

Company Number 00481833

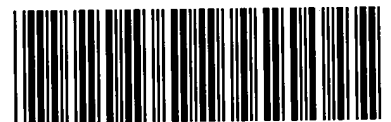


## ANNUAL REPORT AND ACCOUNTS 2016

Equipment Rental since 1954

[www.vpplc.com](http://www.vpplc.com)

TUESDAY



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09/08/2016  
COMPANIES HOUSE

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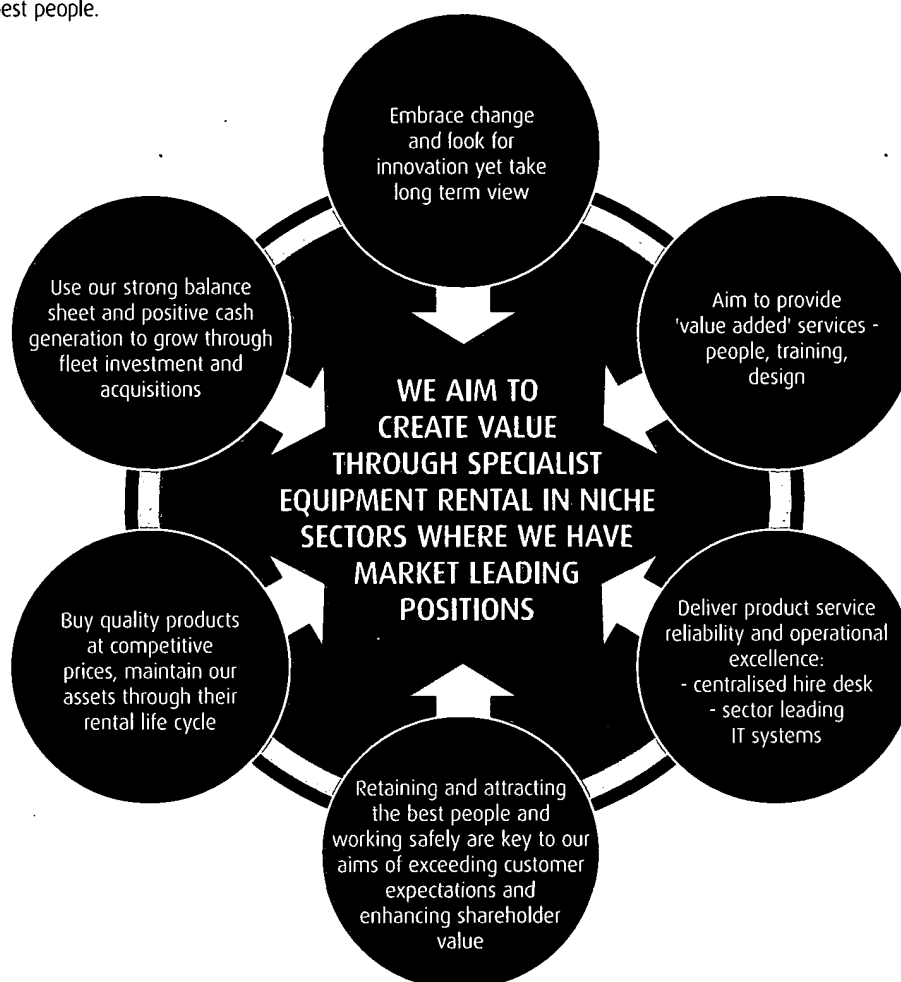
## About Us

Vp is a specialist rental business.

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

# Our Business Model and Strategy

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



Serving diverse markets in the UK and overseas including infrastructure, construction, housebuilding, oil and gas.

## HOW WE MEASURE SUCCESS (KEY PERFORMANCE INDICATORS)

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

\*shown in CSR report



# Over 60 Years in Business

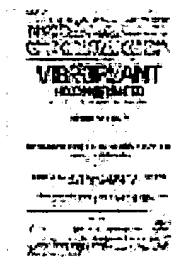
The Company was founded in 1954 and floated on the UK Stock Market in 1973 as Vibroplant plc.

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

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



**1954**  
Vibratory Roller & Plant Hire (Northern) Limited founded

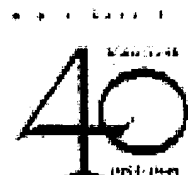


**1973**  
Floated on main market as Vibroplant plc

**1980**  
Shoring division established



**1982**  
US powered access business established



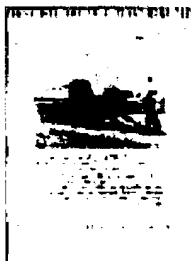
**1996**  
Tool Hire: Cannon Tool Hire acquired in 1996

1954

1973

1980

1990



**1975**  
First move into specialist plant - Airpac



**1990**  
Groundforce acquired from SGB



**1996**  
Exit from USA; UK specialist businesses expanded

**1997**  
Rail: Torrent Trackside acquired

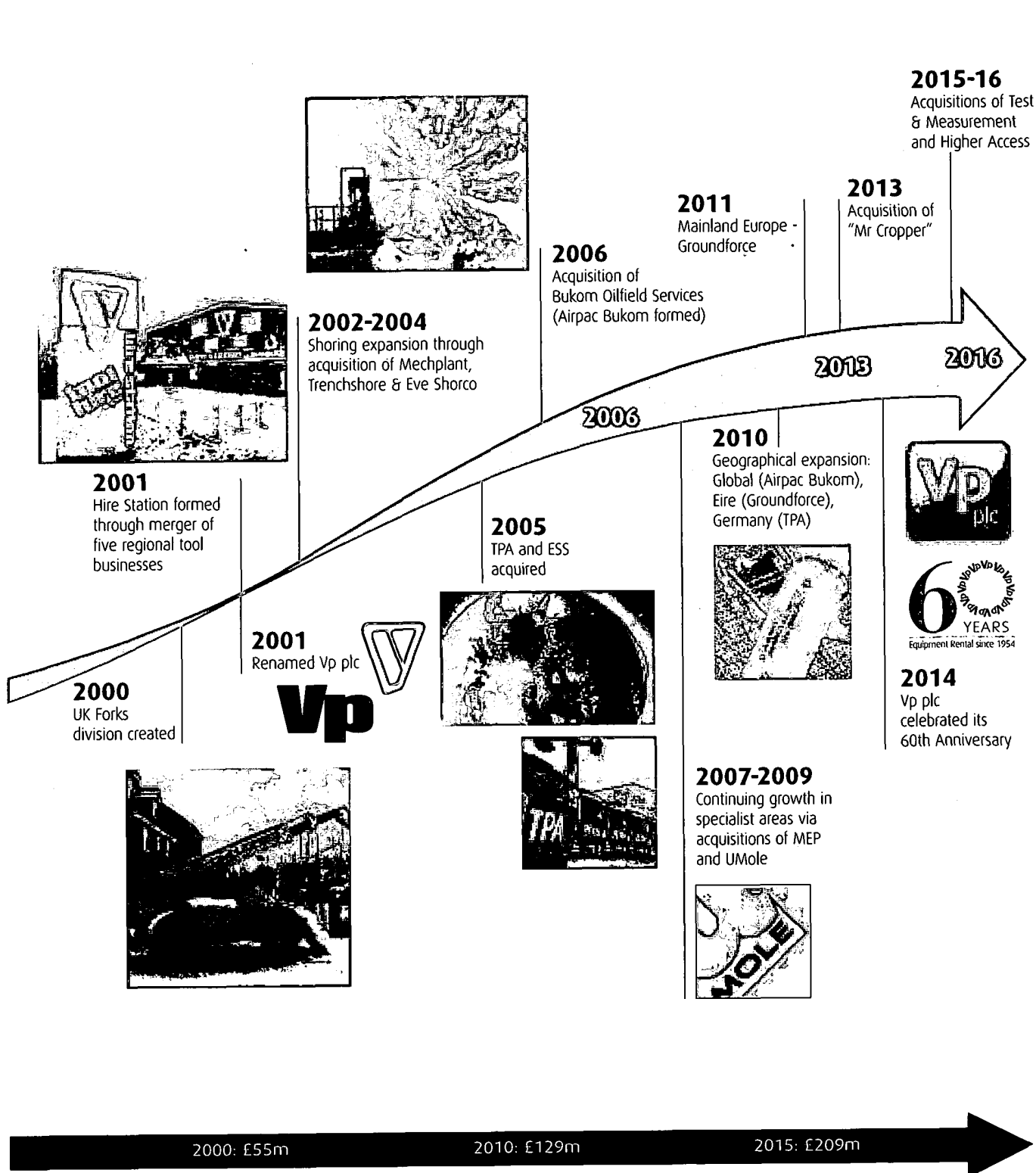


Turnover

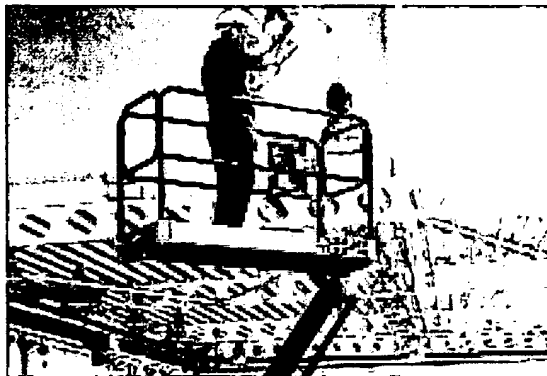
1970: £2m

1980: £14m

1990: £70m



# Group Businesses



## Hire Station

Tools for Industry, Construction & DIY

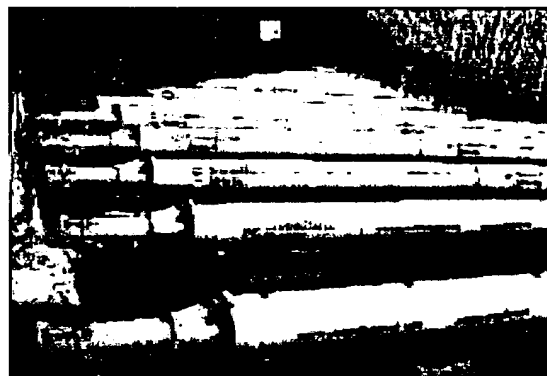
Hire Station is a major national provider of small tools, climate, lifting, safety, survey and pressfitting equipment to industry, construction and homeowners throughout the UK.



## Torrent Trackside

Railway Plant. Railway People.

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

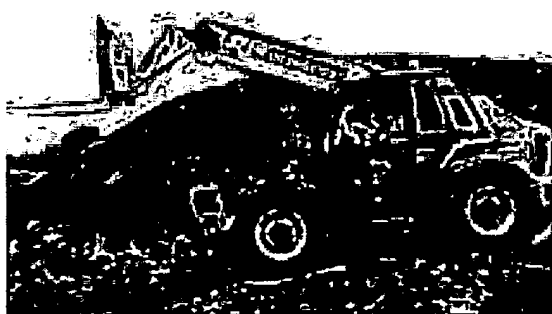


## Groundforce

Specialist Construction Solutions

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

# Group Businesses



## UK Forks

Materials Handling Specialists

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



## Airpac Bukom

Oilfield Services

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



## TPA

Portable Roadways

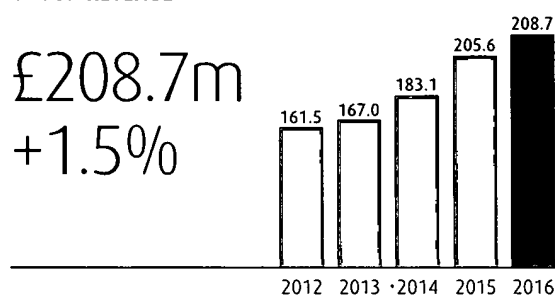
TPA Portable Roadways is one of Europe's largest suppliers of temporary access solutions. Operating from bases in the UK and Germany, TPA provides equipment rental and installation of portable roadways, walkways and stairways, to customers in the transmission, construction, rail and outdoor events markets.



# Financial Highlights

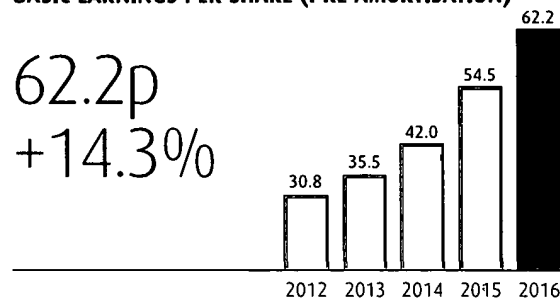
## GROUP REVENUE

£208.7m  
+1.5%



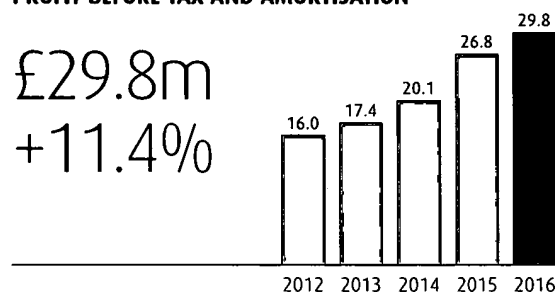
## BASIC EARNINGS PER SHARE (PRE AMORTISATION)

62.2p  
+14.3%



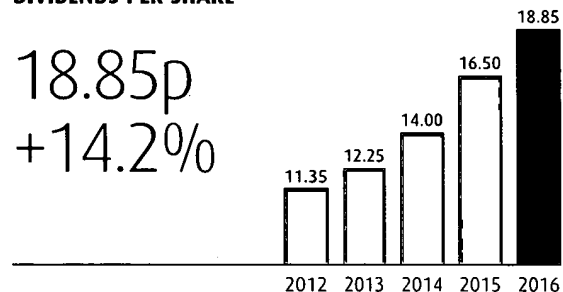
## PROFIT BEFORE TAX AND AMORTISATION

£29.8m  
+11.4%



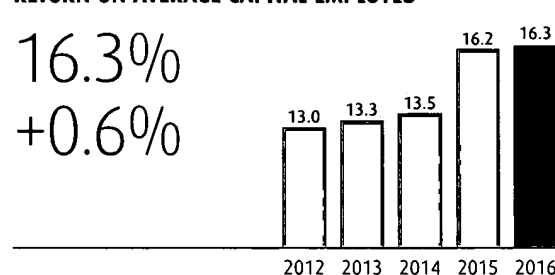
## DIVIDENDS PER SHARE

18.85p  
+14.2%



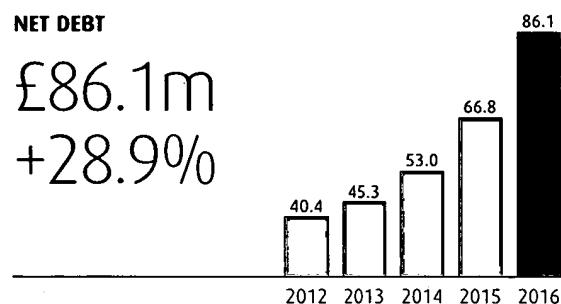
## RETURN ON AVERAGE CAPITAL EMPLOYED

16.3%  
+0.6%



## NET DEBT

£86.1m  
+28.9%



# Chairman's Statement

I am delighted to report to shareholders on another year of strong progress for the Group, both financially and also in terms of three exciting acquisitions, one of which, completed just after the year end, delivers part of our long term objective to expand the Group's overseas presence.



Chairman: Jeremy Pilkington

We have delivered an 11% increase in pre-tax profits at £29.8 million (2015: £26.8 million), beating last year's record breaking result. Revenues improved 2% to £208.7 million (2015: £205.6 million). Earnings per share increased 14% to 62.2 pence per share (2015: 54.5 pence per share) and both margins and return on capital employed also moved ahead.

Net debt at the year-end increased to £86.1 million (2015: £66.8 million) after capital expenditure on the rental fleet of £45.9 million (2015: £49.3 million) and including the £8.1 million outlay on the two acquisitions made during the year.

In view of this excellent set of results, the Board is recommending a final dividend of 13.5 pence per share making a total for the year of 18.85 pence per share, an increase of 14%. Subject to shareholders' approval at our Annual General Meeting on 26 July 2016, it is proposed to pay the final dividend on 2 August 2016 to members registered as at 8 July 2016.

It has been a busy period for acquisitions, with two concluded during the year and a third which completed just post the year end in April.

In November, we acquired Test & Measurement, a long established leader in the hire and sale of electrical instrumentation and environment monitoring equipment. Test & Measurement has two branches in the UK and now operates as part of our ESS Safeforce business.

In March, we acquired Higher Access Limited, a market leading hirer of tracked aerial work platforms. These products offer significant performance advantages over traditional access products and will also complement the service offerings provided by other businesses within the Group. Higher Access will continue to operate as a standalone business, working alongside our UK Forks activities.

For some time now, we have been seeking to grow our non-UK revenues, subject to identifying the right quality opportunities. We were therefore very pleased, in April, to acquire TR Pty Ltd, a market leading specialist provider of test and measurement equipment, rental and calibration services with 13 branches in Australia, New Zealand and Malaysia. We look forward to working with the TR team to grow this already excellent business.

It is my great pleasure, as always, to thank everyone for their hard work and loyalty which has made these excellent results possible but especially this year to extend a very warm welcome to all the new members who have joined the Group.

A large, stylized handwritten signature of Jeremy Pilkington in black ink.

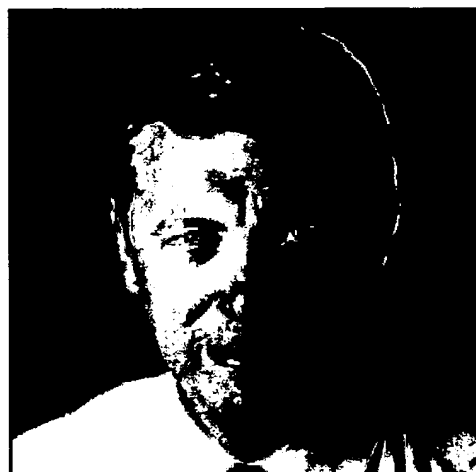
**Jeremy Pilkington**  
Chairman  
7 June 2016



# Business Review

## Overview

Vp plc is a specialist rental business providing products and services to a diverse range of end markets including infrastructure, construction, housebuilding and oil and gas, both in the UK and overseas.



Chief Executive: Neil Stothard

	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£208.7 million	£205.6 million
Operating profit before amortisation	£31.9 million	£28.8 million
Operating margin	15.3%	14.0%
Investment in rental fleet	£45.9 million	£49.3 million
ROACE	16.3%	16.2%

**The Group has made further significant progress in the current year, reporting an 11% increase in operating profits.**

Operating profits were £31.9 million which compares with £28.8 million in the prior year. Operating margins again advanced strongly to 15.3%, and our key measure of profit quality, return on average capital employed, improved to 16.3% (2015: 16.2%) in the current year.

Market behaviours have been mixed, but generally favourable. Across our four core sectors, we have seen good support in infrastructure, housebuilding and construction markets, partially mitigated by a challenged oil and gas sector, where demand has fallen sharply as investment has been cut in response to a period of historically low oil prices.

Critically, the Group continues to deliver strong cash generation which is highlighted by the advance in EBITDA, which grew to £59.3 million (2015: £53.8 million), an increase of 10%.

Investment in rental fleet was robust at £45.9 million (2015: £49.3 million). Fleet disposals continue to be a key element of the capital investment process and proceeds increased to £17.2 million (2015: £12.0 million) generating profit on disposal of £6.2 million (2015: £3.3 million).

In addition to organic investment in the fleet, the Group made two acquisitions in the period, acquiring Test & Measurement Group Limited for £3.95 million in November 2015 and Higher Access Limited for £4.1 million in March 2016.

We have for some time been alert to opportunities to further expand our trading footprint overseas and we were delighted to announce, shortly after the end of the financial year, the acquisition of TR Pty Ltd (TR) on 21 April 2016 for a cash consideration of AUD \$17.4 million (Australian dollars) and assumed net debt of AUD \$6.6 million. TR adds significantly to the Group's existing Asia Pacific trading locations in Perth and Singapore, adding eight branches in Australia, three in New Zealand and two in Malaysia.

In the coming year, we anticipate that the UK infrastructure market will continue to remain supportive. The current Asset Management Programme (AMP6) in the water industry is in its second year and we anticipate that we will see activity in this sector start to pick up later in our financial year.

The non-residential construction market remains mixed, though overall we expect the sector to be positive for the Group. Equally, housebuilding is expected to remain supportive. The final key market area is oil and gas which represented c.9% of Group revenues in the year under review. This sector is still challenged by the collapse of the oil price and we expect the recovery will be over the medium rather than the short term.

The specialist nature of our services continues to provide an attractive, long term support to our customer base and the results for 2015/16 endorse the quality of our business offer.

# Business Review



**UK Forks**

Materials Handling Specialists

Rough terrain material handling equipment and tracked access platforms for the housebuilding, general construction and industrial markets.



	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£20.0 million	£18.2 million
Operating profit before amortisation	£5.2 million	£4.0 million
Investment in rental fleet	£11.1 million	£11.2 million

**UK Forks enjoyed another year of strong progress delivering a 30% increase in profits to £5.2 million (2015: £4.0 million). Revenues grew by 10% from £18.2 million to £20.0 million.**

The business experienced similar levels of demand to prior year from both the housebuilding and construction sectors, a point reinforced by maintained levels of investment in the rental fleet of £11.1 million (2015: £11.2 million). Our diverse customer base continues to recognise and value the importance of our commitment to delivering outstanding service and backup.

On 1 March 2016 the business acquired Higher Access Limited, specialists in the rental of tracked access platforms to a wide range of markets including construction, transmission and utilities. Higher Access will work alongside the UK Forks telehandler activity and we look forward to helping their highly experienced team to continue the development of the business.

In the new financial year, we anticipate that housebuild and construction will remain supportive which, added to further development of the Higher Access business, points to another year of progress for the division.

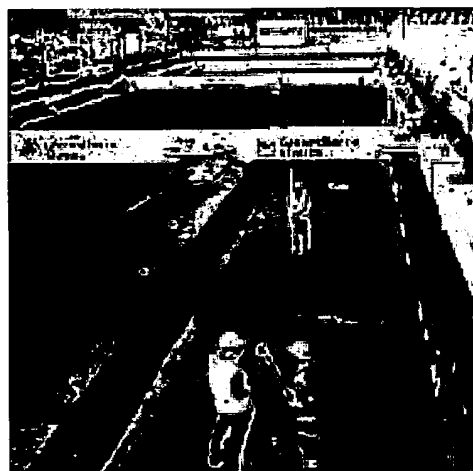


# Business Review



**Groundforce**  
Specialist Construction Solutions

Excavation support systems and specialist products for the water, civil engineering and construction industries in the UK, the Republic of Ireland and mainland Europe.



	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£45.0 million	£44.4 million
Operating profit before amortisation	£9.6 million	£8.9 million
Investment in rental fleet	£6.5 million	£5.7 million

**Groundforce delivered another good result, with profits improving to £9.6 million (2015: £8.9 million), a 9% increase year on year, from revenues of £45.0 million, which were marginally ahead of the prior year.**

The shoring division made progress, with good contributions from UK major projects, construction and housebuilding. As anticipated, demand from the Water Industry (AMP6) was at its cyclical low. Initiatives on new transport and operating structures, instigated in the prior year, also started to deliver important efficiencies to the business. Within the piling business the overall trading levels were flat and, like shoring, regional demand was mixed, with Scotland and Ireland more subdued. A review of fleet saw the successful divestment of the under-utilised vacuum excavator fleet, through trade sales, generating in excess of £1.25 million of proceeds.

A number of basement propping schemes throughout Europe went live and were completed in the year, the most notable being in Norway. The on-going Qatar metro contract, for a European based consortium, continued through the year, though our operations in Germany faced trading headwinds as construction demand softened.

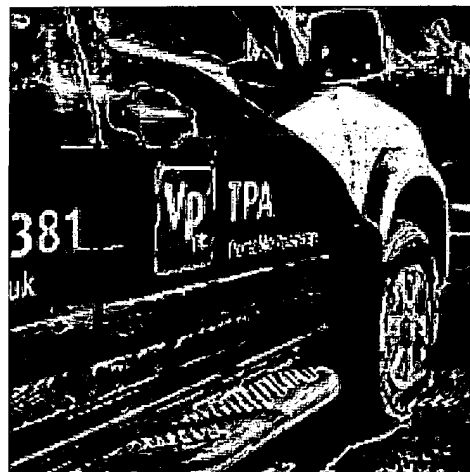
Capital investment into the rental fleet was £6.5 million (2015: £5.7 million). This both augmented the product portfolio and maintained the quality of the existing fleet.

It is anticipated that next year most markets will be stable but the timing of the release of AMP6 related work will be an important factor, the current view being that this will begin towards the end of calendar year 2016.

# Business Review



Portable roadway access solutions to the transmission, outdoor events, construction and utility sectors in the UK and mainland Europe.



	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£13.6 million	£14.6 million
Operating profit before amortisation	£1.0 million	£1.0 million
Investment in rental fleet	£4.3 million	£2.3 million

TPA experienced a 7% drop in revenue to £13.6 million (2015: £14.6 million) primarily driven by softer levels of demand in Germany. Despite the reduction in revenue, overall margins improved and operating profits of £1.0 million were in line with the prior year.

The UK business traded satisfactorily despite a slower than expected transmission sector, a situation that has prevailed since the break-up of the National Grid Alliances. As a consequence, there was an oversupply of product in the UK market, resulting in price pressure. This was mitigated, in part, by a planned and progressive re-alignment of the business mix, including the introduction of new products and services, which has created fresh revenue streams for the UK business.

Germany, like the UK, experienced a shortfall in demand from the key renewables and transmission markets, which were heavily impacted by delays in project starts, mainly caused by caution surrounding government subsidies and planning approvals.

Capital expenditure on the rental fleet totalled £4.3 million (2015: £2.3 million), including new products, and in support of contracts for the new financial year.

We expect improved prospects in the new financial year, with early signs of recovery in transmission activity in the UK, and a gradual recovery in the German market.



# Business Review



**Hire Station**

Tools for Industry, Construction & DIY

Tools and specialist products for industry, construction and home owners.



	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£82.5 million	£77.0 million
Operating profit before amortisation	£11.5 million	£8.7 million
Investment in rental fleet	£17.4 million	£20.1 million

**Hire Station had an excellent trading year, reporting a profit increase of 32% to £11.5 million (2015: £8.7 million) on revenues 7% ahead, at £82.5 million (2015: £77.0 million).**

Healthy capital investment of £17.4 million, focussed mainly on high demand assets, means that we continue to build one of the youngest hire fleets in the market. The focus on availability, quality and compliance remains the key to offering operational excellence to our customers, and this we believe gives us a true competitive advantage. As usual safety has remained at the top of the agenda and Hire Station was recently named "Safehire Company of the Year" at the prestigious Hire Awards of Excellence 2016 awards.

The tools business made significant progress during the year, with new locations opened in London, South Wales, Glasgow and Birmingham. The National Call centre in Manchester has been expanded and during the year we improved our lifting equipment offer and further enhanced our on-line presence.

ESS Safeforce had another impressive trading year delivering growth in all of its key revenue streams. We successfully negotiated a five year contract to supply the Valero Milford Haven Oil refinery and the business broadened its product offer further with the acquisition in November 2015 of Test and Measurement Ltd.

The MEP business supplies specialist press fitting and electro fusion equipment and low level access equipment to the mechanical and electrical sector. Revenues and profits moved ahead strongly in the year, supported by new locations in London and enhancement of existing locations.

*The Hire Station division has entered the new financial year in excellent shape and the end markets that it serves are all expected to be supportive.*

# Business Review



**Torrent Trackside**

Railway Plant. Railway People.

Infrastructure equipment and services for the railway renewals and maintenance industry.



	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£32.5 million	£29.9 million
Operating profit before amortisation	£3.4 million	£3.4 million
Investment in rental fleet	£5.2 million	£4.7 million

**Torrent Trackside delivered profits of £3.4 million (2015: £3.4 million) in the year from revenues up 9% on the prior year, at £32.5 million.**

During the year the contractual relationship with Network Rail has continued to work well. The business experienced good demand on both plain line track renewals, as well as switches and crossings work, and had a busy year on the London Underground infrastructure programme, servicing Track Partnership, a joint venture between Balfour Beatty and TFL. Torrent secured new work on the Crossrail project with Carillion and excelled during the Christmas programme, one of the largest it has ever undertaken.

The Government is committed to investing in a programme of electrification to upgrade the UK railway network, and in Control Period 5 there are numerous high profile projects notably Great Western, Midland Mainline and the North West Liverpool to Manchester scheme. We have invested to create a large and modern fleet of portable overhead line products for use on these projects. Total fleet capex was £5.2 million (2015: £4.7 million).

During the year there were two long awaited reports issued about the future shape of the industry. The Hendy and Shaw reports address, respectively, the rail enhancement programme, and railway funding and devolution, and both were viewed positively by Torrent. Equally, in Network Rail, we have excellent relationships both centrally and at route level and feel well placed to support any structural changes that may occur in the future.

The current year has started well and opportunities remain in what is always a changing and demanding market place. Torrent Trackside has an exemplary reputation for safety, service and delivery and remains well positioned to capitalise on those opportunities.

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# Business Review



**Airpac Bukom**  
Oilfield Services

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



	Year ended 31 March 2016	Year ended 31 March 2015
Revenue	£15.2 million	£21.5 million
Operating profit before amortisation	£1.2 million	£2.8 million
Investment in rental fleet	£1.4 million	£5.3 million

Further deterioration in global oil prices meant that trading conditions remained difficult across most of our service offerings. As oil companies curtailed capital expenditure on exploration and production projects, well testing activity continued the downward trend first experienced in the second half of the prior year and this has impacted activities across most of our regions. Whilst revenues and profits reduced as a consequence of the prevailing market conditions, the business remained profitable. Operating profits were £1.2 million (2015: £2.8 million) generated from revenues of £15.2 million (2015: £21.5 million).

We did see resilience in our trading in the Americas and the scope of our presence in Australia saw that region perform ahead of expectation. Liquid Natural Gas (LNG) infrastructure projects again provided the major source of revenue in Australia. On the LNG contracts at Curtis Island in Queensland, testing work was completed on the QCLNG site and APLNG wound down towards the end of the year. New awards were secured on the Wheatstone and Ichthys facilities in Western Australia and the Northern Territory respectively.

Investment in fleet was £1.4 million, well down on the prior year spend of £5.3 million. Whilst management has further aligned costs and structure to meet what will remain a challenging trading environment over the next 12 months, we continue to be engaged in discussions on new added-value opportunities, and at the end of the year, secured a major geothermal project in Scandinavia.

The short term trading background remains challenging but the Airpac Bukom team are focused on maximising returns from a quiet market place, with the prospect of some recovery in the medium term as oil and gas prices return to levels more viable for exploration and production investment.

# Business Review

## Prospects

**We enter the new financial year in good shape, with most end markets offering supportive trading environments and with the prospect of fresh contributions from the three newly acquired businesses.**

In particular, the acquisition of TR Group Pty underlines our determination to expand our trading horizons both in terms of product and geography. We believe that opportunity exists to further leverage Vp's key skill sets in equipment rental both in the UK and in overseas markets.

Reflecting this, and catalysed by the TR acquisition, we have, in the new financial year, started to report the Group's performance in two distinct segments. These are UK and International: International being defined as the consolidated performance of Airpac Bukom and TR, with the UK containing the consolidated performance of all other businesses within the Group.

Vp has, in the year under review, reported good progress, with further improvement in profit margins and returns, delivered from a relatively modest growth in revenues. This trend is expected to continue as the varying demands of supportive infrastructure, housebuilding and construction markets play against a challenged oil and gas sector.

The new financial year has started well and we look forward to another year of progression for Vp and our shareholders.



**Neil Stothard**  
**Chief Executive**  
**7 June 2016**



# Financial Review

Group revenues increased by 1.5% to £208.7 million (2015: £205.6 million). Profit before tax and amortisation rose by 11.4% to £29.8 million (2015: £26.8 million) with PBTA margins increasing to 14% (2015: 13%). The return on average capital employed improved on prior year to 16.3% (2015: 16.2%).



Group Finance Director: Allison Bainbridge

## EARNINGS PER SHARE, DIVIDEND AND SHARES

Basic earnings per share before the amortisation of intangibles increased from 54.45 pence to 62.21 pence, an increase of 14%. Basic earnings per share after the amortisation of intangibles was 57.49 pence (2015: 51.03 pence).

It is proposed to increase the final dividend to 13.5 pence per share. If approved, the full year dividend would be increased by 2.35 pence (14%) to 18.85 pence with a dividend cover of 3.3 times (2015: 3.3 times) based on earnings per share before amortisation. The final dividend will be paid on 2 August 2016 to all shareholders on the register on 8 July 2016. At March 2016, 40.2 million shares were in issue of which 1.1 million shares were held by the Employee Trust. The average number of shares in issue during the year was 38.9 million (2015: 38.9 million) after adjusting for shares held by the Employee Trust.

## BALANCE SHEET

Net assets increased by £9.6 million to £121.4 million representing net assets per share of 302 pence (2015: 278 pence). The Group's balance sheet is summarised below:

	9p Wq 1/ JWOZe 0./4 wqJmllk	9p Wq 1/ JWOZe 0./8 wqJmllk
Property, plant and equipment	<b>167.2</b>	147.8
Intangible assets / goodwill	<b>46.4</b>	43.4
Working capital	<b>(2.3)</b>	(9.3)
Pension asset	<b>1.5</b>	1.1
Deferred tax liability	<b>(5.3)</b>	(4.4)
Net debt	<b>(86.1)</b>	(66.8)
<b>Net assets</b>	<b>121.4</b>	111.8

Property, plant and equipment increased by £19.4 million to £167.2 million. The movement in the year mainly comprised; £52.0 million (2015: £56.3 million) total capital expenditure and £5.1 million from acquisitions, offset by £27.4 million total depreciation and £10.9 million net book value of disposals. Rental equipment at £147.2 million (2015: £131.6 million) accounts for 88% of property, plant and equipment net book value. Expenditure on equipment for hire was £45.9 million (2015: £49.3 million) and depreciation of rental equipment £24.7 million (2015: £22.4 million).

The Group carried forward £7.1 million (2015: £7.5 million) of intangible assets and £39.3 million (2015: £35.9 million) of goodwill at 31 March 2016. The movement in the year reflects £5.3 million additions in respect of the acquisitions of Test & Measurement Group Limited and Higher Access Limited, less amortisation and impairment of intangibles and goodwill of £2.3 million. Taking into account current and budgeted financial performance the Board remains satisfied with the carrying value of these assets.

Debtor days reduced to 56 days compared to 58 days in the previous year. Gross trade debtors were £42.2 million at 31 March 2016 (2015: £41.2 million). Bad debt and credit note provisions totalled £3.8 million (2015: £5.0 million) equivalent to 9% (2015: 12%) of gross debtors. The bad debt write off for the year ended 31 March 2016 as a percentage of total turnover was 0.4% (2015: 0.3%).

The Group's defined benefit pension plan has a surplus of £1.5 million which is recorded as an asset on the balance sheet.

# Financial Review

## CASH FLOWS AND NET DEBT

The Group continues to generate strong cash flows and EBITDA totalled £59.3 million (2015: £53.8 million). After funding significant capital expenditure and acquisitions, net debt increased by £19.3 million from £66.8 million at 31 March 2015 to £86.1 million at 31 March 2016. The Group's cash flow is summarised below:

	0/4 w&jfiiflk	0/3 w&jfiiflk
B:FQA9	37.1	53.8
<b>Cash generated from operations</b>	<b>47.9</b>	54.5
Capital expenditure	<b>(50.2)</b>	(52.9)
Proceeds from disposals	<b>17.2</b>	12.0
Interest and tax	<b>(6.9)</b>	(4.9)
Dividends	<b>(6.6)</b>	(6.0)
Acquisitions	<b>(7.1)</b>	(5.4)
Other (EBT shares)	<b>(10.5)</b>	(11.1)
<b>Cash movement</b>	<b>(16.2)</b>	(13.8)
Finance leases acquired	<b>(3.1)</b>	-
<b>Change in net debt</b>	<b>(19.3)</b>	(13.8)

After adjusting for movements in capital creditors of £1.8 million, cash flows in respect of capital expenditure were £50.2 million (2015: £52.9 million).

Proceeds from disposal of assets amounted to £17.2 million (2015: £12.0 million), producing a profit on disposal of £6.2 million (2015: £3.3 million). This level of profit on disposal is higher than the historical experience due to a combination of asset management and one off items. The margin on profit on sale from disposals of fleet assets at 36% (2015: 27%) reflects prudent depreciation policies and strong asset management.

Net interest expense for the year totalled £2.1 million (2015: £2.0 million). Interest cover before amortisation was 15.2 times (2015: 14.2 times)

and Net Debt/EBITDA was 1.45 (2015: 1.24), both comfortably within our banking covenants of greater than 3 times and lower than 2.5 times respectively. Gearing calculated as net debt divided by total equity was 71% (2015: 60%).

In November 2015 the Group acquired the entire share capital of Test and Measurement Group Limited for consideration of £4.0 million and in February 2016 we also acquired the entire share capital of Higher Access Limited for £4.1 million. The cash cost of these acquisitions was £7.1 million after adjusting for cash acquired with the businesses. The acquisition of Higher Access Limited included the assumption of finance lease liabilities which have increased net debt.

Dividend payments to shareholders totalled £6.6 million (2015: £6.0 million), and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £10.6 million (2015: £11.1 million).

## CAPITAL STRUCTURE AND TREASURY

The Group finances its operations through a combination of shareholders' funds, bank borrowings, finance leases and operating leases. The capital structure is monitored using the gearing ratio quoted above. The Group's funding requirements are largely driven by capital expenditure and acquisition activity. As at 31 March 2016 the Group had £95 million (2015: £85 million) of committed revolving credit facilities comprising: a £45 million three year facility expiring May 2020, a £30 million four and a half year facility expiring in October 2017 and a £20 million facility also expiring in October 2017. On 11 April 2016 the Group took out an additional facility of £20 million which expires May 2020 by making use of the step up facility. The Group therefore now has committed facilities of £115 million, an uncommitted step up facility of £5 million and an overdraft facility of £5 million (2015: £5 million). These facilities are with Lloyds Bank plc and HSBC Bank plc. Borrowings under the Group's bank facilities are priced on the basis of LIBOR plus a margin, the interest rate margin is linked to the net debt to EBITDA leverage of the Group.

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating interest rates. The Group has eight interest rate swaps held to hedge the risk of exposure to changes in interest rates, these swaps have fixed interest rates net of bank margin at between 0.98% and 1.40% and are detailed in note 15 on page 78 of the accounts. In the year ended 31 March 2016, the fixed element of borrowings was £33.0 million or 41% of average net debt for the year.



# Financial Review

The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. The Group regards its interests in overseas subsidiary companies as long term investments and manages its translational exposures through the currency matching of assets and liabilities where possible. The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. The Group has exposure to a number of foreign currencies. During the year the Group had twelve foreign exchange hedges to reduce the risk of rate fluctuations between US dollars and Sterling in the year ended 31 March 2016. It also has a further nine foreign exchange hedges between US dollars and Sterling covering the period from 1 April 2016 to 30 June 2017. In addition to the US dollar hedges the Group also had Australian dollar and Singapore dollar hedges in the year.

## TAXATION

The overall tax charge on profit before tax was £5.1 million (2015: £5.2 million), an effective rate of 18.6% (2015: 20.8%). The current year tax charge was increased by £15,000 (2015: £36,000 increase) in respect of adjustments relating to prior years. The underlying tax rate was 18.5% (2015: 20.7%) before prior year adjustments. The effective tax rate was also reduced by 1.3% (£0.3 million) as a result of a reduction in the deferred tax liability due to the reduction in the future standard tax rate in the UK to 19%. This reflects the reduction in the rate to 19% for the year ended 31 March 2018, but does not reflect the expected further reduction to 17% in the year ended 31 March 2021 as it is deemed that a significant proportion of the deferred tax balance as at 31 March 2016 will reverse before 31 March 2020. A more detailed reconciliation of factors affecting the tax charge is shown in note 7 to the Financial Statements.

## SHARE PRICE

During the year the Company's share price increased by 0.15% from 659 pence to 660 pence, compared to a 3% increase in the FTSE small cap index excluding investment trusts. The Company's shares ranged in price from 640 pence to 816 pence and averaged 720 pence during the year.



**Allison Bainbridge**  
**Group Finance Director**  
**7 June 2016**

# Viability Statement

## The Directors have assessed the viability of the Group up to 31 March 2018.

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

The assessment of the Group's prospects by the Directors covers the two years to 31 March 2018 and is underpinned by management's 2016 - 2018 business plan which includes projections of the Group's profit performance, cash flow, investment plans and returns to shareholders.

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

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

## Risk Management

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

### RISK ASSESSMENT

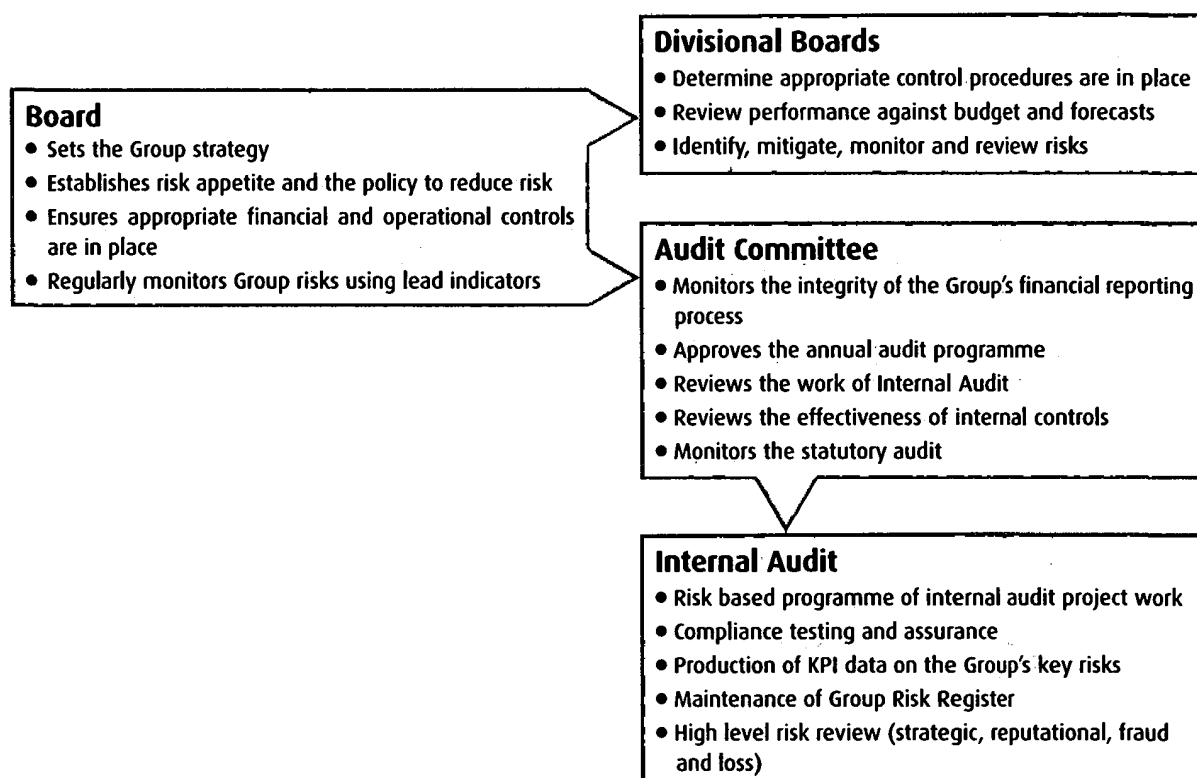
During the year the Board continued to develop the Group's risk management framework. Our approach identifies risks arising in all parts of the Group, using both a top down and a bottom up approach. Once identified, the impact and probability of risks are determined and scored on both a gross (before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

The risk profile for each division is used to determine the programme of work carried out by Internal Audit. The risk assessments are captured in consistent reporting formats, enabling Internal Audit to consolidate the risk information and summarise the key risk in the form of a group risk profile. Mitigation action plans against each risk continue to be monitored on a regular basis. Further information is provided on pages 22 and 23 in our principal risks and uncertainties section along side the mitigating activities to address them.



# Risk Management

Our risk reporting framework is set out below:



## Principal Risks and Uncertainties

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

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2015
<b>Market risk</b> A downturn in economic recovery could result in worse than expected performance of the business, due to lower activity levels or prices.	Vp provides products and services to a diverse range of markets with increasing geographic spread. The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand.	→
<b>Competition</b> The equipment rental market is already competitive and could become more so, impacting market share, revenues and margins.	Vp aims to provide a first class service to its customers and maintains significant market presence in a range of specialist niche sectors. The Group monitors market share, market conditions and competitor performance and has the financial strength to maximise opportunities.	→

# Principal Risks and Uncertainties

RISK DESCRIPTION	MITIGATION	CHANGE FROM 2015
<b>Investment/Product Management</b> In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	Vp has well established processes to manage its fleet from investment decision to disposal. The Group's return on average capital employed was a healthy 16.3% in 2015/16. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies.	→
<b>People</b> Retaining and attracting the best people is key to our aim of exceeding customer expectations and enhancing shareholder value.	Vp offers well structured reward and benefit packages, and nurtures a positive working environment. We also try to ensure our people fulfil their potential to the benefit of both the individual and the Group, by providing appropriate career advancement and training.	→
<b>Safety</b> The Group operates in industries where safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.	The Group has robust health and safety policies and management systems. Our induction and training programmes reinforce these policies.  We provide support to our customers exercising their responsibility to their own workforces when using our equipment.	→
<b>Financial risks</b> To develop the business Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.	At the year end the Group had a revolving credit facility of £95 million and strong relationships with all banking contacts. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, with growing EBITDA, which allows us to invest into opportunities.  Our treasury policy requires a significant proportion of debt to be at fixed interest rates and we facilitate this through interest rate swaps. We have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days reduced to 56 days at the year end and bad debts as a percentage of turnover remained low at 0.4% (2015: 0.3%).	→
<b>Contractual risk</b> Ensuring that the Group commits to appropriate contractual terms is essential; commitment to inappropriate terms may expose the Group to financial and reputational damage.	The Group mainly engages in supply only contracts. The majority of the Group's hire contracts are governed by the hire industry standard terms and conditions. Vp has robust procedures for managing non standard contractual obligations.	→



Decreased risk



Increased risk



No change

Strategic Report

Governance

Financial Statements

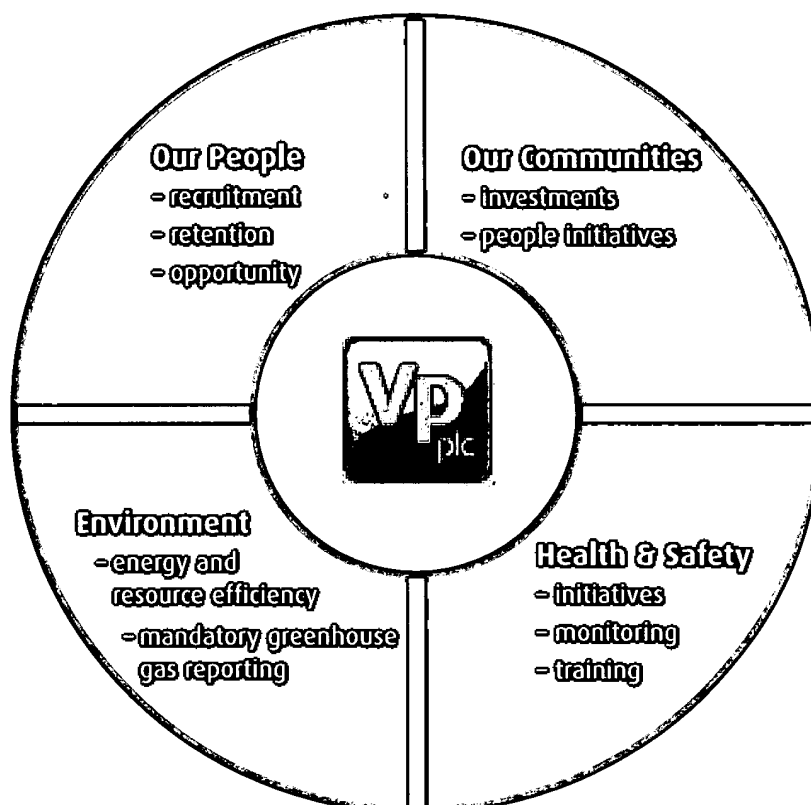
Shareholder Information



# Corporate and Social Responsibility

## OVERVIEW

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



## OUR PEOPLE

### Recruitment

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



Vp recognises the need to train the engineers of the future and has successfully operated apprentice schemes for many years. We work closely with the Construction Industry Training Board to recruit and support our apprentices in a two-year Level 2 Apprenticeship in Plant Maintenance. They then progress onto a Level 3 Advanced Apprenticeship which takes a further year.

We currently have 39 apprentices across the UK, 16 are completing their first year, 13 are completing their second year and 10 will complete their apprenticeships this year. We are recruiting a further 16 apprentices to start in September 2016.

Katie Long (pictured) from our UK Forks business won Best Apprentice under 25 at the 2015 Women in Construction awards. The awards are now in their tenth year of providing a showcase for the brightest and the best female achievers in the construction industry. Katie has almost completed her Level 2 NVQ in Plant Maintenance and will start the Advanced Level 3 in September 2016.

# Corporate and Social Responsibility

One of our businesses, Groundforce, runs an engineering undergraduate placement programme in partnership with local universities. This initiative has become a pivotal factor in attracting the highest calibre graduates. The programme is an excellent way of blending education with professional experience, as well as helping to forge closer links with local universities. One of our placement students, Steven Taylor, was awarded "Outstanding Performance on Placement 2014/15". He has now been offered a position with us and we will continue to support him in his final two years of his engineering degree.

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

Workforce by gender	Male	Female	Female %
Board of directors	4	1	20
Senior management	37	8	18
All employees	1,599	306	16

## Retention

Retaining talented people is vital to our continued success.

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

Employee share ownership is encouraged and where practical the Group offers the opportunity to participate in share schemes. At 31 March 2016, approximately 48% (2015: 41%) of our UK employees were participating in the Save As You Earn Scheme.

A major contributory factor in our success in delivering operational excellence and outstanding customer service is the continuity provided by long service which is recognised and celebrated by the business. As a group, over 46% of our employees have in excess of five years' service and a further 21% have more than ten years' service. We aim to keep employee turnover as low as possible. In general the rental industry suffers from fairly high staff turnover within certain roles, particularly within the first year. Our employee turnover was 19% in the year (2015: 18%).

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

## Human Rights

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

## Modern Slavery Act 2015

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



# Corporate and Social Responsibility

## HEALTH & SAFETY

A good reputation for health and safety is fundamental and a major selling point for our business. It is essential that we provide equipment that is safe to use and that we ensure that accidents and dangerous occurrences are avoided.

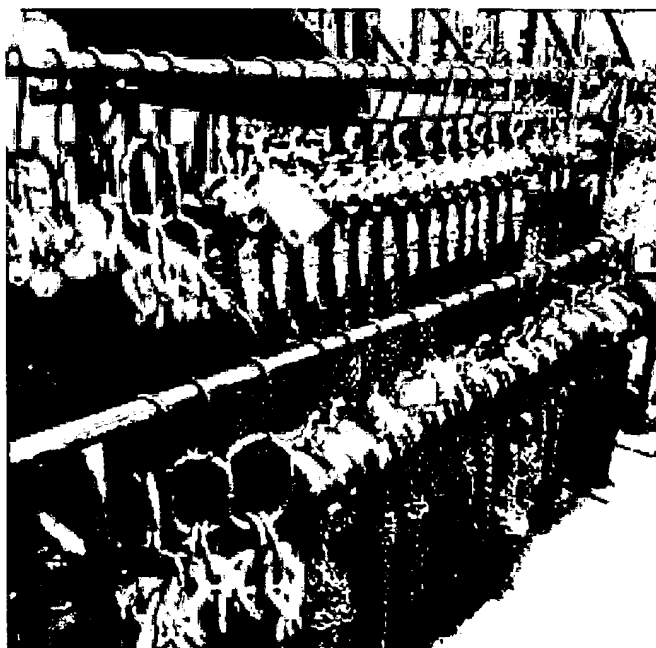
General health and safety training is provided as part of the induction process for all new employees. In addition, role appropriate health and safety training is also provided. Our policies and procedures are designed to ensure that the health and safety of all our employees, customers and anyone else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

We are committed to improving and raising standards of health and safety within all our businesses and with our customers. In 2015/16 we were delighted when the General Manager of Groundforce Training Services, was awarded Chartered Member (CMIOSH) within The Institute of Occupational Safety and Health (IOSH), an internationally recognised and highly valued health and safety qualification underlining our commitment to helping to ensure both our own and our customers' workplace is safe, healthy and sustainable.

We also work to ensure that our transport operations are safe. Several of the Group's divisions have been awarded FORS (Fleet Operator Recognition Scheme) Bronze accreditation. The FORS standard represents a quality and performance benchmark based on legal compliance, safety, environmental protection and operational efficiency and is further recognition that the Group operates to standards regarded as some of the highest in the industry. Hire Station is the only major hirer to hold this accreditation nationwide.

Our continued focus on promoting and developing a safe place to work has ensured Health & Safety is genuinely embedded into our culture. Hire Station was recently recognised as the "SafeHire Company of the year 2016" at the Hire Association Europe Awards. The award recognised that innovation and compliance are at the core of everything we do. Key initiatives in the past twelve months included the opening of Lifting Centres of Excellence at locations countrywide. These centres focus on specialist lifting and material handling equipment and have been set up with the necessary testing equipment to ensure compliance with the Lifting Operations and Lifting Equipment Regulations 1998 legislation.

We ended the year with an Accident Frequency Rate of 0.12, an improvement on our 2015 rate of 0.26. The AFR is calculated by multiplying the number of RIDDOR reportable accidents by 100,000 (the average number of hours worked in a lifetime), divided by the overall number of hours worked by all members of staff. Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences regulations 1995 fell to 4 in the year (2015: 9).



	0.4	0.8	0.2
Accident frequency rate	0.12	0.26	0.48

# Corporate and Social Responsibility

## COMMUNITY

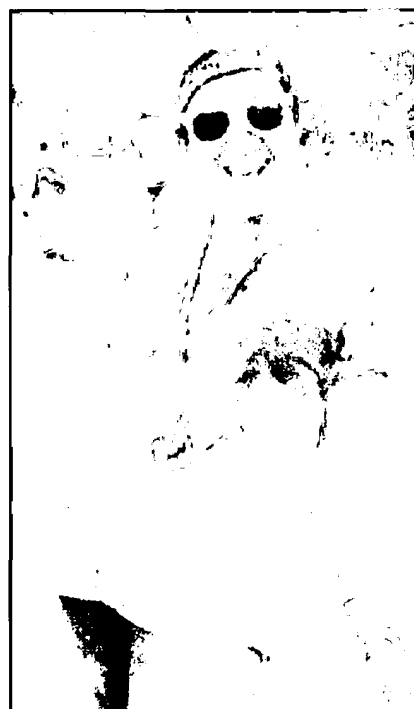
We aim to have a positive impact on the communities in which we operate. We actively encourage our teams to support their communities by providing their time and enthusiasm to raise money for local and national charities. In most cases the monies raised by employees are matched by the Group.

During the year we donated over £41,000 (2015: £28,000) to charities. This included donations in support of employees participating in fund raising activities.

Alongside Group led events, our employees proactively support charities on an individualised basis through participation in a host of demanding physical challenges, raising funds for the likes of Myeloma Cancer Research, Heart UK, Cancer Research UK, Marie Curie and many other local charities.

ESS SafeForce also teamed up with Gregg's bakery charity group, The Greggs Foundation, to sponsor the launch of a new breakfast club at the Olympic Academy Primary School in Wellingborough.

UK Forks provided the use of a 10m telehandler via their customer ISG, which was featured in the BBC 1 programme "DIY SOS: The Big Build Veterans' Special". The machine was used as part of a project to help transform 62 homes across two Manchester streets for military veterans and their families.



# Corporate and Social Responsibility

## ENVIRONMENT

We are aware of the impact our operations have on the environment and it is our policy to ensure that we minimise any adverse impacts from our operations.

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

PZIMB /		Scope 2	Scope 3
Direct emissions resulting from combustion of fuels		Indirect emissions from electricity purchased	Other indirect emissions, e.g. road freight
Tonnes CO <sub>2</sub> e		Tonnes CO <sub>2</sub> e	Tonnes CO <sub>2</sub> e
2016	13,138	2,510	5,290
2015	13,091	2,645	5,097
2014	12,789	2,689	4,766

Normalised Tonnes of CO<sub>2</sub> per £m revenue (intensity measure)

2016	100
2015	101
2014	111

Whilst during this year absolute CO<sub>2</sub> emissions have increased, once adjusted for higher activity levels normalised CO<sub>2</sub> emissions actually reduced by 1.0% from 101.3 tonnes per £1 million of revenue to 100.3 tonnes per £1 million of revenue.

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

We are fully compliant with the government guidelines on the Energy Savings Opportunity Scheme (ESOS). ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualifications criteria. The Group was required to carry out an ESOS assessment by December 2015. The assessment was undertaken by energy and environmental consultants.

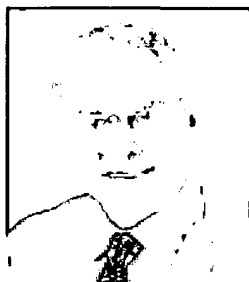
### STRATEGIC REPORT

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



**Neil Stothard**  
Chief Executive  
7 June 2016

# The Board



**Jeremy Hobbins** BA (Hons)  
**Chairman**

#### Appointment

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

#### Experience

Jeremy was Chairman and Chief Executive between 1981 and 2004.

#### Committee membership

Chairman of the Nomination Committee.



**Neil Stothard** MA, FCA  
**Chief Executive**

#### Appointment

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

#### Experience

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

#### Committee membership

None



**Allison Bainbridge** MA, FCA  
**Group Finance Director**

#### Appointment

Appointed to the board as Finance Director in March 2011.

#### Experience

Allison was previously Group Finance Director of Kelda Group Limited, the holding company of Yorkshire Water and also Finance Director of Yorkshire Water.

#### Committee membership

None



**Steve Rogers** BSc, FCA, JP  
**Non-executive Director**

#### Appointment

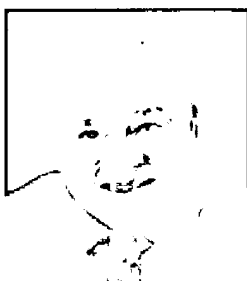
Appointed to the board in October 2008.

#### Experience

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

#### Committee membership

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



**Phil White** BCom, FCA, CBE  
**Non-executive Director**

#### Appointment

Appointed to the board in April 2013.

#### Experience

Phil is a chartered accountant and has extensive experience within both listed and private companies. He is Chairman of Kier Group Plc, Lookers Plc and Unite Group Plc as well as a non-executive director of Stagecoach Group Plc.

#### Committee membership

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



# Governance


## INTRODUCTION FROM THE CHAIRMAN

As a Board, we believe that good governance rests upon principles of fairness, integrity and respect for others. We believe these principles underpin the long term success of the Company, helping us to deliver our strategic and growth objectives.

The Corporate Governance Report is set out on pages 30 to 33. This section of the annual report sets out how we manage the Group and how we comply with the provisions of the UK Corporate Governance Code. Vp continues to maintain and review its systems, processes and policies to support its governance practices.

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

We are mindful of the ethical foundation of good governance and as a Board we are committed to acting responsibly and with integrity towards all our stakeholders.

  
**Jeremy Pilkington**  
**Chairman**  
**7 June 2016**

## CORPORATE GOVERNANCE

A review has been performed of the Company's compliance with the code published by the Financial Reporting Council ('FRC') in September 2014 and which was effective for the year ends beginning on or after October 2014. We have also had regard to the FRC guidance on Board Effectiveness (March 2011) and FRC guidance on Audit Committees (September 2012). The Board confirms that throughout the year ended 31 March 2016 the Company has been in compliance with all of the provisions of the Codes. The following paragraphs explain how the Company has applied good governance and the relevant principles of the Codes.

## LEADERSHIP

The role of the Board is to provide entrepreneurial leadership of the Company, whilst maintaining good corporate governance, highest standards of behaviour and managing risk. The Board reviews its progress against this objective on a regular basis. The Board exercises control over the performance of each operating company within the Group, principally by monitoring performance against agreed budgetary targets. The names and biographic details of the members of the board are set out on page 29.

Length of service of director	Balance of directors	Balance of directors
31 March 2016	31 March 2016	31 March 2016
One to two years	<b>Gender</b>	<b>Role</b>
Two to three years	Male	Executive Chairman
Four to six years	Female	Executives
More than six years		Non executives

# Governance

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

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

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

## EFFECTIVENESS

### Committees

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

### Meetings

In the year ended 31 March 2016, the Board met seven times. In addition, the Board also met on an ad hoc basis to deal with urgent business including the consideration and approval of major transactions. The table below lists the directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2016.

	Board	Audit	Remuneration
<b>Number of meetings held</b>	<b>7</b>	<b>3</b>	<b>2</b>
<i>Executive directors</i>			
Jeremy Pilkington	7	-	-
Neil Stothard	7	-	-
Allison Bainbridge	7	-	-
<i>Non-executive directors</i>			
Steve Rogers	7	3	2
Phil White	7	3	2

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

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

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



# Governance

## Independence

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

## Appointments to the Board

The Nominations Committee is chaired by the Company's Chairman, Jeremy Pilkington, with the two non-executive directors also on the committee. The Nomination Committee meets as required to ensure that appointments to Board roles within the Group are made after due consideration of the relevant and necessary skills, knowledge and experience of the potential candidates. In addition it considers succession planning in order to ensure the continued ability of the Group to compete effectively in the market place. The Group's policy on diversity is set out on page 25 in the Strategic Report.

The Nominations Committee has written terms of reference, which are available on the Company's website at [www.vpplc.com](http://www.vpplc.com)

## Induction, development and support

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

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

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

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

## Performance evaluation

The evaluation of the Chairman, the Board and its committees in 2016 was conducted by way of a review completed by all of the directors, the results of which were considered by the entire Board. Based upon this evaluation, the Board concluded that performance in the past year had been good. The outcome of the evaluation will be used to make further improvements where appropriate, to ensure the performance of the Board continues to be optimised.

# Governance

## Re-election

From 2015 all directors have retired at each Annual General Meeting ('AGM') and offer themselves for re-election by shareholders. Accordingly, all the directors will retire at the AGM in July 2016 and their details are provided on page 29.

## Accountability

The directors and auditor set out their respective responsibilities for preparing and reviewing the financial statements in the statement of directors' responsibilities on page 52 and the independent auditor's report on pages 53 to 56.

## RELATIONS WITH SHAREHOLDERS

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

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

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



# Audit Committee Report



Steve Rogers

## STATEMENT FROM STEVE ROGERS, CHAIRMAN OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year ended 31 March 2016. The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control.

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

As a Fellow of the Institute of Chartered Accountants in England and Wales, and a retired senior partner of PricewaterhouseCoopers, I am considered to have relevant financial experience of sufficient depth to be able to perform my role as Committee Chairman.

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

## RESPONSIBILITIES

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

The principal responsibilities are:

- review the financial statements (half yearly and annual reports) and announcements relating to the financial performance of the Group;
- oversee the relationship with the external auditor, including the external audit process, audit and non audit fees and independence and make recommendations to the Board on the appointment of the external auditor;
- review the Group's internal financial controls and risk management systems and assess the effectiveness of those systems;
- monitor and review the effectiveness of the internal audit function;
- oversee the Group's policies and procedures for handling allegations from whistle blowers.

## FINANCIAL REPORTING

We reviewed the integrity of the half yearly and annual financial statements of the Group. This included discussions with management and took account of the views of the external auditor. The key area reviewed was the existence and carrying value of the rental fleet. Management carry out at least bi-annual stock checks on the existence of the rental fleet and review the appropriateness of the useful lives and residual lives assigned to rental equipment. We are satisfied with the existence of assets in the fleet and that the judgements taken are appropriate and consistent with prior years.

## EXTERNAL AUDIT

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

# Audit Committee Report

The Group has policies and procedures in place to ensure that independence and objectivity of the external auditor is not impaired. These include restrictions on the types of services that they can provide, in line with APB Ethical Standards on Auditing. PwC also provides confirmation to the Committee on the arrangements and safeguards it has in place to maintain its independence and objectivity. The Committee continues to be satisfied with their independence.

The total fees payable to PwC for the year ended 31 March 2016 (together with a comparison for the year ended 31 March 2015) can be found in note 3 to the consolidated financial statements. The non-audit services related to the half year review and overseas accountants reports.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has responsibility for reviewing risk management systems and the effectiveness of these systems. The responsibilities and processes in respect of risk management are described in detail on pages 21 and 22.

There is in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process is regularly reviewed by the Board. Risk Management Reports, prepared by the operating divisions supported by Internal Audit, were submitted to the Committee at its meeting in July 2015. The Reports identified the significant risks to the Group, highlighted controls that mitigate the risks and the resultant post-mitigation risk. The Committee also considered the tolerance levels (risk appetite) that the Group is prepared to accept.

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

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

## INTERNAL AUDIT

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

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

## WHISTLE BLOWING

The Group has a formal whistle blowing process, whereby any employee may contact nominated members of senior management to raise concerns they may have in complete anonymity. These concerns will then be investigated independently and the results shared with the whistle blower for further discussion if necessary. This process is communicated to all employees and details are available on the Group intranet. The Committee monitors the Group's whistle blowing policy.

At the 2016 AGM, I shall be available to respond to any questions shareholders may raise on this report or on any of the Audit Committee's activities.



**Steve Rogers**  
Chairman of the Audit Committee  
7 June 2016



# Remuneration Report Annual Statement

## DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 31 March 2016. This has been prepared in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.



Phil White

## REMUNERATION POLICY AND IMPLEMENTATION 2015/16

As set out in the annual report on remuneration, the Group has continued to perform well against our key simple and transparent measures of growth in profit before tax and amortisation and earnings per share (EPS), whilst continuing to exceed our minimum return on average capital employed (ROACE) target of 12%. 2015/16 ROACE was a very satisfactory 16.3%. Our bonus and long-term incentive structures are based on challenging targets, which we believe are in line with market best practice. The Committee believes that the current year pay outcomes reflect the current year's performance.

In 2015/16 profit before taxation and amortisation at £29.8 million grew by 11% on the previous year. Consequently, executive directors will qualify for bonuses of 27% of base salary, out of a maximum of 100%, in line with the profit growth achieved by the Group against the challenging targets we set as a business.

Our 2012 LTIP award which was based upon EPS growth, vested in July 2015 at 100% of the total award reflecting the excellent financial performance of the Group in the challenging market conditions of 2012 to 2015. Our 2013 LTIP award is due to vest at 100% in July 2016, again as a result of strong compound annual growth performance in EPS of 20% per annum between 2013 and 2016 (calculated using fixed assumptions on tax rate and number of shares in issue).

## REMUNERATION POLICY FOR 2016/17

The Committee is not proposing to make any changes to the Remuneration Policy for the year ending 31 March 2017. The Remuneration Policy is set out overleaf. A review of Executive Directors base salaries was carried out during the year. The increases effective from 1 April 2016 are set out on page 45. The annual bonus scheme for 2016/17 will operate in a similar manner to prior years, with financial targets linked to profitability. The maximum bonus opportunity is 100% of salary. The performance conditions for the 2016/17 LTIP awards will be consistent with 2015/16 policy and will be based upon achievement of target growth in EPS over a three year period and the achievement of a minimum ROACE. The policy allows for awards equating to 100% of base salary to be granted to Executive Directors in July 2016.

## ALIGNMENT WITH SHAREHOLDERS

We continue to be mindful of our shareholders' interests. Our share ownership guidelines and claw back provisions for the annual bonus and long term incentive scheme support an on-going commitment to the business from our executives and continued alignment of shareholder and executive objectives.

We are proud of the support we have received in the past from our shareholders, with 98.3% approval for our Remuneration Policy in 2014 and 99.5% approval for our Remuneration Report last year. The Directors' Remuneration Policy is not subject to a shareholder vote this year but has been reproduced on the following pages for ease of reference. However, a resolution to approve the Annual Report on Remuneration will be proposed at the forthcoming AGM on 26 July 2016. We hope that we will continue to receive your support.

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

A handwritten signature in black ink, appearing to read 'Phil White'.

Phil White  
Chairman Remuneration Committee  
7 June 2016

# Directors' Remuneration Policy (unaudited)

Consistent with current legislation, the directors' Remuneration Policy Report, which has operated from 1 April 2014, was put to a binding shareholder vote and was approved and became formally effective at the 2014 AGM.

## POLICY OVERVIEW

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

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

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

## SUMMARY REMUNERATION POLICY

The table below summarises the directors' Remuneration Policy for 2014 onwards:

ELEMENT	PURPOSE AND LINK TO THE STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Base salary	To attract, retain and motivate individuals with skills and experience required to deliver the strategy. To provide a competitive fixed reward.	Base salaries are reviewed annually, and any changes are effective from 1 April in the financial year.	There is no prescribed maximum annual increase. The Committee also considers average increases across the Group. Current salary levels are set out on page 45.	None.
Pension	To provide retirement benefits.	All executives are either members of a defined contribution scheme or receive a cash allowance in lieu of pension contribution.	The executive chairman receives a cash equivalent pension contribution of 25% of salary, benefits and bonus. Other executive directors receive a pension contribution ranging between 15% and 17.5% of base salary or an equivalent cash allowance.	None.
Taxable Benefits	To provide market consistent benefits.	Cost of providing benefits paid monthly or as required for one off events.	Car allowance, health insurance and other benefits paid from time to time.	None.



# Directors' Remuneration Policy (unaudited)

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

## Notes to the policy table

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

# Directors' Remuneration Policy (unaudited)

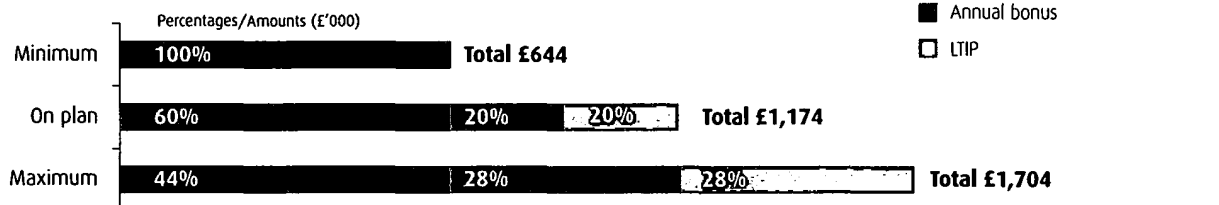
## CHANGES TO REMUNERATION POLICY

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

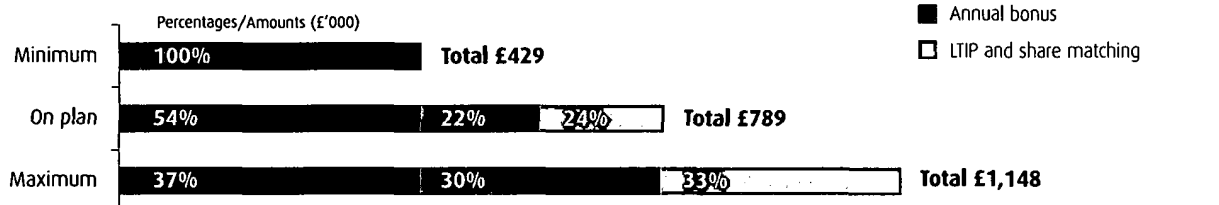
## ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The chart below illustrates the total remuneration for each executive director that could result from the proposed remuneration policy in 2016/17 under three different performance scenarios.

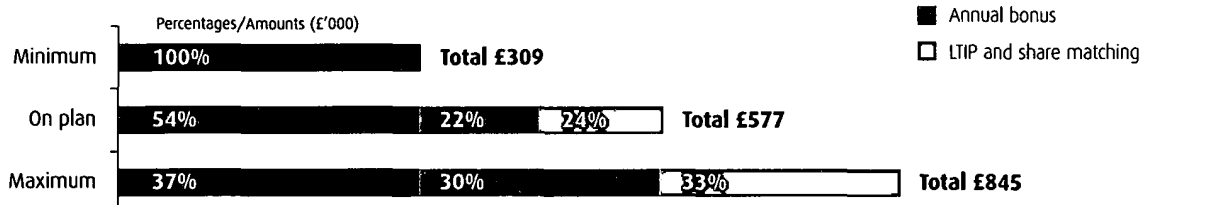
### Jeremy Pilkington



### Neil Stothard



### Allison Bainbridge



The value of base salary for 2016/17 is set out in the Base Salary table on page 45.

The value of taxable benefits in 2016/17 is taken to be the value of taxable benefits received in 2015/16 as shown in the single total figure of remuneration table set out on page 42. On plan performance assumes bonus payout of 50% of salary and LTIP and share matching scheme vesting at 50% of maximum award. Maximum performance assumes 100% payout of all incentives. Share price appreciation has not been included in the calculation.



# Directors' Remuneration Policy (unaudited)

## CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

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

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

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

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

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

## APPROACH TO RECRUITMENT

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

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

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

# Directors' Remuneration Policy (unaudited)

## DATE OF DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENT

AfoBZqlo AWqb lc pbozfZb ZlkqoWZq-ibqqbo lc WmrnlIkqjbKq	
Jeremy Pilkington	10 June 2002
Neil Stothard	10 June 2002
Allison Bainbridge	15 February 2011
Steve Rogers	10 September 2008
Phil White	15 April 2013

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

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

## APPROACH TO LEAVERS

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

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

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

## CONSIDERATION OF SHAREHOLDER VIEWS

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

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

Details of votes cast for and against the resolution to approve last year's remuneration report are set out on page 48 of the annual report on remuneration.



# Annual Report on Remuneration

## SINGLE TOTAL FIGURE OF REMUNERATION (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2016 together with the comparative figures for 2015.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	LTIP	Share matching	Total
		£000	£000	£000	£000	£000	£000	£000
<b>Executive directors</b>								
Jeremy Pilkington	2016	471	44	161	127	810	-	1,613
	2015	464	44	243	464	1,044	-	2,259
Neil Stothard	2016	336	26	59	91	578	59	1,149
	2015	331	26	58	331	749	75	1,570
Allison Bainbridge	2016	244	16	37	66	391	38	792
	2015	240	16	36	240	503	50	1,085
<b>Non-executive directors</b>								
Steve Rogers	2016	38	-	-	-	-	-	38
	2015	38	-	-	-	-	-	38
Phil White	2016	38	-	-	-	-	-	38
	2015	38	-	-	-	-	-	38

## TAXABLE BENEFITS

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

## PENSION BENEFITS

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

## ANNUAL BONUS PAYMENTS

The annual bonus outturn presented in the table was based on performance against growth in Group profit before tax and amortisation targets as measured over the 2016 financial year.

	jWufjrj \$ lc pWiWov	Doltqe lk M:Q9 obnrfoaba clo qeabpelia Ylkrp	Doltqe lk M:Q9 obnrfoaba clo jWufjrj Ylkrp	9Zqrwi doltqe lk M:Q9	9Zqrwi \$ lc pWiWov	9Zqrwi Ylkrp w...	£000
	%	%	%	%	%		
Jeremy Pilkington	100	5	25	11	27		127
Neil Stothard	100	5	25	11	27		91
Allison Bainbridge	100	5	25	11	27		66

No changes have been made to the maximum opportunity available under the 2016/17 bonus scheme.

# Annual Report on Remuneration

## VESTING OF LTIP AND SHARE MATCHING AWARDS (audited)

The LTIP and share matching amount included in the 2015/16 single total figure of remuneration is in respect of the conditional share award granted in July 2013. Vesting is dependent on earnings per share performance over the three years ended 31 March 2016, achievement of a minimum return on average capital employed of 12% and continued service until July 2016.

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

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	Normalised EPS compound annual growth rate of 4.1% pa (0% vesting) 10% pa (100% vesting) actual 20% pa	35.86 pence EPS	41.24 pence EPS	53.43 pence EPS	100
ROACE	Minimum of 12.0%	12.0%	N/A	16.3%	see above

\*EPS is measured on a net basis, in accordance with International Financial Reporting Standards, but assuming a fixed corporation tax charge on profits currently at the rate of 28% and excluding any amortisation and exceptional items shown on the face of the Income Statement or in the notes to the Company's accounts and utilising the whole of the issued ordinary share capital of the Company, assuming a constant level of issued Ordinary Share Capital over the three years, in this case 40.154 million shares.

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

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

	KrjYbo lc peWobp Wq doWkq	KrjYbo lc peWobp ql sbpq	BpqfjWqba sWirb lc peWobp sbpqfkd)
			W...
Jeremy Pilkington	116,200	116,200	810
Neil Stothard	83,000	83,000	578
Allison Bainbridge	56,100	56,100	391

\*The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. The share price at the time of the award was £3.89. As the awards have not yet vested the weighted average share price for the last three months of the financial year 2015/16 of £6.97 has been used to estimate the value at vesting.

The share matching awards for executive directors are as follows:

	KrjYbo lc peWobp Wq doWkq	KrjYbo lc peWobp ql sbpq	BpqfjWqba sWirb lc peWobp sbpqfkd)
			W...
Jeremy Pilkington	N/A	N/A	N/A
Neil Stothard	8,500	8,500	59
Allison Bainbridge	5,500	5,500	38

\*As the awards have not yet vested the weighted average share price for the last three months of the financial year 2015/16 of £6.97 has been used to estimate the value at vesting.



# Annual Report on Remuneration

## SHARE SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (audited)

The following awards were granted to executive directors:

BubZrqfSb	PZebjh	Wpfp lc WlWoa doWkqba	AWqb lc doWkq	PeWob mofzb Wq aWqb lc doWkq w	KrjYbo lc peWobp	CWZb sWirb w...	MbocnjWkzb Mbolla bka aWq
<b>Jeremy Pilkington</b>							
	LTIP	100% of salary	9 July 2015	7.70	61,100	470	31 March 2018
<b>Neil Stothard</b>							
	LTIP	100% of salary	9 July 2015	7.70	43,600	336	31 March 2018
	Share matching	10% of salary	5 Aug 2015	7.70	4,400	34	31 March 2018
	SAYE	N/A	8 July 2015	7.70	580	4	N/A
<b>Allison Bainbridge</b>							
	LTIP	100% of salary	9 July 2015	7.70	31,600	243	31 March 2018
	Share matching	10% of salary	5 Aug 2015	7.70	3,200	25	31 March 2018
	SAYE	N/A	8 July 2015	7.70	580	4	N/A

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

## PAYMENTS TO PAST DIRECTORS AND FOR LOSS OF OFFICE

No payments were made to past directors or for loss of office in the year ended 31 March 2016.

## OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of outstanding share awards held by executive directors. Details of vested awards are shown in the statement of directors' shareholdings and share interests on page 45.

Bub7rqfSb	P7ebjh	DoWkq aWqb	Bubo7lfb mofzb w	Kl, lc peWobp Wq 1/ JWo 0./3	DoWkqba arolkd qeb vbWo	Sbpqba arolkd qeb vbWo	IWmpba arolkd qeb vbWo1/ JWo 0./4	Kl, lc peWobp Wq	Bubo7lfb mbolla	Bka lc mboclojWkz mbolla
<b>Jeremy Pilkington</b>										
	Total LTIP	Various	Nil	524,400	61,100	166,000	-	311,500	July 2015 to July 2025	31 Mar 2015 to 31 Mar 2018
<b>Neil Stothard</b>										
	Total LTIP	Various	Nil	250,700	43,600	119,000	-	175,300	July 2015 to July 2025	31 Mar 2015 to 31 Mar 2018
	Total Share Matching	Various	Nil	25,500	4,400	12,000	-	17,900	July 2015 to July 2025	31 Mar 2015 to 31 Mar 2018
	SAYE	2012	1.97	1,827	-	1,827	-	-		N/A
	SAYE	2013	2.82	638	-	-	-	638	October 2016 to March 2017	N/A
	SAYE	2014	5.30	679	-	-	-	679	October 2017 to March 2018	N/A
	SAYE	2015	6.20	-	580	-	-	580	October 2018 to March 2019	N/A
	Total SAYE			3,144	580	1,827	-	1,897		
<b>Allison Bainbridge</b>										
	Total LTIP	Various	Nil	171,400	31,600	80,000	-	123,000	July 2015 to July 2025	31 Mar 2015 to 31 Mar 2018
	Total Share Matching	Various	Nil	17,000	3,200	8,000	-	12,200	July 2015 to July 2025	31 Mar 2015 to 31 Mar 2018
	SAYE	2013	2.82	1,276	-	-	-	1,276	October 2016 to March 2017	N/A
	SAYE	2014	5.30	679	-	-	-	679	October 2017 to March 2018	N/A
	SAYE	2015	6.20	-	580	-	-	580	October 2018 to March 2019	N/A
	Total SAYE			1,955	580	-	-	2,535		

# Annual Report on Remuneration

## STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

Executive	Shareholding as % of salary at 31 Mar 2016	Shares beneficially owned at 31 Mar 2016	Shares beneficially owned at 31 Mar 2015	Options vested but not yet exercised 31 Mar 2016	Options vested but not yet exercised 31 Mar 2015	Outstanding LTIP awards <sup>1</sup>	Outstanding share matching awards <sup>1</sup>	Outstanding SAYE awards
Jeremy Pilkington	*	29,220	29,220	66,000	174,000	311,500	-	-
Neil Stothard	1585%	806,921	794,921	-	-	175,300	17,900	1,897
Allison Bainbridge	111%	41,000	33,000	-	-	123,000	12,200	2,535
Steve Rogers	-	-	-	-	-	-	-	-
Phil White	-	-	-	-	-	-	-	-

<sup>1</sup> Unvested LTIP and share matching awards are subject to performance conditions

The share price used to calculate the value of shares beneficially owned for the purposes of establishing shareholding as a percentage of salary is the share price as at 31 March 2016: £6.60.

\*During the year Jeremy Pilkington was interested in shares owned by Ackers P Investment Company Limited. This company is ultimately controlled by a number of trusts of which, for the purposes of Sections 252 to 255 of the Companies Act 2006, Jeremy Pilkington is deemed to be a connected person. As at 31 March 2016 Ackers P Investment Company Limited owned 20,181,411 shares (2015: 20,181,411 shares).

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

The executive directors are each in compliance with the company's requirements to hold shares equivalent to at least 100% of salary.

There were no changes in the interests of the directors between 31 March 2016 and 7 June 2016.

## IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2017 (unaudited)

A summary of how the directors' remuneration policy will be applied during the year ended 31 March 2017 is set out below.

### BASE SALARY

The Committee approved a 1.5% increase in base salary for Jeremy Pilkington, Neil Stothard and Allison Bainbridge from 1 April 2015 and the following base salary increases with effect from 1 April 2016:

	2017 £000	2016 £000	% increase
Jeremy Pilkington	471	471	0.0%
Neil Stothard	343	336	2.0%
Allison Bainbridge	255	244	4.5%
Steve Rogers	38	38	0.0%
Phil White	38	38	0.0%

A salary increase averaging 2% across the Group was awarded at the annual pay review, effective from 1 April 2016.

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



# Annual Report on Remuneration

## IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2017 (unaudited) – continued

### PENSION ARRANGEMENTS

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

### ANNUAL BONUS

The maximum bonus potential for the year ending 31 March 2017 will remain at 100% of salary for all executive directors. Awards will be based upon the achievement of a challenging growth target in profit before tax and amortisation.

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

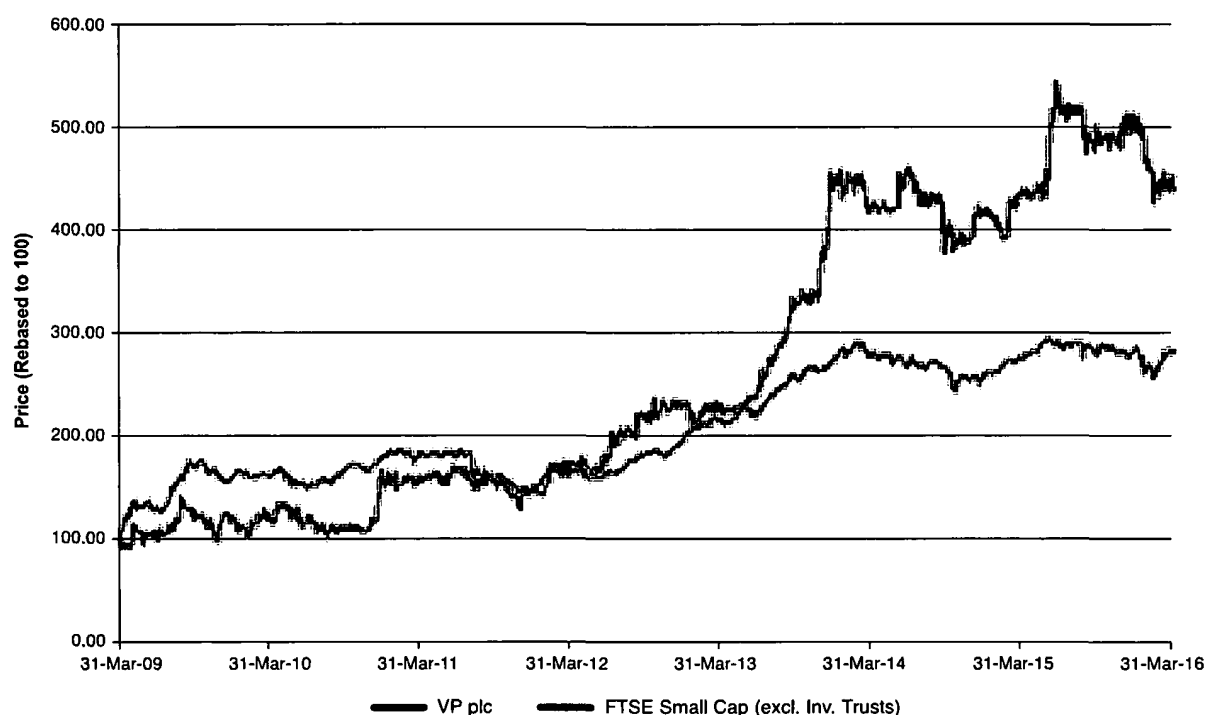
### LONG TERM INCENTIVES

Consistent with past awards the extent to which any LTIP awards granted in 2016 will vest will be dependent upon the achievement of a challenging target growth in the Group's earnings per share.

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

### PERFORMANCE GRAPH AND TABLE (unaudited)

The following graph charts the Total Shareholder Return of the Group and the FTSE Small Cap Index over the seven year period from 31 March 2009 to 31 March 2016.



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

# Annual Report on Remuneration

## PERFORMANCE GRAPH AND TABLE (unaudited) – continued

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

	0./.	0./1	0./0	0./1	0./2	0./3	0./4
Single figure (£000)	614	1,080	1,919	1,795	2,042	2,259	1,613
Annual bonus % of maximum	20%	100%	100%	84%	52%	100%	27%
LTIP vesting % of maximum	0%	44.6%	82%	95.1%	100%	100%	100%

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

## PERCENTAGE CHANGE IN EXECUTIVE CHAIRMAN'S REMUNERATION (unaudited)

The table below shows the percentage change in the Executive Chairman's salary, benefits and annual bonus between the financial year ended 31 March 2015 and 31 March 2016 compared to the percentage change for UK employees of the Group for each of these elements of pay.

	2015	Jeremy Pilkington 2016	% change	UK employees % change
	£000	£000		
Salary	464	471	1.5%	4.6%
Taxable Benefits	44	44	0.0%	11.0%
Annual Bonus*	235	464	97.4%	49.8%

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

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

## RELATIVE IMPORTANCE OF SPEND ON PAY (unaudited)

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

		0./3	0./4	\$ ZeWkdb
Staff costs	£m	69.5	71.3	3
Dividends	£m	6.4	7.4	15

Dividend figures relate to amounts payable in respect of the relevant financial year and includes proposed final dividend of 13.5 pence.



# Annual Report on Remuneration

## REMUNERATION COMMITTEE (unaudited)

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

The primary role of the Committee is to:

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

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

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

- Phil White
- Steve Rogers

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 29 and 31. The Remuneration Committee has access to independent advice where it considers appropriate. No advice has been sought during 2015/16.

## STATEMENT OF VOTING AT GENERAL MEETING

At the last AGM held on 21 July 2015 the voting results in respect of the Remuneration Report Annual Statement were as follows:

Remuneration Report		
Votes cast in favour	31,797,331	99.5%
Votes cast against	155,707	0.5%
Total votes cast	31,953,038	100%
Abstentions	490,256	

# Directors' Report

The directors of Vp plc present their annual report and the audited financial statements of the Group and Parent Company for the year ended 31 March 2016.

## PRINCIPAL ACTIVITIES

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

## STRATEGIC REPORT

Pursuant to Sections 414 A – D Companies Act 2006, the business review has been replaced with a strategic report, which can be found on pages 2 to 28.

## RESULTS AND DIVIDEND

Group profit after tax for the year was £22.4 million (2015: £19.9 million). The directors recommend a final dividend of 13.5 pence per share.

The final dividend will be paid on 2 August 2016 to all shareholders on the register as at 8 July 2016.

## DIRECTORS

Details of the directors of the Company who were in office during the year and up to the date of signing the financial statements are given on page 29. Details of directors' interests in shares are provided in the Directors' Remuneration Report on page 45. The directors' exposures to conduct and liability issues are mitigated by Directors and Officers insurance cover where applicable.

## SHARE CAPITAL

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

## SUBSTANTIAL SHAREHOLDERS

As at 7 June 2016 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	KrjYbo Ic LoafkWov PeWobp	MboZbkqWdb Ic Fpprba LoafkWov PeWobp
		\$
Ackers P Investment Company Limited	20,181,411	50.26
Schroders plc	2,451,648	6.11
Discretionary Unit Fund Managers Limited	2,250,000	5.60
JP Morgan Asset Management (UK) Limited	2,094,442	5.22

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



# Directors' Report

## DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4.

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

## EMPLOYEES

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

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

## POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £41,000 (2015: £28,000). The donations made in the year principally relate to sponsorship of employee driven fund raising activities on behalf of local and national charities.

## SUPPLIER PAYMENT POLICY

It is the Company's policy to make payment to suppliers on agreed terms. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The number of days purchases outstanding at 31 March 2016 was 25 days (2015: 32 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end compared to the average purchases during the year.

## TAXATION PRINCIPLES

We operate in accordance with our Tax Principles, which can be found at [www.vpplc.com](http://www.vpplc.com). In 2015/16 Vp plc paid £4.8 million in corporate taxes. We are a responsible corporate tax payer and conduct our affairs to ensure compliance with all laws and relevant regulations in the countries in which we operate.

## CONTRACTS

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

## PURCHASE OF OWN SHARES

A resolution is to be proposed to authorise the Company to purchase its own shares, subject to certain specific limits. This resolution is in accordance with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds and will be proposed as a special resolution. The maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers is set out in Resolution 11(b) and 11(c) of the Notice of Meeting. The directors undertake to shareholders that they will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally.

The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares provided that the number so held did not at any time exceed 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 2016 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

# Directors' Report

## GOING CONCERN

The Business Review on pages 10 to 17 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond. This is supported by the Financial Review on pages 18 to 20 which sets out the Group's current financial position, including its cashflows, net debt and borrowing facilities and also outlines the Group's treasury management objectives, policies and processes. It is also supported by the Viability Statement on page 21.

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

The Group is in a healthy financial position. At the year end the Group had total banking facilities of £100 million, which are subject to bank covenant testing, together with a step up facility of £25 million.

The Board has evaluated the facilities and covenants on the basis of the budget for 2016/17 which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. On the basis of this testing and taking into account the increase in the facilities in April 2016, as set out in the Financial Review, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis has been adopted in the preparation of the financial statements.

## CORPORATE GOVERNANCE

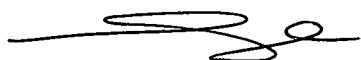
The Corporate Governance Statement on pages 30 to 33 forms part of the Directors' Report.

## INDEPENDENT AUDITOR

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

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

By Order of the Board



**Allison Bainbridge**  
Group Finance Director  
7 June 2016



# Statement of Directors' Responsibilities

## IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;

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

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

The directors whose names appear on page 29 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 Directors' Report 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.

# Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Vp plc

### Report on the financial statements

#### Our opinion

In our opinion:

- Vp plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2016 and of the Group's profit and the Group's and the Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

#### What we have audited


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

- the Consolidated and Parent Company Balance Sheets as at 31 March 2016;
- the Consolidated Income Statement and Statements of Comprehensive Income for the year then ended;
- the Consolidated and Parent Company Statements of Cash Flows for the year then ended;
- the Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited. The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### Our audit approach

##### Overview

	<ul style="list-style-type: none"> <li>• Overall group materiality: £1.4 million which represents 5% of profit before tax.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Group audit team performed an audit of the complete financial information of the four financially significant reporting units with the Group.</li> </ul>
	<ul style="list-style-type: none"> <li>• As a result of this scoping we obtained coverage over 97% of the Group's external revenues and 98% of the Group's profit before tax.</li> </ul>
	<ul style="list-style-type: none"> <li>• Existence of rental equipment.</li> <li>• Valuation of rental equipment.</li> </ul>

#### The scope of our audit and our areas of focus

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

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

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



# Independent Auditors' Report

Area of focus	How our audit addressed the area of focus
<p><b>Existence of rental equipment</b></p> <p><i>Refer to page 34, page 64 (accounting policy) and page 73 (financial disclosures)</i></p> <p>We focused on this area because the Group holds a significant quantum of rental equipment in the normal course of its business.</p> <p>The net book value of rental equipment is £147.2 million (2015: £131.6 million). Given the number of assets and the frequency of movement (through purchases, hires and sales) there is the potential for assets to go missing or their movements to be mis-recorded. This results in complexity in maintaining an accurate fixed asset register.</p>	<p>Our audit work in respect of the existence of rental equipment included understanding and evaluating management's key controls in this area, checking the correct recording of rental asset movements on the fixed asset register, and substantively testing the existence of a sample of assets.</p> <p>We tested the operating effectiveness of controls in place over the accurate recording of rental equipment purchases and disposals. For a sample of rental equipment purchases in the year we agreed to invoice and capitalisation onto the fixed asset register, checking the value and the useful economic life applied. For a sample of rental equipment disposed of in the year, we agreed to disposal documentation, sales invoices and cash receipts where appropriate and removal from the fixed asset register.</p> <p>We agreed a sample of rental equipment out on hire to signed delivery notes. We did not identify any material exceptions from this work.</p> <p>We attended a sample of year end rental equipment counts and:</p> <ul style="list-style-type: none"> <li>considered the design and effectiveness of count controls by understanding and observing the count procedures; and</li> <li>counted a sample of assets and reconciled these to both management's count and the fixed asset register.</li> </ul> <p>Our testing did not identify rental equipment that was on the fixed asset register, but not either on hire to customers or in the Group's possession at the year end.</p>
<p><b>Valuation of rental equipment</b></p> <p><i>Refer to page 34, page 64 (accounting policy) and page 73 (financial disclosures)</i></p> <p>We focused on this area because there is significant management judgement involved in estimating the useful economic lives, estimated residual values and impairment of the rental assets.</p> <p>The utilisation of rental equipment is key to supporting their valuation so a downturn in the trading performance in a particular market or reporting unit presents an inherent impairment risk.</p>	<p>Our audit work in respect of the valuation of rental equipment comprised an assessment of the accuracy of estimates made by management in previous years, an analysis of utilisation statistics, integrity checks over the underlying fixed asset data and performing an impairment review using management's budgeted trading performance. We tested the appropriateness of useful economic lives and estimated residual values applied by management through consideration of any profits/losses on disposal of rental equipment and the level of fully written down assets still generating revenue, noting no evidence of systematic under or over depreciation of the assets.</p> <p>We tested the integrity of the data held within the fixed asset registers, given the reliance upon this information for our impairment analysis. This comprised scanning the entire population of assets for inappropriate entries (such as assets with negative cost), indications of incorrect application of the Group's accounting policies (such as assets with a useful economic life inconsistent with the type of asset) or evidence that the useful economic life assigned is not being applied correctly in the fixed asset register. We did not identify any material exceptions from this work.</p>

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

The Group's accounting process is structured around a Group finance function at its head office in Harrogate. Within the head office, a supporting finance function exists in the form of a shared service centre utilised for five of the Group's six divisions which operate in the UK and overseas. The Group also maintains local finance teams for each of its six divisions, which are based at the operational locations of each division.

The Group's reporting units vary significantly in size and we identified 14 reporting units, 4 of which, in our view, required an audit of their complete financial information, due to their size or risk characteristics.

In establishing the overall approach to the Group audit, we determined that all work could be performed by us, the Group audit team. Together, the reporting units subject to audit procedures generated 97% of Group revenues and 98% of Group profit before tax.

We performed specific audit procedures over central functions and areas of significant judgement, including taxation, goodwill, pension obligations and share based payments.

## Materiality

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

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

<b>Overall group materiality</b>	£1.4 million (2015: £1.3 million).
<b>How we determined it</b>	5% of profit before tax.
<b>Rationale for benchmark applied</b>	We applied this benchmark because, in our view, this is the most relevant metric against which the performance of the Group is measured.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £70,000 (2015: £100,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

# Independent Auditors' Report

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Under the Listing Rules we are required to review the directors' statement, set out on page 51, in relation to going concern. We have nothing to report having performed our review.

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

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

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In our opinion:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- The information given in the Corporate Governance Statement set out on pages 30 to 33 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

## ISAs (UK & Ireland) reporting

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

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <ul style="list-style-type: none"> <li>• Information in the Annual Report is:                             <ul style="list-style-type: none"> <li>– Materially inconsistent with the information in the audited financial statements; or</li> <li>– Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or</li> <li>– Otherwise misleading.</li> </ul> </li> </ul>                                                                       | We have no exceptions to report. |
| <ul style="list-style-type: none"> <li>• The statement given by the directors on page 34, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.</li> </ul> | We have no exceptions to report. |
| <ul style="list-style-type: none"> <li>• The section of the Annual Report on page 34, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.</li> </ul>                                                                                                                                                                                                                                                                                    | We have no exceptions to report. |

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

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

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• the Directors' confirmation on page 21 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.</li> </ul>                                                                                                                                                                                                                                                                   | We have nothing material to add or to draw attention to. |
| <ul style="list-style-type: none"> <li>• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                       | We have nothing material to add or to draw attention to. |
| <ul style="list-style-type: none"> <li>• the Directors' explanation on page 21 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.</li> </ul> | We have nothing material to add or to draw attention to. |

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

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# Independent Auditors' Report

## Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

## Directors' remuneration

### Directors' remuneration report - Companies Act 2006 opinion

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

### Other Companies Act 2006 reporting

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

### Corporate governance statement

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

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

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

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

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

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

### What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**Steve Denison (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Leeds**  
**7 June 2016**

# Consolidated Income Statement

for the Year Ended 31 March 2016

	Note	0./4 £000	2015 £000
<b>Revenue</b>	2	<b>208,746</b>	205,602
Cost of sales		<b>(149,758)</b>	(148,773)
<b>Gross profit</b>		<b>58,988</b>	56,829
Administrative expenses		<b>(29,395)</b>	(29,733)
<b>Operating profit before amortisation</b>	2	<b>31,891</b>	28,780
Amortisation	9	<b>(2,298)</b>	(1,684)
<b>Operating profit</b>	3	<b>29,593</b>	27,096
Financial income	6	<b>4</b>	1
Financial expenses	6	<b>(2,097)</b>	(2,024)
<b>Profit before taxation and amortisation</b>		<b>29,798</b>	26,757
Amortisation	9	<b>(2,298)</b>	(1,684)
<b>Profit before taxation</b>		<b>27,500</b>	25,073
Income tax expense	7	<b>(5,112)</b>	(5,202)
<b>Profit attributable to owners of the parent</b>		<b>22,388</b>	19,871
Basic earnings per 5p ordinary share	20	<b>57.49p</b>	51.03p
Diluted earnings per 5p ordinary share	20	<b>54.51p</b>	47.01p
Dividend per 5p ordinary share interim paid and final proposed	19	<b>18.85p</b>	16.50p

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# Statements of Comprehensive Income

## Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
<b>Profit for the year</b>		<b>22,388</b>	<b>19,871</b>
<b>Other comprehensive income/(expense):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit pension scheme	24	122	(55)
Tax on items taken to other comprehensive income	7	(23)	12
Impact of tax rate change	7	(39)	-
Foreign exchange translation difference		693	(1,028)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges		581	(1,011)
<b>Total other comprehensive income/(expense)</b>		<b>1,334</b>	<b>(2,082)</b>
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>23,722</b>	<b>17,789</b>

## Parent Company Statement of Comprehensive Income for the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
<b>Profit for the year</b>		<b>10,397</b>	<b>13,576</b>
<b>Other comprehensive income/(expense):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit pension scheme	24	122	(55)
Tax on items taken to other comprehensive income	7	(23)	12
Impact of tax rate change	7	(39)	-
<i>Items that may be subsequently reclassified to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges		581	(1,011)
<b>Total other comprehensive income/(expense)</b>		<b>641</b>	<b>(1,054)</b>
<b>Total comprehensive income for the year</b>		<b>11,038</b>	<b>12,522</b>

# Statements of Changes in Equity

## Consolidated Statement of Changes in Equity for the Year Ended 31 March 2016

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Non- controlling Interest £000	Total Equity £000
<b>Equity at 1 April 2014</b>		<b>2,008</b>	<b>301</b>	<b>16,192</b>	<b>(90)</b>	<b>89,546</b>	<b>27</b>	<b>107,984</b>
Total comprehensive income for the year		-	-	-	(1,011)	18,800	-	17,789
Tax movements to equity	7	-	-	-	-	1,145	-	1,145
Share option charge in the year		-	-	-	-	1,894	-	1,894
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(11,059)	-	(11,059)
Dividend to shareholders	19	-	-	-	-	(5,986)	-	(5,986)
Total change in equity during the year		-	-	-	(1,011)	4,794	-	3,783
<b>Equity at 31 March 2015</b>		<b>2,008</b>	<b>301</b>	<b>16,192</b>	<b>(1,101)</b>	<b>94,340</b>	<b>27</b>	<b>111,767</b>
Total comprehensive income for the year		-	-	-	581	23,141	-	23,722
Tax movements to equity	7	-	-	-	-	1,123	-	1,123
Impact of tax rate change	7	-	-	-	-	(31)	-	(31)
Share option charge in the year		-	-	-	-	1,904	-	1,904
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(10,567)	-	(10,567)
Dividend to shareholders	19	-	-	-	-	(6,568)	-	(6,568)
Total change in equity during the year		-	-	-	581	9,002	-	9,583
<b>Equity as at 31 March 2016</b>		<b>2,008</b>	<b>301</b>	<b>16,192</b>	<b>(520)</b>	<b>103,342</b>	<b>27</b>	<b>121,350</b>

## Parent Company Statement of Changes in Equity for the Year Ended 31 March 2016

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
<b>Equity at 1 April 2014</b>		<b>2,008</b>	<b>301</b>	<b>16,192</b>	<b>(90)</b>	<b>35,852</b>	<b>54,263</b>
Total comprehensive income for the year		-	-	-	(1,011)	13,533	12,522
Tax movements to equity	7	-	-	-	-	1,145	1,145
Share option charge in the year		-	-	-	-	1,894	1,894
Net movement relating to shares held Vp Employee Trust		-	-	-	-	(11,059)	(11,059)
Dividend to shareholders	19	-	-	-	-	(5,986)	(5,986)
Total change in equity during the year		-	-	-	(1,011)	(473)	(1,484)
<b>Equity at 31 March 2015</b>		<b>2,008</b>	<b>301</b>	<b>16,192</b>	<b>(1,101)</b>	<b>35,379</b>	<b>52,779</b>
Total comprehensive income for the year		-	-	-	581	10,457	11,038
Tax movements to equity	7	-	-	-	-	1,123	1,123
Impact of tax rate change	7	-	-	-	-	(31)	(31)
Share option charge in the year		-	-	-	-	1,904	1,904
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	(10,567)	(10,567)
Dividend to shareholders	19	-	-	-	-	(6,568)	(6,568)
Total change in equity during the year		-	-	-	581	(3,682)	(3,101)
<b>Equity at 31 March 2016</b>		<b>2,008</b>	<b>301</b>	<b>16,192</b>	<b>(520)</b>	<b>31,697</b>	<b>49,678</b>

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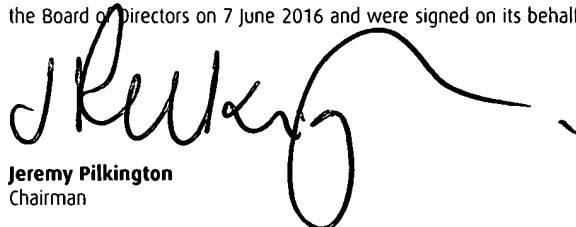


# Consolidated Balance Sheet

at 31 March 2016

	Note	0./4 £000	2015 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	167,201	147,817
Intangible assets	9	46,363	43,394
Employee benefits	24	1,534	1,043
<b>Total non-current assets</b>		<b>215,098</b>	<b>192,254</b>
<b>Current assets</b>			
Inventories	11	5,363	6,495
Trade and other receivables	12	44,817	41,102
Cash and cash equivalents	13	4,517	5,236
<b>Total current assets</b>		<b>54,697</b>	<b>52,833</b>
<b>Total assets</b>		<b>269,795</b>	<b>245,087</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	14	(873)	-
Income tax payable		(931)	(1,948)
Trade and other payables	16	(51,567)	(54,988)
<b>Total current liabilities</b>		<b>(53,371)</b>	<b>(56,936)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	(89,778)	(72,000)
Deferred tax liabilities	17	(5,296)	(4,384)
<b>Total non-current liabilities</b>		<b>(95,074)</b>	<b>(76,384)</b>
<b>Total liabilities</b>		<b>(148,445)</b>	<b>(133,320)</b>
<b>Net assets</b>		<b>121,350</b>	<b>111,767</b>
<b>Equity</b>			
Issued share capital	18	2,008	2,008
Capital redemption reserve		301	301
Share premium		16,192	16,192
Hedging reserve		(520)	(1,101)
Retained earnings		103,342	94,340
<b>Total equity attributable to equity holders of the parent</b>		<b>121,323</b>	<b>111,740</b>
<b>Non-controlling interest</b>		<b>27</b>	<b>27</b>
<b>Total equity</b>		<b>121,350</b>	<b>111,767</b>

The financial statements on pages 57 to 90 were approved and authorised for issue by the Board of Directors on 7 June 2016 and were signed on its behalf by:

  
**Jeremy Pilkington**  
 Chairman

  
**Allison Bainbridge**  
 Director

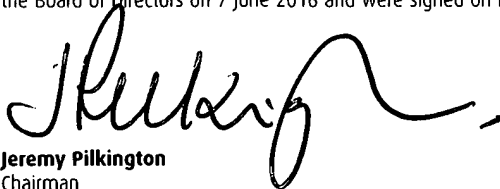
Company number: 481833

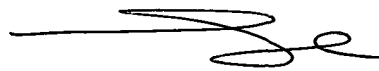
# Parent Company Balance Sheet

at 31 March 2016

	Note	0./4 £000	2015 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	89,294	78,679
Intangible assets	9	18,678	17,150
Investments in subsidiaries	10	27,930	25,830
Employee benefits	24	1,534	1,043
<b>Total non-current assets</b>		<b>137,436</b>	<b>122,702</b>
<b>Current assets</b>			
Inventories	11	1,416	1,951
Trade and other receivables	12	54,750	51,155
Income tax receivable		490	-
Cash and cash equivalents	13	657	1,555
<b>Total current assets</b>		<b>57,313</b>	<b>54,661</b>
<b>Total assets</b>		<b>194,749</b>	<b>177,363</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	14	(6,485)	(4,263)
Income tax payable		-	(672)
Trade and other payables	16	(45,387)	(44,992)
<b>Total current liabilities</b>		<b>(51,872)</b>	<b>(49,927)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	(89,748)	(72,000)
Deferred tax liabilities	17	(3,451)	(2,657)
<b>Total non-current liabilities</b>		<b>(93,199)</b>	<b>(74,657)</b>
<b>Total liabilities</b>		<b>(145,071)</b>	<b>(124,584)</b>
<b>Net assets</b>		<b>49,678</b>	<b>52,779</b>
<b>Equity</b>			
Issued share capital	18	2,008	2,008
Capital redemption reserve		301	301
Share premium		16,192	16,192
Hedging reserve		(520)	(1,101)
Retained earnings		31,697	35,379
<b>Total equity</b>		<b>49,678</b>	<b>52,779</b>

The financial statements on pages 57 to 90 were approved and authorised for issue by the Board of Directors on 7 June 2016 and were signed on its behalf by:

  
**Jeremy Pilkington**  
Chairman

  
**Allison Bainbridge**  
Director

Company number: 481833

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# Consolidated Statement of Cash Flows

for the Year Ended 31 March 2016

	Note	0./4 £000	2015 £000
<b>Cash flows from operating activities</b>			
Profit before taxation		27,500	25,073
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		(369)	(409)
Share based payment charges		1,904	1,894
Depreciation	8	27,375	25,023
Amortisation and impairment	9	2,298	1,684
Financial expense		2,097	2,024
Financial income		(4)	(1)
Profit on sale of property, plant and equipment		(6,246)	(3,277)
<b>Operating cash flow before changes in working capital and provisions</b>		<b>54,555</b>	<b>52,011</b>
Decrease/(increase) in inventories		1,132	(854)
Increase in trade and other receivables		(2,101)	(2,746)
(Decrease)/increase in trade and other payables		(5,729)	6,114
<b>Cash generated from operations</b>		<b>47,857</b>	<b>54,525</b>
Interest paid		(2,097)	(2,016)
Interest element of finance lease rental payments		(4)	(2)
Interest received		4	1
Income taxes paid		(4,840)	(2,873)
<b>Net cash generated from operating activities</b>		<b>40,920</b>	<b>49,635</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		17,179	11,982
Purchase of property, plant and equipment		(50,237)	(52,887)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	(7,068)	(5,405)
<b>Net cash used in investing activities</b>		<b>(40,126)</b>	<b>(46,310)</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares by Employee Trust		(10,566)	(11,059)
Repayment of borrowings		-	(10,000)
New loans		16,000	20,000
Payment of finance lease liabilities		(497)	(17)
Dividend paid	19	(6,568)	(5,986)
<b>Net cash used in financing activities</b>		<b>(1,631)</b>	<b>(7,062)</b>
Net decrease in cash and cash equivalents		(837)	(3,737)
Effect of exchange rate fluctuations on cash held		118	(5)
Cash and cash equivalents as at the beginning of the year		5,236	8,978
<b>Cash and cash equivalents as at the end of the year</b>		<b>4,517</b>	<b>5,236</b>

# Parent Company Statement of Cash Flows

for the Year Ended 31 March 2016

	Note	0./4 £000	2015 £000
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>12,767</b>	16,209
Adjustments for:			
Pension fund contributions in excess of expense recognised in Income Statement		<b>(369)</b>	(409)
Share based payment charges		<b>1,904</b>	1,894
Depreciation	8	<b>11,866</b>	11,585
Amortisation	9	<b>472</b>	570
Financial expense		<b>2,091</b>	2,034
Financial income		<b>(4)</b>	(1)
Profit on sale of property, plant and equipment		<b>(4,047)</b>	(2,259)
		<b>24,680</b>	29,623
<b>Operating cash flow before changes in working capital and provisions</b>			
Decrease/(increase) in inventories		<b>535</b>	(487)
(Increase)/decrease in trade and other receivables		<b>(2,558)</b>	3,031
Decrease in trade and other payables		<b>(1,803)</b>	(7,519)
		<b>20,854</b>	24,648
<b>Cash generated from operations</b>			
Interest paid		<b>(2,097)</b>	(2,015)
Interest element of finance lease rental payments		<b>(3)</b>	(2)
Interest received		<b>4</b>	1
Income taxes paid		<b>(1,823)</b>	(835)
		<b>16,935</b>	21,797
<b>Net cash generated from operating activities</b>			
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		<b>10,246</b>	7,300
Purchase of property, plant and equipment		<b>(24,153)</b>	(26,216)
Acquisition of businesses and subsidiaries (net of cash acquired)	25	<b>(3,718)</b>	-
		<b>(17,625)</b>	(18,916)
<b>Net cash used in investing activities</b>			
<b>Cash flow from financing activities</b>			
Purchase of own shares by Employee Trust		<b>(10,566)</b>	(11,059)
Repayment of borrowings		<b>-</b>	(10,000)
New loans		<b>16,000</b>	20,000
Payment of finance lease liabilities		<b>(473)</b>	(17)
Dividend paid	19	<b>(6,568)</b>	(5,986)
		<b>(1,607)</b>	(7,062)
<b>Net cash used in financing activities</b>			
Net decrease in cash and cash equivalents		<b>(2,297)</b>	(4,181)
Cash and cash equivalents as at the beginning of the year		<b>(2,708)</b>	1,473
		<b>(5,005)</b>	(2,708)
<b>Cash and cash equivalents net of overdraft as at the end of the year</b>			

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# Notes

(forming part of the financial statements)

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

Vp plc is a public limited company which is listed on the London Stock Exchange and incorporated and domiciled in Great Britain. These consolidated Financial Statements of Vp plc for the year ended 31 March 2016, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

### Basis of preparation

Both the Parent Company Financial Statements and the Group Financial Statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the EU and the Companies Act 2006 applicable to company reporting under IFRS. In publishing the Parent Company Financial Statements here together with the Group Financial Statements, the Company has taken advantage of the exemptions in 5408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved Financial Statements.

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

### Accounting policies and restatements

The Group's accounting policies are set out below and have been applied consistently to all periods presented in these consolidated Financial Statements. There were no changes to IFRSs or IFRSIC interpretations that have had a material impact on the Group for the year ended 31 March 2016.

### Future standards

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

- IFRS 9 'Financial instruments' (effective for accounting periods commencing on or after 1 January 2018).
- IFRS 15 'Revenue from contracts with customers' (effective for accounting periods commencing on or after 1 January 2017).

The adoption of these Standards and Interpretations is not expected to have a material impact on the financial statements of the Group or Parent Company. Both of these standards are still subject to EU endorsement.

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

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

### Basis of consolidation

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

### Property, plant and equipment

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

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

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

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

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

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

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

# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Business combinations and goodwill

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

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

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

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

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

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

### Other intangible assets

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

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

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

### Impairment

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

### Investments

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

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

### Inventories

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

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

### Trade and other receivables

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



# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Cash and cash equivalents

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

### Interest bearing loans and borrowings

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

### Taxation

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

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

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

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

### Trade and other payables

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

### Employee benefits – pensions

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

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

The Group's net obligation is recorded as a balance sheet asset or liability and the actuarial gains and losses associated with this balance sheet item are recognised in the Statement of Comprehensive Income as they arise. Actuarial gains and losses occur when actuarial assumptions differ from those previously envisaged by the actuary or when asset returns differ from the liability discount rate. An asset for the surplus has been recognised on the basis that it is recoverable prior to wind up of the scheme, however the balance sheet position is sensitive to small fluctuations in the assumptions made.

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

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

# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Dividend

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

### Share Capital

Ordinary shares are classified as equity.

### Employee trust shares

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

### Treasury shares

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

### Derivative financial instruments

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

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

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

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

### Financial guarantee contracts

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

### Revenue

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



# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Share based payments

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

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

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

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

### Foreign currencies

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

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

### Operating leases - lessor

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

### Operating leases - lessee

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

### Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2016 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 64). The rate of technological and legislative change is factored into the estimates, together with the diminution in value through use and time. The Group also takes account of the profit or loss it makes on the disposal of fixed assets in determining whether depreciation policies are appropriate.

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

# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In addition the Group's results are subject to fluctuations caused by the cash settled share options and national insurance costs on unapproved share options as these are required to be re-measured at each reporting date based on the Company share price. Changes in the Company's share price during the reporting period therefore impact the charge to the Income Statement for cash settled options and national insurance, including vested but not exercised options, as well as unvested options. The impact of a 10 pence increase in share price would increase the charge to the Income Statement by £43,000 (2015: £77,000).

## 2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's current reportable segments are the six business units as described on pages 6 and 7. Total external revenue in 2016 was £208,746,000 (2015: £205,602,000). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £16.2 million (2015: £16.0 million) of revenue relating to the sale of goods, the rest of the revenue is service related including primarily hire revenue. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### Geographical segments

Revenue is generated mainly within the United Kingdom with no single overseas geographical area accounting for more than 10% of the Group revenue. Total overseas revenue was £25.7 million (2015: £30.1 million). In addition, all material assets and liabilities of the Group are accounted for by UK based companies. The Group has one operating branch of a UK registered company operating in another country within the EU, namely a branch of Hire Station Limited operating in Holland.

### Business segments

	Revenue						Operating profit before amortisation	
	2016	2016	Total	2015	2015	Total	2016	2015
	External Revenue	Internal Revenue	Revenue	External Revenue	Internal Revenue	Revenue		
	£000	£000	£000	£000	£000	£000	£000	£000
UK Forks	19,984	493	20,477	18,247	528	18,775	5,226	4,025
Groundforce	45,008	186	45,194	44,350	205	44,555	9,584	8,833
Airpac Bukom	15,191	-	15,191	21,460	-	21,460	1,232	2,753
Hire Station	82,486	1,747	84,233	77,031	1,209	78,240	11,491	8,731
Torrent Trackside	32,489	29	32,518	29,929	344	30,273	3,369	3,429
TPA	13,588	574	14,162	14,585	289	14,874	989	1,009
	<b>208,746</b>	<b>3,029</b>	<b>211,775</b>	<b>205,602</b>	<b>2,575</b>	<b>208,177</b>	<b>31,891</b>	<b>28,780</b>

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

The segmental split above is provided on the basis of the Group reporting structure in 2015/16. Following the acquisition of TR Group Pty Limited in April 2016 it has been decided to realign the Group reporting in 2016/17 to reflect the greater influence of international activities on the Group's results. As a result, from next year's financial statements, we will be reporting two segments, namely UK and International. To aid the transition between the old and new segmental reporting, set out below is the revenue and operating profit before amortisation as it would be reported if the new segments were already in place for 2015/16.

	Obsbkrb						LmboWqfkd molcfq Ybclob WjloqfpWqflk	
	0./4	0./4	Total	2015	2015	Total	2016	2015
	External Revenue	Internal Revenue	Revenue	External Revenue	Internal Revenue	Revenue		
	£000	£000	£000	£000	£000	£000	£000	£000
UK	193,555	3,029	196,584	184,142	2,575	186,717	30,659	26,027
International	15,191	-	15,191	21,460	-	21,460	1,232	2,753
	<b>208,746</b>	<b>3,029</b>	<b>211,775</b>	<b>205,602</b>	<b>2,575</b>	<b>208,177</b>	<b>31,891</b>	<b>28,780</b>

In next year's financial statements we will also report all the other segmental disclosures on this basis.



# Notes

## 2. SEGMENT REPORTING (continued)

:rplkbpp pbdjbkqp	9ppbqp		IfWYfifqfbp		Kbq 9ppbqp	
	0./4	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
UK Forks	43,435	31,605	8,066	4,643	35,369	26,962
Groundforce	49,583	50,139	7,886	9,981	41,697	40,158
Airpac Bukom	26,998	31,162	4,563	6,717	22,435	24,445
Hire Station	88,528	75,921	20,237	18,740	68,291	57,181
Torrent Trakside	20,744	20,378	6,804	7,733	13,940	12,645
TPA	34,017	30,082	6,844	5,731	27,173	24,351
Group/unallocated	6,490	5,800	94,045	79,775	(87,555)	(73,975)
	<b>269,795</b>	<b>245,087</b>	<b>148,445</b>	<b>133,320</b>	<b>121,350</b>	<b>111,767</b>

	ChvEnwji Cxxjyx		Efunyfq GújsinyEwj		Fjuwjhnfynts fsi Crtwynxfynts	
	4238	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
UK Forks	6,518	-	11,282	11,542	3,549	3,487
Groundforce	-	-	7,884	6,663	5,244	5,010
Airpac Bukom	-	-	1,290	5,528	3,661	3,769
Hire Station	3,838	-	18,988	21,466	12,078	10,222
Torrent Trakside	-	5,116	5,466	5,040	3,915	2,820
TPA	-	-	4,602	2,449	783	1,015
Group/unallocated	-	-	2,524	3,649	443	384
	<b>10,356</b>	<b>5,116</b>	<b>52,036</b>	<b>56,337</b>	<b>29,673</b>	<b>26,707</b>

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

Included within segmental assets above is goodwill and indefinite life intangibles in relation to the following cash generating units:

Groundforce £10.4 million (2015: £10.4 million), Airpac Bukom £4.8 million (2015: £4.8 million), UK Forks £2.0 million (2015: £nil), TPA £9.3 million (2015: £9.3 million) and Hire Station £14.2 million (2015: £12.8 million).

1, LMB09QFKD MOLCFQ

	0./4	2015
	£000	£000
<b>Operating profit is stated after charging/(crediting):</b>		
Amortisation of intangible assets	2,298	1,684
Depreciation of property, plant and equipment – owned	27,332	24,994
– leased	43	29
Operating leases - Rent of land and buildings	4,599	4,315
Operating leases - Hire of other assets	13,969	13,558
Profit on disposal of plant and equipment	(6,246)	(3,277)
<b>Amounts paid to auditors:</b>		
Audit fees – parent company annual accounts	62	62
– other group companies	69	69
– total group	131	131
Audit related assurance services	16	16

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

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

# Notes

## 4. EMPLOYMENT COSTS

### Group

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

	Number of employees	
	2016	2015
Operations	1,358	1,259
Sales	225	208
Administration	260	259
	<u>1,843</u>	<u>1,726</u>

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	60,831	58,792
Social security costs	5,658	5,605
Defined benefit pension costs	(18)	(27)
Other pension related costs	1,455	1,474
Share option costs including associated social security costs - equity settled	2,471	2,548
- cash settled	909	1,110
	<u>71,306</u>	<u>69,502</u>

### 3, OBJRKBO9QFLK LC AFOB;QLOP

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

	2016	2015
	£000	£000
Basic remuneration including bonus and benefits	1,497	2,232
Cash allowances/pension contributions	257	337
Share options	1,876	2,421
	<u>3,630</u>	<u>4,990</u>

Further details of directors' remuneration, pensions and share options, including the highest paid director, are given in the Remuneration Report on pages 36 to 48.

### 4, CFK9K;F9I FK;LJB 9KA BUMBKBPB

	2016	2015
	£000	£000
Financial income:		
Bank and other interest receivable	4	1
Financial expenses:		
Bank loans, overdrafts and other interest	(2,093)	(2,022)
Finance charges payable in respect of finance leases and hire purchase contracts	(4)	(2)
	<u>(2,097)</u>	<u>(2,024)</u>



# Notes

5, FK;LJB Q9U BUMBKP8

	0./4	2015
	<b>£000</b>	<b>£000</b>
<b>Current tax expense</b>		
UK Corporation tax charge at 20% (2015: 21%)	<b>5,502</b>	5,164
Overseas tax	<b>479</b>	294
Adjustments in respect of prior years	<b>(135)</b>	99
Total current tax	<b>5,846</b>	5,557
<b>Deferred tax expense</b>		
Current year deferred tax	<b>(535)</b>	(295)
Impact of tax rate change	<b>(349)</b>	3
Adjustments to deferred tax in respect of prior years	<b>150</b>	(63)
Total deferred tax	<b>(734)</b>	(355)
Total tax expense in income statement	<b>5,112</b>	5,202

## Reconciliation of effective tax rate

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

	2016 %	2016 £000	2015 %	2015 £000
Profit before tax		<b>27,500</b>		25,073
Profit multiplied by standard rate of corporation tax	<b>20.0</b>	<b>5,500</b>	21.0	5,265
Effects of:				
Impact of tax rate changes	<b>(1.3)</b>	<b>(349)</b>	0.0	3
Expenses not deductible for tax purposes	<b>0.9</b>	<b>250</b>	0.4	93
Non-qualifying depreciation and amortisation	<b>0.7</b>	<b>192</b>	0.4	101
Gains covered by exemption/losses	<b>(1.8)</b>	<b>(499)</b>	(0.9)	(237)
Overseas tax rate	<b>0.1</b>	<b>19</b>	0.2	46
Adjustments in respect of prior years	<b>0.1</b>	<b>15</b>	0.1	36
Other	<b>(0.1)</b>	<b>(16)</b>	(0.4)	(105)
Total tax charge for the year	<b>18.6</b>	<b>5,112</b>	20.8	5,202

QWu obZldkfpba fk obpbosbp

	0./4	2015
	<b>£000</b>	<b>£000</b>
Other comprehensive income:		
Tax relating to actuarial gains on defined benefit pension scheme	<b>24</b>	(11)
Tax relating to historic asset revaluations	<b>(1)</b>	(1)
Impact of tax rate change	<b>39</b>	-
	<b>62</b>	(12)
Direct to equity:		
Deferred tax relating to share based payments	<b>974</b>	223
Current tax relating to share based payments	<b>(2,097)</b>	(1,368)
Impact of tax rate change	<b>31</b>	-
	<b>(1,092)</b>	(1,145)
Total	<b>(1,030)</b>	(1,157)

The corporation tax rate for the year ended 31 March 2016 was 20% (2015: 21%). The tax rate for the year ending 31 March 2017 will also be 20%. The rate will reduce to 19% in the year ended 31 March 2018 and this reduction is reflected in the deferred tax balance. The rate of tax is expected to further reduce to 17% in the year ended 31 March 2021, but this is not reflected in the deferred tax balance as it is expected that a substantial proportion of the balance as at 31 March 2016 will reverse before 31 March 2020.

# Notes

## 8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	£000	£000	£000	£000	£000
At 1 April 2014	14,479	206,896	2,370	12,682	236,427
Additions	4,961	49,266	180	1,930	56,337
Acquisitions	17	1,304	-	68	1,389
Disposals	(537)	(21,450)	(591)	(3,036)	(25,614)
Exchange rate differences	(15)	(1,155)	(23)	(33)	(1,226)
Transfer between categories	(22)	58	(2)	(34)	-
At 31 March 2015	18,883	234,919	1,934	11,577	267,313
Additions	3,855	45,904	171	2,106	52,036
Acquisitions	119	8,775	762	83	9,739
Disposals	(5)	(28,847)	(113)	(689)	(29,654)
Exchange rate differences	13	873	20	31	937
Transfer between categories	-	(1)	-	1	-
At 31 March 2016	22,865	261,623	2,774	13,109	300,371
<b>Depreciation and impairment losses</b>					
At 1 April 2014	6,725	93,959	1,728	9,181	111,593
Charge for year	779	22,372	276	1,596	25,023
On disposals	(477)	(12,881)	(556)	(2,995)	(16,909)
Exchange rate differences	(10)	(166)	(12)	(23)	(211)
Transfer between categories	(10)	5	-	5	-
At 31 March 2015	7,007	103,289	1,436	7,764	119,496
Charge for year	971	24,653	209	1,542	27,375
On disposals	(5)	(17,977)	(110)	(629)	(18,721)
Acquisitions	70	4,098	452	30	4,650
Exchange rate differences	11	316	17	26	370
At 31 March 2016	8,054	114,379	2,004	8,733	133,170
<b>Net book value</b>					
<b>At 31 March 2016</b>	<b>14,811</b>	<b>147,244</b>	<b>770</b>	<b>4,376</b>	<b>167,201</b>
At 31 March 2015	11,876	131,630	498	3,813	147,817
At 31 March 2014	7,754	112,937	642	3,501	124,834

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	£000	£000	£000	£000	£000
At 1 April 2014	8,530	114,043	770	4,970	128,313
Additions	4,055	21,338	147	1,013	26,553
Group transfers	-	(1,185)	-	-	(1,185)
Disposals	-	(9,171)	(223)	(48)	(9,442)
Transfer between categories	-	-	(2)	2	-
At 31 March 2015	12,585	125,025	692	5,937	144,239
Additions	2,721	18,792	17	1,266	22,796
Group transfers	-	337	-	(14)	323
Disposals	-	(12,909)	(24)	(38)	(12,971)
Transfer from acquisition	78	6,727	754	50	7,609
At 31 March 2016	15,384	137,972	1,439	7,201	161,996
<b>Depreciation and impairment losses</b>					
At 1 April 2014	3,585	53,393	461	3,356	60,795
Charge for year	293	10,484	97	711	11,585
Group transfers	-	(641)	-	-	(641)
On disposals	-	(5,967)	(188)	(24)	(6,179)
At 31 March 2015	3,878	57,269	370	4,043	65,560
Charge for year	396	10,670	97	703	11,866
Group transfers	-	59	-	(6)	53
On disposals	-	(7,820)	(21)	(27)	(7,868)
Transfer from acquisition	70	2,539	452	30	3,091
At 31 March 2016	4,344	62,717	898	4,743	72,702
<b>Net book value</b>					
<b>At 31 March 2016</b>	<b>11,040</b>	<b>75,255</b>	<b>541</b>	<b>2,458</b>	<b>89,294</b>
At 31 March 2015	8,707	67,756	322	1,894	78,679
At 31 March 2014	4,945	60,650	309	1,614	67,518



# Notes

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost or deemed cost of land and buildings for the Group and the Company includes £3,204,000 (2015: £2,704,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £3,230,000 (2015: £nil) in respect of assets held under finance leases and similar hire purchase contracts, Company £3,122,000 (2015: £nil). Depreciation for the year on these Group assets was £43,000 (2015: £29,000) and £30,000 (2015: £29,000) 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
<b>Cost or deemed cost</b>					
At 1 April 2014	2,385	6,681	1,262	36,126	46,454
Acquired through business combinations	-	-	3,727	-	3,727
At 31 March 2015	2,385	6,681	4,989	36,126	50,181
Acquired through business combinations	-	1,210	-	4,057	5,267
At 31 March 2016	2,385	7,891	4,989	40,183	55,448
<b>Accumulated amortisation and impairment</b>					
At 1 April 2014	493	3,595	735	280	5,103
Amortisation	98	668	918	-	1,684
At 31 March 2015	591	4,263	1,653	280	6,787
Amortisation and impairment	105	746	851	596	2,298
At 31 March 2016	696	5,009	2,504	876	9,085
<b>Carrying amount</b>					
<b>At 31 March 2016</b>	<b>1,689</b>	<b>2,882</b>	<b>2,485</b>	<b>39,307</b>	<b>46,363</b>
At 31 March 2015	1,794	2,418	3,336	35,846	43,394
At 31 March 2014	1,892	3,086	527	35,846	41,351

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

	Goodwill		Indefinite life intangible assets	
	2016 £000	2015 £000	2016 £000	2015 £000
Groundforce	10,397	10,397	-	-
Airpac Bukom	4,762	4,762	-	-
UK Forks	2,000	-	-	-
Hire Station	14,227	12,766	-	-
TPA	7,921	7,921	1,400	1,400
	<b>39,307</b>	<b>35,846</b>	<b>1,400</b>	<b>1,400</b>

An intangible asset of £1,400,000 (2015: £1,400,000) with an indefinite life is included within trade names and relates to the TPA name on the basis that it is expected to be maintained indefinitely and continue to deliver future value to the Group. The impairment test of this has been performed using the same assumptions as for the other intangibles.

Goodwill arising on business combinations has been allocated to the CGU's that are expected to benefit from those business combinations. As explained in note 2 the Group has identified 6 reportable segments (2015: 6 segments) five of which align with the CGUs to which goodwill is allocated.

# Notes

## 9. INTANGIBLE ASSETS (continued)

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

The pre tax discount rate applied to all CGU's was 8% (2015: 8%), an estimate based on the group's weighted cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying value before such an assumption was applied. Based on this testing the directors do not consider any of the goodwill or intangible assets carried forward at the year end to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate. The compound annual growth rate in PBTA experienced by the Group was 16.7% over the last 5 years and therefore could have been justifiably in the projections.

	QoWab	;rpqljbo	Prmmiv	Dllatfii	QlqWi
	KWjbp	ObiWqflkpefmp	9dobbjbkqp		
;lpq lo abbjba Zlpq	w...	w...	w...	w...	w...
At 1 April 2014	643	3,750	394	15,031	19,818
Acquired through business combinations	-	-	-	-	-
At 31 March 2015	643	3,750	394	15,031	19,818
Acquired through business combinations	-	-	-	2,000	2,000
At 31 March 2016	643	3,750	394	17,031	21,818
<b>Accumulated amortisation</b>					
At 1 April 2014	242	1,627	229	-	2,098
Amortisation charge	64	375	131	-	570
At 31 March 2015	306	2,002	360	-	2,668
Amortisation charge	64	374	34	-	472
At 31 March 2016	370	2,376	394	-	3,140
<b>Carrying amount</b>					
<b>At 31 March 2016</b>	<b>273</b>	<b>1,374</b>	<b>-</b>	<b>17,031</b>	<b>18,678</b>
At 31 March 2015	337	1,748	34	15,031	17,150
At 31 March 2014	401	2,123	165	15,031	17,720

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

## 10. INVESTMENTS IN SUBSIDIARIES

### COMPANY

Cost	£000
At 1 April 2014 and 31 March 2015	27,517
Acquisition	4,100
Transfer to goodwill	(2,000)
At 31 March 2016	29,617
<b>Impairment</b>	
At 1 April 2014, 31 March 2015 and 31 March 2016	1,687
<b>Carrying amount</b>	
<b>At 31 March 2016</b>	<b>27,930</b>
At 31 March 2015	25,830
At 31 March 2014	25,830

See note 30 for details of subsidiary undertakings.



# Notes

## 11. INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Raw materials and consumables	3,166	3,084	1,238	883
Goods for resale	2,197	3,411	178	1,068
	<u>5,363</u>	<u>6,495</u>	<u>1,416</u>	<u>1,951</u>

During the year, as a result of the year end assessment of inventory, there was a £275,000 increase in the provision for impairment of inventories (2015: £237,000 increase). The cost of goods for resale expensed during the year was £11.4 million (2015: 11.7 million). Due to the nature of the spares expenditure and the approach to accounting for spares, including acquiring spares on a needs basis, it is not possible to provide the value of spares inventory expensed.

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	Dolrm		;ljmWkv	
	0./4	2015	2016	2015
	£000	£000	£000	£000
Gross trade receivables	42,174	41,225	17,024	16,873
Trade receivables provisions	(3,810)	(5,022)	(1,831)	(2,590)
Amounts owed by subsidiary undertakings	-	-	36,888	33,967
Other receivables	87	178	-	-
Prepayments and accrued income	6,366	4,721	2,669	2,905
	<u>44,817</u>	<u>41,102</u>	<u>54,750</u>	<u>51,155</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as shown above. The Group does not hold any collateral as security. Receivables acquired as part of the acquisitions in the year were £1,614,000 (2015: £nil).

During the year there was a decrease in the provisions for impairment of trade receivables of £1,212,000 (2015: £1,374,000 increase). The Group has a reasonable spread of credit risk with the top 25 customers accounting for significantly less than 50% of gross trade debtors. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	0./4	2015
	£000	£000
Not overdue	25,139	24,171
0 - 30 days overdue	9,596	8,184
31 - 90 days overdue	1,952	2,268
More than 90 days overdue	1,677	1,580
	<u>38,364</u>	<u>36,203</u>

On this basis there are £13.2 million of trade receivables that are overdue at the balance sheet date that have not been provided against. There is no indication as at 31 March 2016 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are overdue and unprovided. On this basis there is no material difference between the fair value and the carrying value.

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	Dolrm		;ljmWkv	
	0./4	2015	2016	2015
	£000	£000	£000	£000
Bank balances	4,517	5,236	657	1,555

## 14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
<b>Current liabilities</b>				
Bank overdraft	-	-	5,662	4,263
Obligations under finance leases and hire purchase contracts	873	-	823	-
	<u>873</u>	<u>-</u>	<u>6,485</u>	<u>4,263</u>
<b>Non-current liabilities</b>				
Secured bank loans	88,000	72,000	88,000	72,000
Obligations under finance leases and hire purchase contracts	1,778	-	1,748	-
	<u>89,778</u>	<u>72,000</u>	<u>89,748</u>	<u>72,000</u>

# Notes

## 14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

	0./4 £000	2015 £000
Total borrowing	90,651	72,000
Cash or cash equivalents	(4,517)	(5,236)
Net debt	<u>86,134</u>	<u>66,764</u>

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2016 is:

	Group		Company	
Due in more than one year but not more than two years:	2016 £000	2015 £000	2016 £000	2015 £000
Secured bank loans	43,000	35,000	43,000	35,000
Obligations under finance leases and hire purchase contracts	724	-	694	-
	<u>43,724</u>	<u>35,000</u>	<u>43,694</u>	<u>35,000</u>
Due in more than two years but not more than five years:				
Secured bank loans	45,000	37,000	45,000	37,000
Obligations under finance leases and hire purchase contracts	1,054	-	1,054	-
Total	<u>46,054</u>	<u>37,000</u>	<u>46,054</u>	<u>37,000</u>

The Group's bank accounts are subject to set off arrangements covered by cross guarantees and, where appropriate, are presented accordingly. In particular at Group level the overdraft in Vp plc of £6.9 million with HSBC is offset against other HSBC sterling cash balances in the Group. Similarly in the Parent Company accounts the net overdraft reported of £5.7 million is after set off of sterling cash balances within the Company of £1.2 million. 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 2016 were £12.0 million.

There is no material difference between the carrying value and fair value of the Group's borrowings. Further details relating to the Group's funding strategy (including the maturity details of the bank loans) and its credit, interest rate and currency risk policies are provided in the Financial Review on pages 18 to 20 and the Risk Management Report on pages 21 and 22. The loans are subject to covenants and these have been fulfilled at all times during the year.

### Liquidity Risk

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

DOLRM	;Woovkd Wjlrkq w...	;lkqoWZqrWi ZWpe ciltp w...	lbpp qeWk / vbWo w...	/+0 vbWop w...	0+3 vbWop w...
1/ JWoZe 0./4					
Secured bank loans	88,000	93,825	1,834	44,912	47,079
Finance lease liabilities	2,651	3,122	1,035	853	1,234
Trade and other payables	46,628	46,628	46,628	-	-
	<u>137,279</u>	<u>143,575</u>	<u>49,497</u>	<u>45,765</u>	<u>48,313</u>
<b>31 March 2015</b>					
Secured bank loans	72,000	75,730	1,615	36,668	37,447
Trade and other payables	50,221	50,221	50,221	-	-
	<u>122,221</u>	<u>125,951</u>	<u>51,836</u>	<u>36,668</u>	<u>37,447</u>



# Notes

## 14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

ESPTCR	EfwwHsl frtEsy	EtsywfhyEfq hfxm kqtk	Ojxx ymfs 3 jfw	3/4 jfwx	4/7 jfwx
	£22	£22	£22	£22	£22
53 Pfwhm 4238					
Secured bank loans	88,000	93,825	1,834	44,912	47,079
Bank overdraft	5,662	5,662	5,662	-	-
Finance lease liabilities	2,571	3,039	983	822	1,234
Trade and other payables	43,133	43,133	43,133	-	-
	<u>139,366</u>	<u>145,659</u>	<u>51,612</u>	<u>45,734</u>	<u>48,313</u>

### 31 March 2015

Secured bank loans	72,000	75,730	1,615	36,668	37,447
Bank overdraft	4,263	4,263	4,263	-	-
Trade and other payables	44,114	44,114	44,114	-	-
	<u>120,377</u>	<u>124,107</u>	<u>49,992</u>	<u>36,668</u>	<u>37,447</u>

### Hire purchase and finance lease liabilities

GROUP	Payment	Interest	Principal	Payment	Interest	Principal
	2016	2016	2016	2015	2015	2015
	£000	£000	£000	£000	£000	£000
Less than one year	1,035	162	873	-	-	-
One to two years	853	129	724	-	-	-
Two to five years	1,234	180	1,054	-	-	-
	<u>3,122</u>	<u>471</u>	<u>2,651</u>	<u>-</u>	<u>-</u>	<u>-</u>
LJM9KV	MWvjbkq	Fkqbobpq	MofkZfmWi	Payment	Interest	Principal
	2016	2016	2016	2015	2015	2015
	£000	£000	£000	£000	£000	£000
Less than one year	983	160	823	-	-	-
One to two years	822	128	694	-	-	-
Two to five years	1,234	180	1,054	-	-	-
	<u>3,039</u>	<u>468</u>	<u>2,571</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 15. FINANCIAL INSTRUMENTS

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

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

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

The Group had twelve foreign exchange hedges to reduce the risk of foreign exchange fluctuations between US Dollars and Sterling in the year ended 31 March 2016. It also has a further nine foreign exchange hedges between US Dollars and Sterling covering the period from 1 April 2016 to 30 June 2017. In addition to the US Dollar hedges the group also had Australian Dollar and Singapore Dollar hedges in the year. All the exchange rate hedges are effective cash flow hedges and movements in fair value have been taken to equity.

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

Liabilities measured at fair value:

	31 March 2016				31 March 2015
	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities at fair value:					
Interest rate swaps	309	-	309	-	278
Forward exchange rate agreements	459	-	459	-	1,066
	<u>768</u>	<u>-</u>	<u>768</u>	<u>-</u>	<u>1,344</u>

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

# Notes

## 15. FINANCIAL INSTRUMENTS (continued)

The movements in liabilities are reconciled below:

	31 March 2016	
	Interest rate swaps	Forward exchange rate agreements
	£000	£000
Opening liability	278	1,066
Other comprehensive income	31	(612)
Recycled to income statement	-	5
Closing liability	309	459
		Total
		£000
		1,344
		(581)
		5
		768

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

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Capital Structure and Treasury section of the Financial Review on pages 19 and 20 and the Principal Risks and Uncertainties on page 23, as are the risks relating to credit and currency management.

### Financial Instrument Sensitivity Analysis

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

	Bnrfqv Wka Molcfq - 'llpp(	
	0./4	2015
	£000	£000
<b>10% strengthening of Sterling against:</b>		
US Dollar	286	(366)
Australian Dollar	39	19
Singapore Dollar	9	(49)
Euro	(4)	33
<b>10% weakening of Sterling against:</b>		
US Dollar	(349)	446
Australian Dollar	(45)	(22)
Singapore Dollar	(11)	60
Euro	5	(41)
<b>10% movement in Sterling interest rates:</b>		
Increase in interest rates	(94)	(75)
Decrease in interest rates	94	75

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	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade payables	18,826	17,700	5,149	6,613
Amounts owed to subsidiary undertakings	-	-	24,768	20,045
Other taxes and social security	4,939	4,767	2,254	878
Other payables	7,361	7,733	1,076	1,344
Accruals and deferred income	20,441	24,788	12,140	16,112
	51,567	54,988	45,387	44,992

Within Group and Company other payables is £0.8 million (2015: £1.3 million) in relation to interest rate swaps and foreign exchange rate agreements.



# Notes

## 17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

DOLRM		Molmboqv* miWkq Wka bnrfmjbkq w...	FkqWkdYib Wppbqp w...	Bjmlvbb Ybkbcfq w...	Lqebo fqbjp w...	QlqWi w...
	Klqb					
1 April 2014		5,967	1,420	(2,619)	(237)	4,531
Recognised in income statement		231	(94)	(174)	(318)	(355)
Recognised in equity	7	(1)	-	212	-	211
Foreign exchange		(3)	-	-	-	(3)
At 31 March 2015		<u>6,194</u>	<u>1,326</u>	<u>(2,581)</u>	<u>(555)</u>	<u>4,384</u>
Recognised on acquisition		333	242	-	-	575
Recognised in income statement		(1,059)	(185)	295	215	(734)
Recognised in equity	7	(4)	-	1,071	-	1,067
Foreign exchange		4	-	-	-	4
At 31 March 2016		<u>5,468</u>	<u>1,383</u>	<u>(1,215)</u>	<u>(340)</u>	<u>5,296</u>

COMPANY		Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
	Note					
1 April 2014		4,517	663	(2,619)	(109)	2,452
Recognised in income statement		350	(68)	(174)	(114)	(6)
Recognised in equity	7	(1)	-	212	-	211
At 31 March 2015		<u>4,866</u>	<u>595</u>	<u>(2,581)</u>	<u>(223)</u>	<u>2,657</u>
Recognised on acquisition		280	-	-	-	280
Recognised in income statement		(825)	(97)	295	74	(553)
Recognised in equity	7	(4)	-	1,071	-	1,067
At 31 March 2016		<u>4,317</u>	<u>498</u>	<u>(1,215)</u>	<u>(149)</u>	<u>3,451</u>

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

## 18. CAPITAL AND RESERVES

	2016 £000	2015 £000
<b>Ordinary share capital</b>		
<b>Allotted, called up and fully paid</b>		
40,154,253 Ordinary shares of 5 pence each (2015: 40,154,253)	<u>2,008</u>	<u>2,008</u>

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 59.

### Own shares held

Deducted from retained earnings (Group and Company) is £8,064,000 (2015: £8,203,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 1,082,000 shares (2015: 1,315,000) with a market value at 31 March 2016 of £7,144,000 (2015: £8,665,000).

# Notes

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0./4 2015  
£000 £000

Amounts recognised as distributions to equity holders of the Parent in the year:

Ordinary shares:

Final paid	11.50p (2015: 10.40p) per share	4,482	4,039
Interim paid	5.35p (2015: 5.00p) per share	2,086	1,947
		<u>6,568</u>	<u>5,986</u>

The dividend paid in the year is after dividends were waived to the value of £198,000 (2015: £198,000) in relation to shares held by the Vp Employee Trust. These dividends will continue to be waived in the future.

In addition the directors are proposing a final dividend in respect of the current year of 13.5p per share which will absorb an estimated £5,281,000 of shareholders' funds. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

## 20. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share of 57.49 pence (2015: 51.03 pence) was based on the profit attributable to equity holders of the Parent of £22,388,000 (2015: £19,871,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2016 of 38,942,000 (2015: 38,940,000), calculated as follows:

	0./4	2015
	<b>Shares</b>	<b>Shares</b>
	<b>000s</b>	<b>000s</b>
Issued ordinary shares	40,154	40,154
Effect of own shares held	(1,212)	(1,214)
	<u>38,942</u>	<u>38,940</u>

Basic earnings per share before the amortisation of intangibles was 62.21 pence (2015: 54.45 pence) and is based on an after tax add back of £1,838,000 (2015: £1,330,000) in respect of the amortisation of intangibles.

### Diluted earnings per share

The calculation of diluted earnings per share of 54.51 pence (2015: 47.01 pence) was based on profit attributable to equity holders of the Parent of £22,388,000 (2015: £19,871,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2016 of 41,069,000 (2015: 42,273,000), calculated as follows:

	2016	2015
	<b>Shares</b>	<b>Shares</b>
	<b>000s</b>	<b>000s</b>
Weighted average number of ordinary shares	38,942	38,940
Effect of share options	2,127	3,333
	<u>41,069</u>	<u>42,273</u>

Diluted earnings per share before the amortisation of intangibles was 58.99 pence (2015: 50.15 pence).



# Notes

## 21. SHARE OPTION SCHEMES

### SAYE Scheme

During the year options over a further 333,575 shares were granted under the SAYE scheme at a price of 620 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
July 2012	197p	1,827
June 2013	282p	353,294
July 2014	530p	251,223
July 2015	620p	304,488
		<u>910,832</u>

All the options are exercisable between 3 and 3.5 years. At 31 March 2016 there were 841 employees saving an average £138 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 174,000 shares were granted during the year at a price of 770 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2008	213.0p	7,136
July 2009	154.0p	2,460
July 2011	249.5p	18,050
July 2012	266.5p	51,900
July 2013	389.0p	242,775
July 2014	680.0p	136,625
July 2015	770.0p	170,600
		<u>629,546</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2013 to 2015 are subject to achievement of performance targets over a three year period. The awards for 2012 and prior are vested, but not yet exercised.

### Unapproved Share Option Scheme

Options over 302,250 shares were granted during the year at a price of 770 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2006	293.0p	23,000
July 2008	213.0p	7,805
July 2009	154.0p	11,480
July 2010	165.0p	59,913
July 2011	249.5p	76,500
July 2012	266.5p	228,650
July 2013	389.0p	609,225
July 2014	680.0p	354,575
July 2015	770.0p	294,400
		<u>1,665,548</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2013 to 2015 are subject to achievement of performance targets over a three year period. The awards for 2012 and prior are vested, but not yet exercised.

# Notes

## 21. SHARE OPTION SCHEMES (continued)

### Long-Term Incentive Plan

Awards were made during the year in relation to a further 241,300 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2012	66,000
July 2013	443,900
July 2014	260,700
July 2015	241,300
	<u>1,011,900</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2013 to 2015 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 38. The awards for 2012 are vested, but not yet exercised.

### Share Matching

Awards were made during the year in relation to a further 19,300 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
August 2006	750
August 2008	446
August 2009	7,657
August 2010	5,231
August 2011	4,000
July 2012	8,500
August 2013	35,250
July 2014	22,000
August 2015	19,300
	<u>103,134</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2013 to 2015 are subject to achievement of performance targets over a three year period as shown in the Remuneration Report on page 38. The awards for 2012 and prior are vested, but not yet exercised.

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

The market value of the ordinary shares at 31 March 2016 was 660 pence (2015: 659 pence), the highest market value in the year to 31 March 2016 was 816 pence and the lowest 640 pence. The average share price during the year was 720 pence.

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

	2016		2015	
	Weighted average exercise price	Number of options 000s	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	251p	5,857	191p	6,625
Lapsed during the year	462p	(222)	351p	(210)
Exercised during the year	156p	(2,384)	152p	(1,702)
Granted during the year	536p	1,070	261p	1,144
Outstanding at the end of the year	<u>362p</u>	<u>4,321</u>	<u>251p</u>	<u>5,857</u>
Exercisable at the year end	<u>208p</u>	<u>581</u>	<u>165p</u>	<u>888</u>

The options outstanding at 31 March 2016 have an exercise price in the range of 0.0p to 770p and have a weighted average life of 2.1 years.

# Notes

## 21. SHARE OPTION SCHEMES (continued)

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

	2016	2015
Weighted average fair value per share	256.8p	315.0p
Share price at date of grant	770.0p to 775.0p	640.0p to 680.0p
Exercise price (details provided above)	0p to 770.0p	0p to 680.0p
Expected volatility	26.9% to 28.3%	39.2% to 40.3%
Option life	3 to 10 years	3 to 10 years
Expected dividend yield	2.4% to 2.4%	2.3% to 2.4%
Risk free rate	0.50%	0.50%

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

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

The total carrying amount of cash settled transaction liabilities including associated national insurance at the year end was £1,631,000 (2015: £3,136,000). £496,000 of this liability had vested at the year end (2015: £1,305,000).

## 22. OPERATING LEASES

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

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
<b>GROUP</b>				
Operating leases which expire:				
Within one year	3,554	5,052	3,631	4,192
In the second to fifth years inclusive	7,767	5,965	5,675	5,534
Over five years	857	134	852	235
	<u>12,178</u>	<u>11,151</u>	<u>10,158</u>	<u>9,961</u>
<b>COMPANY</b>				
Operating leases which expire:				
Within one year	685	3,632	796	3,070
In the second to fifth years inclusive	1,896	3,085	1,222	3,303
Over five years	222	-	180	-
	<u>2,803</u>	<u>6,717</u>	<u>2,198</u>	<u>6,373</u>

## 23. CAPITAL COMMITMENTS

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

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Contracted	<u>6,525</u>	<u>7,630</u>	<u>4,292</u>	<u>3,674</u>

## 24. EMPLOYEE BENEFITS

### Defined benefit scheme

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

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

# Notes

## 24. EMPLOYEE BENEFITS (continued)

There are three categories of pension scheme member:

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits are subject to increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate duration of the Scheme's defined obligation as at 31 March 2016 was 14 years.

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Schemes performed by the Scheme Actuary for the Trustee as at 31 March 2015, is currently being finalised. The Company agreed to pay annual contributions of 24.1% of members' pensionable salaries to 31 March 2016 and 37.9% per annum of members' pensionable salaries from 1 April 2016. The Company therefore expects to pay £21,000 to the Scheme during the accounting year beginning 1 April 2016.

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

- Asset volatility: the Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Scheme invests significantly in diversified growth assets. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- Changes in bond yields: a decrease in corporate bond yields would increase the Scheme's defined benefit obligation.
- Inflation risk: a significant proportion of the Scheme's defined benefit obligation is linked to inflation. Therefore higher inflation will result in a higher defined benefit obligation.
- Life expectancy: if Scheme members live longer than expected, the Scheme's benefits will need to be paid for longer, increasing the Scheme's defined benefit obligation.

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

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: the Trustee is required to review its investment strategy on a regular basis.
- LDI: the scheme invests in Liability Driven Investments (LDI) funds in order to control interest rate and inflation risks.

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

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	Dolrm Wka ;ljmWkv 0./4 £000	2015 £000
Present value of defined benefit obligation	(9,058)	(9,345)
Fair value of scheme assets	10,592	10,388
Present value of net surplus	<u>1,534</u>	<u>1,043</u>



# Notes

## 24. EMPLOYEE BENEFITS (continued)

The movement in the defined benefit surplus is as follows:

	Present value of obligation £000	0./4 Fair value of assets £000	Total £000	Present value of obligation £000	2015 Fair value of assets £000	Total £000
At beginning of year	(9,345)	10,388	1,043	(8,318)	9,007	689
Current service cost	(19)	-	(19)	(11)	-	(11)
Interest (cost)/income	(283)	320	37	(348)	386	38
<b>Re-measurements</b>						
Actuarial gains/(losses): change in demographic assumptions	90	-	90	(11)	-	(11)
Actuarial gains/(losses): change in financial assumptions	234	-	234	(1,115)	-	(1,115)
Actuarial losses: experience differing from that assumed	(199)	-	(199)	-	-	-
Actuarial (losses)/gains: actual return on assets	-	(3)	(3)	-	1,071	1,071
Contributions: employer	-	351	351	-	382	382
Contributions: employees	(3)	3	-	(3)	3	-
Benefits paid	467	(467)	-	461	(461)	-
	<b>(9,058)</b>	<b>10,592</b>	<b>1,534</b>	<b>(9,345)</b>	<b>10,388</b>	<b>1,043</b>

### Expense recognised in the Income Statement

	Group and Company	
	2016 £000	2015 £000
Current service costs	19	11
Net interest	(37)	(38)
	<b>(18)</b>	<b>(27)</b>

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

	Group and Company	
	2016 £000	2015 £000
Cost of sales	19	11
Administrative expenses	(37)	(38)
	<b>(18)</b>	<b>(27)</b>

### Amount recognised in other comprehensive income

	Group and Company	
	2016 £000	2015 £000
Actuarial gains/(losses) on defined benefit obligation	125	(1,126)
Actual return on assets less interest	(3)	1,071
Amount recognised in other comprehensive income	<b>122</b>	<b>(55)</b>

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 £2,075,000 (2015: £2,197,000).

### Scheme assets and returns

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

	Group and Company	
	2016 £000	2015 £000
<b>Fair value of assets</b>		
Diversified growth funds	8,008	5,910
Bonds and cash	168	4,478
Liability driven investments	2,416	-
	<b>10,592</b>	<b>10,388</b>
<b>Returns</b>		
Actual return on scheme assets	317	1,457

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

# Notes

## 24. EMPLOYEE BENEFITS (continued)

### Principal actuarial assumptions

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

	Group and Company	
	2016	2015
Inflation	3.0%	3.0%
Discount rate at 31 March	3.3%	3.1%
Expected future salary increases	3.0%	3.0%
Expected future pension increases	2.9%	2.9%
Revaluation of deferred pensions	2.0%	2.0%

Mortality rate assumptions adopted at 31 March 2016, based on S2PA CMI Model 2015, imply the following life expectations on retirement at age 65 for:

	2016	2015
Male currently aged 45	24 years	24 years
Female currently aged 45	26 years	26 years
Male currently aged 65	22 years	22 years
Female currently aged 65	24 years	24 years

Efpqlov lc pZebjb

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

	Group and Company				
	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	(9,058)	(9,345)	(8,318)	(8,893)	(8,958)
Fair value of plan assets	10,592	10,388	9,007	8,973	7,912
Present value of net obligations	1,534	1,043	689	80	(1,046)

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	0./4	2015	2014	2013	2012
Difference between expected and actual return on scheme assets:					
Amount (£000)	(3)	1,071	(2)	599	(525)
Percentage of scheme assets	0.0%	10.3%	0.0%	6.7%	(6.6%)
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	(199)	-	-	350	(76)
Percentage of present value of scheme liabilities	(2.2%)	0.0%	0.0%	3.9%	(0.8%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	324	(1,126)	235	(252)	(754)
Percentage of present value of scheme liabilities	3.6%	(12.0%)	2.8%	(2.8%)	(8.4%)
Total amount recognised in statement of comprehensive income:					
Amount (£000)	122	(55)	233	697	(1,355)
Percentage of present value of scheme liabilities	1.3%	(0.6%)	2.8%	7.8%	(15.1%)

### Sensitivity analysis

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

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

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

### Defined contribution plans

The Group also operates defined contribution schemes for other eligible employees, the main schemes being the Vp money purchase scheme and the Legal and General Stakeholder Scheme. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £904,000 (2015: £810,000) in the year.



# Notes

## 25. BUSINESS COMBINATIONS

The Group acquired the following businesses from 1 April 2014 to 31 March 2016:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Higher Access Ltd	29 February 2016	Share purchase (100% equity)	Vp plc
Test & Measurement Group Limited	4 November 2015	Share purchase (100% equity)	Hire Station Limited
Trackside plant and equipment rental business of Balfour Beatty Rail Limited	28 July 2014	Business and assets	Torrent Trackside Limited

Details of the acquisitions are provided below:

	Dolrm		;ljmWkv	
	0./4	2015	2016	2015
	£000	£000	£000	£000
Property, plant and equipment	5,089	1,389	4,518	-
Current assets	1,614	289	1,037	-
Net debt	(2,166)	-	(2,662)	-
Tax, trade and other payables	(1,512)	-	(793)	-
<b>Book value of assets acquired</b>	<b>3,025</b>	<b>1,678</b>	<b>2,100</b>	<b>-</b>
<b>Fair value adjustments</b>				
Intangibles on acquisition	1,210	3,727	-	-
Deferred tax on intangibles	(242)	-	-	-
<b>Fair value of assets acquired</b>	<b>3,993</b>	<b>5,405</b>	<b>2,100</b>	<b>-</b>
Goodwill on acquisition	4,057	-	2,000	-
<b>Cost of acquisitions</b>	<b>8,050</b>	<b>5,405</b>	<b>4,100</b>	<b>-</b>
<b>Satisfied by</b>				
Cash consideration	8,050	5,405	4,100	-
<b>Analysis of cash flow for acquisitions</b>				
Cash consideration	8,050	5,405	4,100	-
Net cash included in acquisitions	(982)	-	(382)	-
	<b>7,068</b>	<b>5,405</b>	<b>3,718</b>	<b>-</b>

The acquisitions were made to grow market share and expand the product range. Intangibles were identified in relation to the acquisitions year ended 31 March 2016 in relation to customer lists. In the year ended 31 March 2015 the intangibles related to a supply agreement. The amortisation periods for these intangibles are set out in note 1. The acquisition costs expensed in the year ended 31 March 2016 in relation to these acquisitions were £104,000.

As the acquisitions were not material to the trading performance of the Group they have not been disclosed separately in the Income Statement. For the same reason, disclosure of the revenue or profit for the combined entity, if the business combination had occurred on 1 April 2015, has not been provided.

## 26. POST BALANCE SHEET EVENT

On the 21 April 2016 the Group acquired TR Pty Limited, a group based in Australia, for cash consideration of A\$17.4 million (Australian Dollars).

# Notes

## 27. RELATED PARTIES

Material transactions with key management (being the directors of the Group) mainly constitute remuneration including share based payments, details of which are included in the Remuneration Report on pages 36 to 48 and in note 5 to the Financial Statements. In addition two directors have sold some Vp plc shares they acquired, as a result of exercising their options, to the Vp Employee Trust at market value, being the previous days closing mid market share price, namely 119,000 shares at a market value of £916,300 and 80,000 shares at a market value of £616,000. Furthermore, a company van was sold to a Director for £3,750 based on an independent valuation of the vehicle.

### Trading transactions with subsidiaries – Group

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

### Trading transactions with subsidiaries – Parent Company

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

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

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

The amount outstanding from subsidiary undertakings to the Company at 31 March 2016 totalled £36,888,000 (2015: £33,967,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2016 totalled £24,768,000 (2015: £20,045,000).

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 2016 was £88.0 million (2015: £72.0 million).

## 28. CONTINGENT LIABILITIES

There are no contingent liabilities (2015: nil) in respect of the Group or Company.

## 29. ULTIMATE PARENT COMPANY

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

## 30. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings as at 31 March 2016 are:

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



# Notes

## 30. SUBSIDIARY UNDERTAKINGS (continued)

The full list of the dormant subsidiary undertakings as at 31 March 2016 is:

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

# Five Year Summary

	<b>4234</b> £000	<b>4235</b> £000	<b>4236</b> £000	<b>4237</b> £000	<b>2016</b> £000
Revenue	<u>161,514</u>	<u>167,034</u>	<u>183,064</u>	<u>205,602</u>	<b><u>208,746</u></b>
Operating profit before amortisation	<u>18,500</u>	<u>19,815</u>	<u>21,831</u>	<u>28,780</u>	<b><u>31,891</u></b>
Profit before amortisation and taxation	<u>15,961</u>	<u>17,351</u>	<u>20,053</u>	<u>26,757</u>	<b><u>29,798</u></b>
Profit before taxation	15,328	16,402	18,933	25,073	<b>27,500</b>
Taxation	(3,101)	(3,353)	(3,238)	(5,202)	<b>(5,112)</b>
Profit after taxation	<u>12,227</u>	<u>13,049</u>	<u>15,695</u>	<u>19,871</u>	<b><u>22,388</u></b>
Dividends*	<u>(4,457)</u>	<u>(4,437)</u>	<u>(4,962)</u>	<u>(5,986)</u>	<b><u>(6,568)</u></b>
Share capital	2,309	2,008	2,008	2,008	<b>2,008</b>
Capital redemption reserve	-	301	301	301	<b>301</b>
Reserves	88,725	98,586	105,648	109,431	<b>119,014</b>
Total equity before non-controlling interest	<u>91,034</u>	<u>100,895</u>	<u>107,957</u>	<u>111,740</u>	<b><u>121,323</u></b>
<b>Share Statistics</b>					
Asset value	<u>197p</u>	<u>251p</u>	<u>269p</u>	<u>278p</u>	<b><u>302p</u></b>
Earnings (pre amortisation)	<u>30.76p</u>	<u>35.47p</u>	<u>41.97p</u>	<u>54.45p</u>	<b><u>62.21p</u></b>
Dividend**	<u>11.35p</u>	<u>12.25p</u>	<u>14.00p</u>	<u>16.50p</u>	<b><u>18.85p</u></b>
Times covered (pre amortisation)	<u>2.71</u>	<u>2.90</u>	<u>3.00</u>	<u>3.30</u>	<b><u>3.30</u></b>

\* 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.

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# Directors and Advisors

## Executive Directors

Jeremy F G Pilkington, B.A. Hons. (Chairman)

Neil A Stothard, M.A., F.C.A.

Allison M Bainbridge, M.A., F.C.A.

## Non-Executive Directors

Stephen Rogers B.Sc., F.C.A., J.P.

Philip M White B.Com, F.C.A., CBE

## Secretary

Allison M Bainbridge

## Registered Office

Central House, Beckwith Knowle,

Otley Road, Harrogate, North Yorkshire, HG3 1UD

Registered in England and Wales: No 481833

Telephone: 01423 533400

## Independent Auditor

PricewaterhouseCoopers LLP

Benson House, 33 Wellington Street, Leeds, LS1 4JP

## Solicitors

Squire Patton Boggs (UK) LLP,

6, Wellington Place, Leeds LS1 4AP

## Registrars and Transfer Office

Capita Asset Services, The Registry, 34 Beckenham Road,

Beckenham, Kent, BR3 4TU

## Bankers

HSBC Bank plc

Lloyds Bank plc

## Merchant Bankers

N M Rothschild & Sons Limited

## Stockbrokers

N+1 Singer

## Public Relations

Buchanan Communication