed hire period 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. The amendment to IAS 16, "Property, Plant and Equipment" classifies proceeds from the commercial sale of ex rental assets as revenue.

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.

Notes

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2010 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 37). 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.

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 £8,000 (2009: £26,000).

2 SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's operating segments and reportable segments are the six business units. Details of these are set out on page 1. Total revenue in 2010 was £134,163,000 (2009: £157,470,000). 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 overseas geographical area accounting for more than 10% of the Group revenue. 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	
	2010	2010	2010	2009	2009	2009	2010	2009
	External Revenue	Internal Revenue	Total Revenue	External Revenue	Internal Revenue	Total Revenue	2010	2009
	£000	£000	£000	£000	£000	£000	£000	£000
Groundforce	32,874	290	33,164	40,606	150	40,756	9,169	11,004
UK Forks	10,625	235	10,860	16,901	350	17,251	16	1,238
Airpac Bukom	15,677	-	15,677	14,733	-	14,733	3,865	3,882
Torrent Trackside	10,635	20	10,655	13,952	-	13,952	175	1,231
TPA	14,231	50	14,281	15,628	-	15,628	2,162	1,691
Hire Station	50,121	265	50,386	55,650	375	56,025	3,223	6,385
	134,163	860	135,023	157,470	875	158,345	18,610	25,431

2 SEGMENT REPORTING (continued)

Business Segments	Assets		Liabilities		Net Assets	
	2010	2009	2010	2009	2010	2009
		(Restated)		(Restated)		
	£000	£000	£000	£000	£000	£000
Groundforce	35,952	40,535	7,358	8,746	28,594	31,789
UK Forks	11,587	14,771	1,994	2,695	9,593	12,076
Airpac Bukom	31,183	30,163	4,245	5,358	26,938	24,805
Torrent Trackside	7,021	10,679	1,889	2,802	5,132	7,877
TPA	29,249	30,499	4,006	4,363	25,243	26,136
Hire Station	55,501	60,540	11,394	12,102	44,107	48,438
Group/unallocated	496	769	55,916	74,711	(55,420)	(73,942)
	<u>170,989</u>	<u>187,956</u>	<u>86,802</u>	<u>110,777</u>	<u>84,187</u>	<u>77,179</u>

	Acquired Assets		Capital Expenditure		Depreciation and Amortisation	
	2010	2009	2010	2009	2010	2009
		(Restated)				
	£000	£000	£000	£000	£000	£000
Groundforce	(48)	3,519	3,648	7,279	4,209	3,973
UK Forks	-	-	53	1,369	1,758	2,378
Airpac Bukom	-	-	4,697	6,629	3,434	2,744
Torrent Trackside	-	-	862	1,216	1,885	2,091
TPA	-	(42)	639	4,492	1,437	1,394
Hire Station	-	3,214	4,790	9,548	7,179	7,026
Group/unallocated	-	-	366	494	322	267
	<u>(48)</u>	<u>6,691</u>	<u>15,055</u>	<u>31,027</u>	<u>20,224</u>	<u>19,873</u>

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 £8.1m, Airpac Bukom £4.8m, TPA £9.6m and Hire Station £12.8m.

3. OPERATING PROFIT

	2010	2009
	£000	£000
Operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	1,323	909
Depreciation of property, plant and equipment – owned	18,777	18,656
– leased	124	308
Rent of land and buildings	3,859	3,328
Hire of other assets	9,303	11,824
Profit on sale of plant and equipment	(3,375)	(3,825)
Amounts paid to auditors		
Audit fees – parent company annual accounts	55	55
– other group companies	61	63
– total group	116	118
Tax services	74	58
Other services pursuant to legislation	27	16

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	2010 £000	2009 £000
Employment termination costs associated with cost saving measures	456	-
Profit on disposal of freehold property	(113)	-
	<u>343</u>	<u>-</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	
	2010	2009
Operations	1,027	1,186
Sales	162	182
Administration	219	211
	<u>1,408</u>	<u>1,579</u>

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	38,633	41,886
Social security costs	3,843	4,174
Defined benefit pension costs	156	105
Other pension related costs	707	546
Share option costs including associated social security costs - equity settled	503	123
- cash settled	108	(604)
	<u>43,950</u>	<u>46,230</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

	2010 £000	2009 £000
Basic remuneration including bonus and benefits	1,180	1,084
Cash allowances/pension contributions	203	203
	<u>1,383</u>	<u>1,287</u>

Further details of Directors' remuneration and pensions are given in the Remuneration Report on pages 18 to 22

6 FINANCIAL INCOME AND EXPENSES

	2010 £000	2009 £000
Financial income		
Bank and other interest receivable	<u>17</u>	<u>28</u>
Financial expenses		
On bank loans and overdrafts	(2,466)	(3,516)
Finance charges payable in respect of finance leases and hire purchase contracts	<u>(156)</u>	<u>(199)</u>
	<u>(2,622)</u>	<u>(3,715)</u>

7 INCOME TAX EXPENSE

	2010 £000	2009 £000
Current tax expense		
UK Corporation tax charge at 28% (2009 28%)	2,398	5,286
Overseas tax	279	255
UK adjustments relating to earlier years	<u>(157)</u>	<u>(212)</u>
Total current tax	<u>2,520</u>	<u>5,329</u>
Deferred tax expense		
Current year deferred tax	1,283	573
Adjustments to deferred tax relating to earlier years	<u>291</u>	<u>(201)</u>
Total deferred tax	<u>1,574</u>	<u>372</u>
Total tax expense in income statement	<u>4,094</u>	<u>5,701</u>

Reconciliation of effective tax rate

	2010 %	2010 £000	2009 %	2009 £000
Profit on ordinary activities before tax		<u>14,339</u>		<u>20,835</u>
Profit on ordinary activities multiplied by standard rate of corporation tax	28.0	4,015	28.0	5,834
Effects of				
Expenses not deductible for tax purposes	0.5	66	0.6	130
Non-qualifying depreciation	0.9	133	0.6	122
Share option schemes	-	-	2.0	412
Gains covered by exemption/losses	(1.8)	(264)	(1.8)	(373)
Overseas tax rate	0.1	10	-	(11)
Adjustments to tax charge in respect of previous years	0.9	134	(2.0)	(413)
Total tax charge for the year	<u>28.6</u>	<u>4,094</u>	<u>27.4</u>	<u>5,701</u>

Deferred tax recognised directly through equity

	2010 £000	2009 £000
Relating to share based payments	-	285
Relating to historic asset revaluations	(1)	-
Relating to actuarial loss on defined benefit pension scheme	<u>203</u>	<u>(527)</u>
	<u>202</u>	<u>(242)</u>

Notes

8 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	£000	£000	£000	£000	£000
At 1 April 2008	10,611	140,946	1,689	8,273	161,519
Additions	780	28,403	397	1,447	31,027
Acquisitions	4	1,866	241	30	2,141
Exchange rate differences	12	224	11	32	279
Disposals	(27)	(17,280)	(302)	(1,247)	(18,856)
Transfer between categories	-	43	-	(43)	-
At 31 March 2009	11,380	154,202	2,036	8,492	176,110
Additions	234	13,869	149	803	15,055
Disposals	(169)	(15,246)	(349)	(351)	(16,115)
Exchange rate differences	(3)	(64)	(5)	(2)	(74)
At 31 March 2010	11,442	152,761	1,831	8,942	174,976
Depreciation and impairment losses					
At 1 April 2008	3,713	50,823	988	5,127	60,651
Charge for year	497	16,870	353	1,244	18,964
On acquisitions	-	388	71	2	461
Exchange rate differences	1	14	3	9	27
On disposals	(24)	(10,362)	(264)	(1,232)	(11,882)
Transfer between categories	-	34	-	(34)	-
At 31 March 2009	4,187	57,767	1,151	5,116	68,221
Charge for year	520	16,845	360	1,176	18,901
On disposals	(39)	(10,075)	(307)	(351)	(10,772)
Exchange rate differences	(1)	(7)	(1)	-	(9)
At 31 March 2010	4,667	64,530	1,203	5,941	76,341
Carrying amount					
At 31 March 2010	6,775	88,231	628	3,001	98,635
At 31 March 2009	7,193	96,435	885	3,376	107,889
At 31 March 2008	6,898	90,123	701	3,146	100,868

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	£000	£000	£000	£000	£000
At 1 April 2008	7,050	74,662	612	3,591	85,915
Additions	346	14,173	92	793	15,404
Group transfers	21	(1,554)	189	(71)	(1,415)
Disposals	-	(9,629)	(205)	(1,203)	(11,037)
At 31 March 2009	7,417	77,652	688	3,110	88,867
Additions	142	8,040	39	402	8,623
Group transfers	-	(168)	-	-	(168)
Disposals	-	(6,985)	(112)	(1)	(7,098)
At 31 March 2010	7,559	78,539	615	3,511	90,224
Depreciation and impairment losses					
At 1 April 2008	2,147	26,990	379	2,292	31,808
Charge for year	206	8,067	117	460	8,850
Group transfers	23	(1,190)	104	(18)	(1,081)
On disposals	-	(5,242)	(194)	(1,199)	(6,635)
At 31 March 2009	2,376	28,625	406	1,535	32,942
Charge for year	224	7,982	112	468	8,786
Group transfers	-	(136)	-	-	(136)
On disposals	-	(4,367)	(88)	(1)	(4,456)
At 31 March 2010	2,600	32,104	430	2,002	37,136
Carrying amount					
At 31 March 2010	4,959	46,435	185	1,509	53,088
At 31 March 2009	5,041	49,027	282	1,575	55,925
At 31 March 2008	4,903	47,672	233	1,299	54,107

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 (2009 £2,176,000) of freehold land not subject to depreciation

Included in the total net book value of fixed assets of the Group is £1,543,000 (2009 £3,799,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £194,000 (2009 £491,000). The leased equipment secures lease obligations (see note 14). Depreciation for the year on these Group assets was £124,000 (2009 £308,000) and £18,000 (2009 £65,000) 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 2008	2,118	3,904	340	35,356	41,718
Acquired through business combinations	-	1,445	836	2,755	5,036
Hindsight adjustment	-	-	-	(25)	(25)
Adjustment to contingent consideration	-	-	-	(4,240)	(4,240)
At 31 March 2009	2,118	5,349	1,176	33,846	42,489
Acquired through business combinations	-	-	-	-	-
Adjustment to contingent consideration	-	-	-	(48)	(48)
At 31 March 2010	2,118	5,349	1,176	33,798	42,441
Accumulated amortisation					
At 1 April 2008	48	247	88	-	383
Amortisation charge	72	516	321	-	909
At 31 March 2009	120	763	409	-	1,292
Amortisation charge	72	535	716	-	1,323
At 31 March 2010	192	1,298	1,125	-	2,615
Carrying amount					
At 31 March 2010	1,926	4,051	51	33,798	39,826
At 31 March 2009	1,998	4,586	767	33,846	41,197
At 31 March 2008	2,070	3,657	252	35,356	41,335

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. Due to the insolvency of a large customer during the year the intangible asset relating to the supply agreement has been fully amortised.

An intangible asset with an indefinite life totalling £1,400,000 (2009 £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	Customer Relationships	Supply Agreements	Goodwill	Total
Cost or deemed cost	£000	£000	£000	£000	£000
At 1 April 2008	376	1,568	72	12,097	14,113
Transfer from cost of investment	-	597	-	1,513	2,110
Fair value of deferred tax on intangibles	-	253	-	-	253
Group transfer	-	-	-	(912)	(912)
At 31 March 2009	376	2,418	72	12,698	15,564
Group transfer	-	-	405	-	405
Transfer from cost of investment	-	-	-	5	5
At 31 March 2010	376	2,418	477	12,703	15,974
Accumulated amortisation					
At 1 April 2008	-	7	53	-	60
Amortisation charge	41	255	19	-	315
At 31 March 2009	41	262	72	-	375
Amortisation charge	37	242	405	-	684
At 31 March 2010	78	504	477	-	1,059
Carrying amount					
At 31 March 2010	298	1,914	-	12,703	14,915
At 31 March 2009	335	2,156	-	12,698	15,189
At 31 March 2008	376	1,561	19	12,097	14,053

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 2008	31,673
Acquisition	2,839
Transfer to intangible assets	(2,110)
Repayment of investment	(1,350)
Hindsight adjustment	(43)
Reduction in contingent consideration	(4,240)
At 31 March 2009	26,769
Transfer to goodwill	(5)
At 31 March 2010	26,764
Impairment	
At 1 April 2008, 31 March 2009 and 31 March 2010	1,687
Carrying amount	
At 31 March 2010	25,077
At 31 March 2009	25,082
At 31 March 2008	29,986

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%

11 INVENTORIES

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Raw materials and consumables	1,353	1,452	562	1,033
Goods for resale	2,460	4,011	339	889
	<u>3,813</u>	<u>5,463</u>	<u>901</u>	<u>1,922</u>

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
		(Restated)		(Restated)
Trade receivables	24,135	29,511	9,501	12,341
Amounts owed by subsidiary undertakings	-	-	39,853	49,987
Other receivables	64	142	-	-
Prepayments and accrued income	3,131	3,203	1,163	1,846
	<u>27,330</u>	<u>32,856</u>	<u>50,517</u>	<u>64,174</u>

Prior year other receivables have been restated by £42,000 within both Group and Company to reflect changes in the completion accounts for acquisitions

There are £7.0m 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 2010 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 a decrease in the provisions for impairment of trade receivables of £910,000 (2009 £1,615,000 increase). The decrease reflects the level of write offs during the year and the Group's judgement regarding the risks associated with collecting trade receivables and in particular is consistent with the reduction in the value of gross trade debtors. The Group has a reasonable spread of credit risk with the top 25 customers accounting for 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:

	2010	2009
	£000	£000
Not overdue	17,136	19,828
0 - 30 days overdue	4,155	4,419
31 - 90 days overdue	1,679	1,992
More than 90 days overdue	1,165	3,272
	<u>24,135</u>	<u>29,511</u>

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank balances	1,385	551	631	452
Call deposits	-	-	-	-
Cash and cash equivalents	<u>1,385</u>	<u>551</u>	<u>631</u>	<u>452</u>

Notes

14 INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Current liabilities				
Bank overdraft	-	-	3,366	4,905
Secured bank loans	49,500	-	49,500	-
Obligations under finance leases and hire purchase contracts	192	681	46	124
	<u>49,692</u>	<u>681</u>	<u>52,912</u>	<u>5,029</u>
Non-current liabilities				
Secured bank loans	-	65,500	-	65,500
Obligations under finance leases and hire purchase contracts	18	207	-	44
	<u>18</u>	<u>65,707</u>	<u>-</u>	<u>65,544</u>

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2010 is

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Due in more than one year but not more than two years				
Secured bank loans	-	48,500	-	48,500
Obligations under finance leases and hire purchase contracts	17	191	-	44
	<u>17</u>	<u>48,691</u>	<u>-</u>	<u>48,544</u>
Due in more than two years but not more than five years				
Secured bank loans	-	17,000	-	17,000
Obligations under finance leases and hire purchase contracts	1	16	-	-
	<u>1</u>	<u>17,016</u>	<u>-</u>	<u>17,000</u>
Total	<u>18</u>	<u>65,707</u>	<u>-</u>	<u>65,544</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 2010 were £30,500,000.

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 13. 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 remain constant.

GROUP	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years
	£000	£000	£000	£000	£000
31 March 2010					
Secured bank loans	49,500	50,725	50,725	-	-
Finance lease liabilities	210	243	222	21	-
Trade and other payables	25,493	25,493	25,493	-	-
	<u>75,203</u>	<u>76,461</u>	<u>76,440</u>	<u>21</u>	<u>-</u>
31 March 2009					
Secured bank loans	65,500	70,433	2,620	50,473	17,340
Finance lease liabilities	888	1,021	786	235	-
Trade and other payables	30,473	30,473	30,473	-	-
	<u>96,861</u>	<u>101,927</u>	<u>33,879</u>	<u>50,708</u>	<u>17,340</u>

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 2010					
Secured bank loans	49,500	50,725	50,725	-	-
Bank overdraft	3,366	3,366	3,366	-	-
Finance lease liabilities	46	53	53	-	-
Trade and other payables	32,001	32,001	32,001	-	-
	<u>84,913</u>	<u>86,145</u>	<u>86,145</u>		
31 March 2009					
Secured bank loans	65,500	70,433	2,620	50,473	17,340
Bank overdraft	4,905	4,905	4,905	-	-
Finance lease liabilities	168	193	142	51	-
Trade and other payables	33,452	33,452	33,452	-	-
	<u>104,025</u>	<u>108,983</u>	<u>41,119</u>	<u>50,524</u>	<u>17,340</u>

Hire purchase and finance lease liabilities

GROUP	Payment 2010 £000	Interest 2010 £000	Principal 2010 £000	Payment 2009 £000	Interest 2009 £000	Principal 2009 £000
Less than one year	222	(30)	192	786	(105)	681
Between one and five years	21	(3)	18	235	(28)	207
	<u>243</u>	<u>(33)</u>	<u>210</u>	<u>1,021</u>	<u>(133)</u>	<u>888</u>

15. FINANCIAL INSTRUMENTS

The Group has five 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 November 2005, September 2007, December 2007, July 2008 and October 2008. All these swaps are for a period of 5 years, with a bank only call option after 3 years except for the swap entered into in October 2008 which has a duration of 2 years. They fix interest rates net of bank margin at between 4.78% and 5.56%. 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. An analysis of fair values by hierarchy level is provided below.

Liabilities measured at fair value

	31 March 2010				31 March 2009
	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities at fair value					
Interest rate swaps	2,800	2,800	-	-	3,320
Forward exchange rate agreements	389	389	-	-	286
	<u>3,189</u>	<u>3,189</u>	<u>-</u>	<u>-</u>	<u>3,606</u>

The movements in liabilities within Level 1 trading derivatives are reconciled below

	31 March 2010		
	Interest rate swaps £000	Forward exchange rate agreements £000	Total £000
Opening liability	3,320	286	3,606
(Gains)/losses in other comprehensive income	(520)	81	(439)
Recycled to income statement	-	22	22
Closing balance	<u>2,800</u>	<u>389</u>	<u>3,189</u>

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

Notes

15 FINANCIAL INSTRUMENTS (continued)

The Group has five foreign exchange hedges, four of which were taken out during the year ended 31 March 2010 to reduce the risk of foreign exchange fluctuations between the US dollar and Sterling. A further hedge was taken out in February 2010 to reduce the risk of exchange fluctuations between the Australian dollar and Sterling. All exchange rate swaps are effective cash flow hedges and movements in the fair value have been taken to equity.

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 Treasury Management section of the Financial Review on pages 10 to 13, 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	
	2010	2009
	£000	£000
10% strengthening of Sterling against		
US Dollar	117	(8)
Australian Dollar	166	96
10% weakening of Sterling against		
US Dollar	(144)	(154)
Australian Dollar	(203)	(119)
10% movement in Sterling interest rates		
Increase in interest rates	(24)	(164)
Decrease in interest rates	25	164

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	
	2010	2009 (Restated)	2010	2009 (Restated)
	£000	£000	£000	£000
Trade payables	11,429	12,569	4,322	5,808
Amounts owed to subsidiary undertakings	-	-	19,753	16,753
Other taxes and social security	2,368	2,471	976	899
Other payables	4,221	4,511	3,189	3,606
Accruals and deferred income	7,475	10,848	3,761	6,386
Contingent consideration	-	74	-	-
	<u>25,493</u>	<u>30,473</u>	<u>32,001</u>	<u>33,452</u>

Prior year accruals and deferred income have been restated by Group £(4,000), Company £(1,000) to reflect changes in the completion balance sheets of acquisitions and accruals for acquisition fees.

17 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following

GROUP	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2008	8,958	1,586	(2,018)	(700)	7,826
Recognised on acquisitions	72	405			477
Recognised in income	75	(23)	745	(425)	372
Recognised in equity		-	(242)	-	(242)
At 31 March 2009	9,105	1,968	(1,515)	(1,125)	8,433
Recognised in income	757	(30)	450	397	1,574
Recognised in equity	-	-	203	(1)	202
At 31 March 2010	9,862	1,938	(862)	(729)	10,209

COMPANY	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2008	6,006	653	(2,018)	(403)	4,238
Recognised on acquisitions	-	238		-	238
Recognised in income	205	(111)	745	(490)	349
Recognised in equity			(242)	-	(242)
Transfer from subsidiary	59			-	59
At 31 March 2009	6,270	780	(1,515)	(893)	4,642
Recognised in income	627	(51)	450	327	1,353
Recognised in equity	-	-	203	(1)	202
At 31 March 2010	6,897	729	(862)	(567)	6,197

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

	2010 £000	2009 £000
Ordinary share capital		
Authorised		
60,000,000 Ordinary shares of 5 pence each	3,000	3,000
Allotted, called up and fully paid		
46,185,000 Ordinary shares of 5 pence each (2009 46,185 000)	2,309	2,309

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 31

Own shares held

Deducted from retained earnings (Group and Company) is £11,248,000 (2009 £13,602,000) in respect of own shares held by the Vp Employee Trust and treasury shares held by the Company. The Trust acts as a repository of issued Company shares and held 3,073,000 shares (2009 4,093,000) with a market value at 31 March 2010 of £5,594,000 (2009 £5,935,000). The Company has 1,215,000 treasury shares (2009 1,215,000 shares) with a market value of £2,211,000 (2009 £1,762,000).

Notes

19 DIVIDENDS

	2010 £000	2009 £000
Amounts recognised as distributions to equity holders of the parent in the year		
Ordinary shares		
Final paid 7 70p (2009 7 70p) per share	3,212	3,215
Interim paid 3 10p (2009 3 10p) per share	1,298	1,290
	<u>4,510</u>	<u>4,505</u>

The dividend paid in the year is stated after dividends waived to the value of £478,000 (2009 £483,000) in relation to shares held by the Vp Employee Trust and treasury shares held by the Company. These dividends will continue to be waived in the future.

The Directors are proposing a final dividend in respect of the current year of 7 7p per share which will absorb an estimated £3,220,000 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 24 68 pence (2009 36 41 pence) was based on the profit attributable to equity holders of the parent of £10,245,000 (2009 £15,134,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2010 of 41,514,000 (2009 41,562,000), calculated as follows:

	2010 Shares 000's	2009 Shares 000's
Issued ordinary shares	46,185	46,185
Effect of own shares held	(4,671)	(4,623)
Weighted average number of ordinary shares	<u>41,514</u>	<u>41,562</u>

Basic earnings per share before the amortisation of intangibles and exceptional items was 27 57 pence (2009 37 99 pence) and is based on an after tax add back of £1,200,000 (2009 £654,000) in respect of the amortisation of intangibles and exceptional items.

Diluted earnings per share

The calculation of diluted earnings per share of 24 36 pence (2009 35 30 pence) was based on profit attributable to equity holders of the parent of £10,245,000 (2009 £15,134,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2010 of 42,056,000 (2009 42,872,000), calculated as follows:

	2010 Shares 000's	2009 Shares 000's
Weighted average number of ordinary shares	41,514	41,562
Effect of share options on issue	542	1,310
Weighted average number of ordinary shares (diluted)	<u>42,056</u>	<u>42,872</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 was 27 21 pence (2009 36 83 pence).

21 SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 744,811 shares were granted under the SAYE scheme at a price of 124 pence. The outstanding options at the year end were

Date of Grant	Price per share	Number of shares
August 2007	303p	109,145
August 2008	189p	339,064
August 2009	124p	699,155
		<u>1,147,364</u>

All the options are exercisable between 3 and 3.5 years. At 31 March 2010 there were 390 employees saving an average £119 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 276,500 shares were granted during the year at a price of 154 pence. The options outstanding at the year end were

Date of Grant	Price per share	Number of shares
July 2001	65.0p	4,425
June 2002	93.0p	5,000
June 2003	104.0p	27,750
July 2004	145.5p	72,376
July 2005	200.0p	220,000
July 2006	293.5p	275,500
July 2007	388.25p	173,000
July 2008	213.0p	263,500
July 2009	154.0p	274,000
		<u>1,315,551</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 19.

Unapproved Share Option Scheme

Options over 1,000,500 shares were granted during the year at a price of 154 pence. The options outstanding at the year end were

Date of Grant	Price per share	Number of shares
July 2004	145.5p	112,250
July 2005	200.0p	475,000
July 2006	293.5p	288,500
July 2007	388.25p	322,000
July 2008	213.0p	482,500
July 2009	154.0p	988,000
		<u>2,668,250</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 19.

21 SHARE OPTION SCHEMES (continued)

Long-Term Incentive Plan

Awards were made during the year in relation to a further 1,391,000 shares. Shares outstanding at the year end were

	Number of shares
July 2007	296,000
July 2008	610,000
July 2009	1,391,000
	<u>2,297,000</u>

The vesting of the awards is subject to the achievement of performance targets over a three year period, as shown in the Remuneration Report on page 19

Share Matching

Awards were made during the year in relation to a further 81,588 shares. Shares outstanding at the year end were

Date of Grant	Number of shares
August 2005	5,000
August 2006	9,750
August 2007	33,650
August 2008	56,488
August 2009	81,588
	<u>186,476</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 19

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 2010 was 182 pence (2009: 145 pence), the highest market value in the year to 31 March 2010 was 210 pence and the lowest 135 pence. The average share price during the year was 167.7 pence

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

	2010		2009	
	Weighted average exercise price	Number of options 000s	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	155p	5,787	155p	5,124
Lapsed during the year	247p	(495)	229p	(606)
Exercised during the year	0p	(1,171)	45p	(777)
Granted during the year	83p	3,494	136p	2,046
Outstanding at the end of the year	<u>121p</u>	<u>7,615</u>	<u>155p</u>	<u>5,787</u>
Exercisable at the year end	<u>224p</u>	<u>1,496</u>	<u>101p</u>	<u>1,800</u>

The options outstanding at 31 March 2010 have an exercise price in the range of 0.0p to 388.25p and have a weighted average life of 1.8 years

21 SHARE OPTION SCHEMES (continued)

For options granted prior to November 2002 the options are valued at the intrinsic value at the date of the grant. For options granted after November 2002 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:

	2010	2009
Weighted average fair value per share	69 1p	49 1p
Share price at date of grant	150p to 162p	213p to 236p
Exercise price (details provided above)	0p to 154p	0p to 213p
Expected volatility	34.5% to 36.1%	19.2%
Option life	3 to 10 years	3 to 10 years
Expected dividend yield	7.4% to 8.0%	4.9% to 5.5%
Risk free rate	0.50%	5.00%

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

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

The total carrying amount of cash settled transaction liabilities at the year end was £79,000 (2009: £165,000).

22. OPERATING LEASES

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

	2010		2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
GROUP				
Operating leases which expire				
Within one year	434	854	619	933
In the second to fifth years inclusive	3,740	2,886	4,813	4,732
Over five years	8,143	-	7,532	-
	<u>12,317</u>	<u>3,740</u>	<u>12,964</u>	<u>5,665</u>
COMPANY				
Operating leases which expire				
Within one year	67	690	50	740
In the second to fifth years inclusive	359	1,552	1,483	2,742
Over five years	4,943	-	3,238	-
	<u>5,369</u>	<u>2,242</u>	<u>4,771</u>	<u>3,482</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	
	2010 £000	2009 £000	2010 £000	2009 £000
Contracted	<u>916</u>	<u>3,213</u>	<u>875</u>	<u>3,195</u>

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 projected 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 2010 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 £2,370,000. This is equivalent to approximately 21.6% of pensionable pay plus regular monthly contributions to reduce the deficit in the scheme totalling £225,000 for the year and additional settlement contributions of £2,126,000. 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. Contributions by members are also payable at a rate of 6% of pensionable pay. 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	
	2010	2009
	£000	£000
Present value of defined benefit obligation	(8,309)	(10,302)
Fair value of scheme assets	7,182	7,108
Present value of net obligations	<u>(1,127)</u>	<u>(3,194)</u>

Liability for defined benefit obligations

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

	Group and Company	
	2010	2009
	£000	£000
Opening defined benefit obligation	10,302	12,098
Service cost	20	22
Interest cost	530	686
Actuarial loss/(gain)	1,093	(350)
Benefits paid	(748)	(2,160)
Liabilities extinguished on settlement	(2,894)	-
Contributions by employees	6	6
Closing defined benefit obligation	<u>8,309</u>	<u>10,302</u>

24. PENSION SCHEME (continued)
Fair value of scheme assets

Changes in the fair value of scheme assets are as follows

	Group and Company	
	2010	2009
	£000	£000
Opening fair value of scheme assets	7,108	10,665
Expected return	377	603
Actuarial gains/(losses)	1,819	(2,232)
Contributions by employer	2,370	226
Contributions by employees	6	6
Assets distributed on settlement	(3,750)	-
Benefits paid	(748)	(2,160)
Closing fair value of scheme assets	7,182	7,108

The gain on settlement shown below is inclusive of previously provided amounts distributed to settle the long standing contractual entitlement of Jeremy Pilkington to retire at any time after the age of 50 without actuarial reduction of pension, as disclosed in the Remuneration Report on page 20

Expense recognised in the Income Statement

	Group and Company	
	2010	2009
	£000	£000
Current service costs	20	22
Interest on obligation	530	686
Expected return on scheme assets	(377)	(603)
Gain on settlement	(17)	-
	156	105

Scheme assets and returns

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

	Group and Company	
	2010	2009
	£000	£000
Cost of sales	20	22
Administrative expenses	136	83
	156	105

Cumulative actuarial net losses reported in the Statement of Comprehensive Income since 1 April 2004, the transition to adopted IFRSs, for the Group and Company are £2,243 000 (2009 £2,969,000)

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

	Group and Company		Group and Company	
	2010		2009	
	Long Term	£000	Long Term	£000
Fair value of assets	Rate of Return		Rate of Return	
Equities	7.00%	5,744	7.00%	4,119
Bonds and other	5.00%	1,438	5.50%	2,989
	6.16%	7,182	6.67%	7,108
Returns				
Actual return on scheme assets		2,196		(1,629)

None of the fair values of the assets shown on page 57 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 government and corporate 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	
	2010	2009
Inflation	3.70%	3.00%
Discount rate at 31 March	5.50%	6.50%
Expected future salary increases	4.70%	4.00%
Expected future pension increases	3.70%	3.00%
Revaluation of deferred pensions	3.70%	3.00%

Mortality rate assumptions adopted at 31 March 2010 imply the following life expectations on retirement at age 65 for

	2010	2009
Male currently aged 40	26 years	26 years
Female currently aged 40	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

	Group and Company				
	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	(8,309)	(10,302)	(12,098)	(12,089)	(11,864)
Fair value of plan assets	7,182	7,108	10,665	10,041	8,970
Present value of net obligations	(1,127)	(3,194)	(1,433)	(2,048)	(2,894)

Gains/(losses) recognised in Statement of Comprehensive Income

	Group and Company				
	2010	2009	2008	2007	2006
Difference between expected and actual return on scheme assets					
Amount (£000)	1,819	(2,232)	(983)	114	1,334
Percentage of scheme assets	25.3%	(31.4%)	(9.2%)	1.1%	14.9%
Experience gains and losses arising on the scheme liabilities					
Amount (£000)	542	57	30	79	(533)
Percentage of present value of scheme liabilities	6.5%	0.6%	0.2%	0.7%	(4.5%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount (£000)	(1,635)	293	534	218	(570)
Percentage of present value of scheme liabilities	(19.7%)	2.8%	4.4%	1.8%	(4.8%)
Total amount recognised in statement of comprehensive income					
Amount (£000)	726	(1,882)	(419)	411	231
Percentage of present value of scheme liabilities	8.8%	(18.3%)	(3.5%)	3.4%	1.9%

The Group expects to contribute £388,000 to its defined benefit plan in 2010/11

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 £482,000 (2009: £491,000) in the year.

25. ACQUISITIONS

The Group acquired the following businesses from 1 April 2008 to 31 March 2010

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Redding Hire Limited	3 April 2008	Share purchase (100% equity)	Vp plc
Arcotherm (UK) Limited	18 April 2008	Share purchase (100% equity)	Hire Station Limited
DJ Tool Hire Limited	24 April 2008	Business and assets	Hire Station Limited
UCS Rand Limited	27 June 2008	Business and assets	Hire Station Limited
Power Tool Supplies Limited	15 October 2008	Share purchase (100% equity)	Hire Station Limited

None of the acquisitions in the current year were individually material in Group terms and hence the details are provided in aggregate below

	Group				Company			
	2010	2009	2009	2009	2010	2009	2009	2009
		(As Reported)	(Restatement)	(Restated)		(As Reported)	(Restatement)	(Restated)
	£000	£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	-	1,680	-	1,680	-	-	-	-
Current assets	-	1,123	-	1,123	-	-	-	-
Net debt	-	(210)	-	(210)	-	-	-	-
Tax, trade and other payables	-	(1,080)	(16)	(1,096)	-	-	-	-
Deferred tax	-	(72)	-	(72)	-	-	-	-
Book value of assets acquired	-	1,441	(16)	1,425	-	-	-	-
Fair value adjustments								
Intangibles on acquisition	-	2,281	-	2,281	-	-	-	-
Deferred tax on intangibles	-	(405)	-	(405)	-	-	-	-
Fair value adjustment to creditors	-	(15)	-	(15)	-	-	-	-
Fair value of assets acquired	-	3,302	(16)	3,286	-	-	-	-
Goodwill on acquisition	(48)	2,755	(25)	2,730	-	-	-	-
Cost of acquisitions	(48)	6,057	(41)	6,016	-	-	-	-
Satisfied by								
Consideration	-	5,828	(42)	5,786	-	-	-	-
Acquisition costs	-	229	1	230	-	-	-	-
Deferred consideration	(48)	-	-	-	-	-	-	-
	(48)	6,057	(41)	6,016	-	-	-	-
Analysis of cash flow for acquisitions								
Consideration	-	5,828	(42)	5,786	-	-	-	-
Contingent consideration	22	295	-	295	-	-	-	-
Acquisition costs capitalised	-	229	1	230	-	-	-	-
Net cash included in acquisitions	-	(359)	-	(359)	-	-	-	-
Adjustment for accruals	(41)	20	41	61	-	-	-	-
	(19)	6,013	-	6,013	-	-	-	-

Customer related intangibles were identified in the year ended 31 March 2009 where the acquired customer list/relationships provide access to new markets or territories or provide 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 intangible asset recognised in the year ended 31 March 2009 for supply agreements related to the acquisition of business and assets from UCS Rand Limited.

Notes

25 ACQUISITIONS (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 a result of the immediate integration of the acquisitions into the acquirer's business, including the transfer of assets between branches, it is not possible to accurately disclose separately the trading performance of the acquisitions in the Income Statement. For the same reason it is not possible to disclose what the revenue or profit for the combined entity would have been had all business combinations effected in the year occurred on 1 April 2008.

26. RELATED PARTIES

Material transactions with key management (being the Directors of the Group) relate to remuneration and pensions, including this year a pension transfer. Details are included in the Remuneration Report on pages 18 to 22 and in notes 5 and 24 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 2010 totalled £39,853,000 (2009: £49,987,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2010 totalled £19,753,000 (2009: £16,753,000).

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 2010 was £49.5m (2009: £65.5m).

27. CONTINGENT LIABILITIES

There are no contingent liabilities (2009: Nil) in respect of the Group or Company.

28 POST BALANCE SHEET EVENTS

On 14 May 2010 the Group acquired a small pipe pressure testing equipment rental business, Harbray Limited, which augments the existing business within Groundforce for a net cash investment of £0.6m.

29 ULTIMATE PARENT COMPANY

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

Five Year Summary

	2006	2007 (Restated)	2008	2009 (Restated)	2010
	£000	£000	£000	£000	£000
Revenue	<u>99,396</u>	<u>121,607</u>	<u>149,269</u>	<u>157,470</u>	<u>134,163</u>
Operating profit before amortisation	<u>11,466</u>	<u>16,276</u>	<u>23,271</u>	<u>25,431</u>	<u>18,610</u>
Profit before amortisation and taxation	<u>10,676</u>	<u>14,504</u>	<u>20,152</u>	<u>21,744</u>	<u>16,005</u>
Profit before taxation	10,672	14,420	19,857	20,835	14,339
Taxation	(3,070)	(3,981)	(4,462)	(5,701)	(4,094)
Profit after taxation	<u>7,602</u>	<u>10,439</u>	<u>15,395</u>	<u>15,134</u>	<u>10,245</u>
Dividends *	<u>(2,572)</u>	<u>(2,932)</u>	<u>(3,761)</u>	<u>(4,505)</u>	<u>(4,510)</u>
Share capital	2,309	2,309	2,309	2,309	2,309
Reserves	57,987	63,214	71,458	74,843	81,851
Total equity before minority interest	<u>60,296</u>	<u>65,523</u>	<u>73,767</u>	<u>77,152</u>	<u>84,160</u>
Share Statistics					
Asset value	<u>131p</u>	<u>142p</u>	<u>160p</u>	<u>167p</u>	<u>182p</u>
Earnings (pre amortisation)	<u>17 49p</u>	<u>24 56p</u>	<u>36 64p</u>	<u>37 99p</u>	<u>27 57p</u>
Dividend**	<u>6 60p</u>	<u>8 25p</u>	<u>10 50p</u>	<u>10 80p</u>	<u>10 80p</u>
Times covered (pre amortisation)	<u>2 65</u>	<u>2 98</u>	<u>3 49</u>	<u>3 52</u>	<u>2 55</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 thirty seventh Annual General Meeting of the Company will be held at Rudding House, Rudding Park Follifoot, Harrogate on 9 September 2010 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 2010 and the Auditors' Report contained therein
- 2 To declare a Final Dividend
- 3 To re-appoint N A Stothard as a Director
- 4 To re-appoint M J Holt as a Director
- 5 To re-appoint P W Parkin as a Director
- 6 To re-appoint KPMG Audit Plc as Auditors 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 and to authorise the Directors to agree their remuneration
- 7 To approve the Remuneration Report for the year ended 31 March 2010

As special business

To consider and, if thought fit, pass the following resolutions of which Resolution 8 will be proposed as an Ordinary Resolution and Resolutions 9, 10 and 11 will be proposed as Special Resolutions

- 8 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
- 9 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 8 above and/or where the allotment is treated as an allotment of equity securities under Section 560(2)(b) of the Act, in either case as if Section 561(1) 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
 - 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 £112,000, 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
- 10 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 701 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
- 11 That the Company may use electronic communications and in particular may send or supply any document or information to members by making them available on a website to the members who do not elect to receive them electronically or in hard copy, and this resolution will supersede any provision in the Company's articles of association to the extent it is inconsistent with this resolution

By order of the Board

M J Holt
Secretary

7 July 2010

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 7 September 2010 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 7 September 2010 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 66.

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 box 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:

- complete and signed,
- sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU,
- received by Capita Registrars no later than 48 hours (excluding weekends and bank holidays) 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 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

Notice of Meeting

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.

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 7 July 2010, the Company's issued share capital comprised 46,185,000 ordinary shares of 5 pence each of which 1,215,000 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 7 July 2010 is 44,970,000. 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,
- 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 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 communication with the Company for any purposes other than those expressly stated.

Annual General Meeting - Vp plc Form of Proxy

I/We _____
(BLOCK LETTERS)

of _____

hereby appoint the Chairman of the Meeting, or (note 6) _____ in relation to _____ Ordinary Shares as my/our Proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 9 September 2010 and at any adjournment thereof I/We request the Proxy to vote on the following resolutions as indicated

☐ Please tick here if the proxy appointment is one of multiple appointments being made (please see note 3)

Resolution	For	Against	Vote Withheld
1. To receive and adopt the Directors' Report, Remuneration Report and Financial Statements for the year ended 31 March 2010 and the Auditors' Report contained therein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint N A Stothard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint M J Holt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint P W Parkin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint KPMG Audit Plc as Auditors and to authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To approve the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the authority to allot shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To approve the disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To approve the authority for the purchase of own shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To approve electronic communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature _____ Date _____

Notes

- As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy or proxies using the procedures set out in these notes.
- Submission of a proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy or proxies and attend the meeting in person, your proxy appointment(s) will automatically be terminated.
- 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 this Form of Proxy. Please indicate in the box 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.
- Please indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to use your vote on any particular matter the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting.
- A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
- If you prefer to appoint some other person or persons as your proxy strike out the words 'the Chairman of the Meeting' and insert in the blank space the name or names preferred and initial the alteration. If you wish your proxy to make comments on your behalf you will need to appoint someone other than the Chairman of the Meeting and give them relevant instructions directly. A proxy need not be a member of the Company.
- In the case of joint holders only one need sign as the vote of the senior holder who tenders a vote will alone be counted.
- If the member is a Corporation this form must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- To be effective this Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this proxy is signed) at the offices of the Company's Registrars at Capita Registrars, PXS 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting.
- CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual. CREST Personal Members or other CREST sponsored 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 must be transmitted so as to be received by the Company's registrar, Capita Registrars (whose CREST ID is RA10) not later than 48 hours (excluding weekends and bank holidays) before the time fixed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. 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.
- If you submit more than one valid proxy appointment, the appointment received last before the last time for the receipt of the proxies will take precedence.
- For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of the meeting.
- If you prefer you may return the proxy form to the registrar in an envelope addressed to FREEPOST PSBH UXFS LPBC PXS 34 Beckenham Road, Beckenham BR3 4TU.