Annual Report and Accounts 2023

vpplc.com

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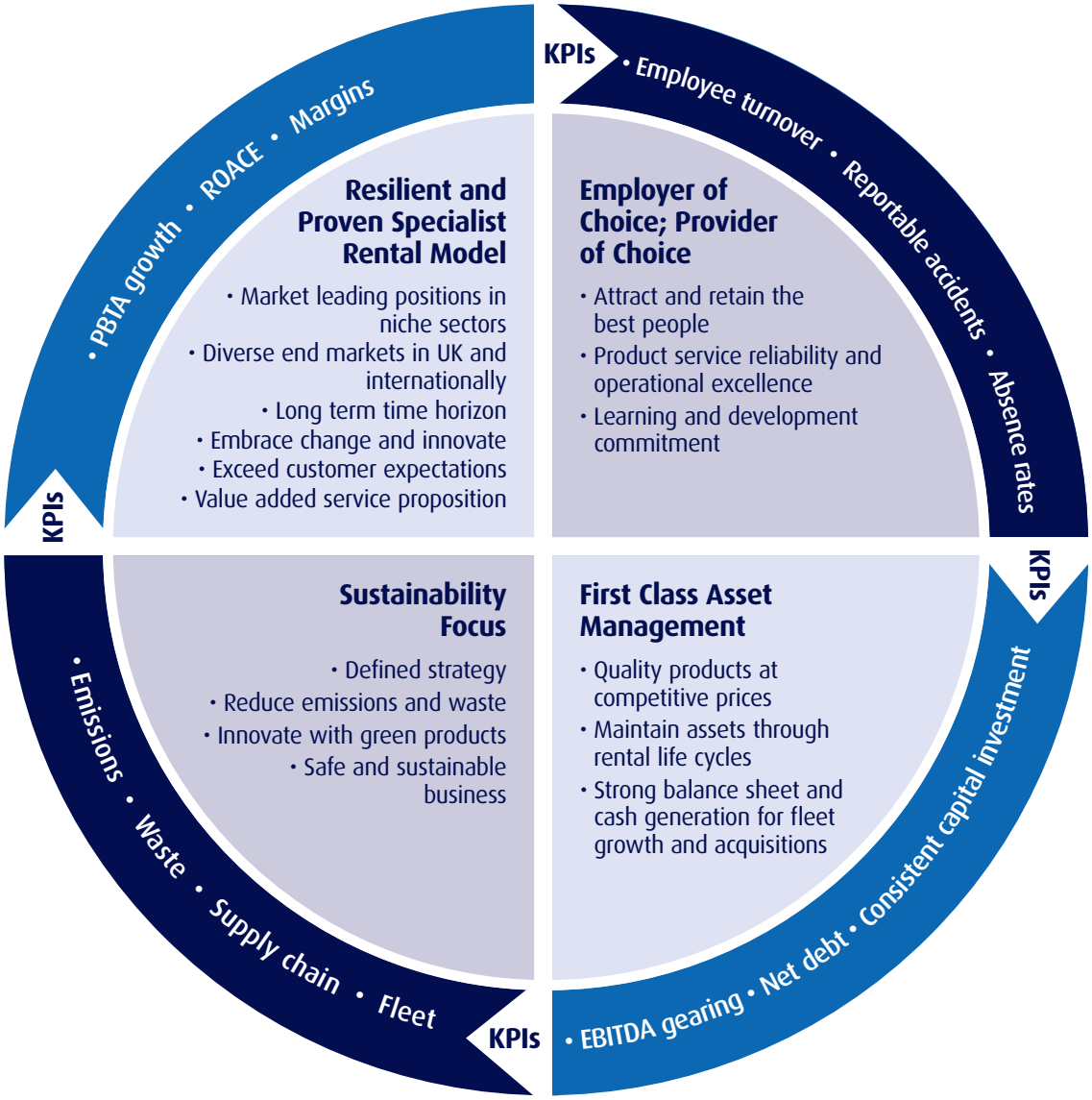
Business Model and Strategy

Vp is a specialist rental business providing products and services to a diverse range of end markets including infrastructure, construction, housebuilding and energy in the UK and internationally.

We aim to deliver high quality returns to our shareholders and other stakeholders, sustained over the long term whilst embracing our environmental, social and governance responsibilities.



Group Businesses

UK Forks

Materials Handling Specialists

UK Forks are the UK's leading specialist hirers of telescopic handlers used to improve safety and productivity on construction and housebuilding sites.

Brandon Hire Station

The UK's Tool and Equipment Hire Specialist

Brandon Hire Station is the leading provider of tools and associated products to industry, construction and home owners.

ESS

Safety, Survey, Test & Measurement

ESS is the leading specialist provider of safety, survey, communications and test & measurement equipment rental in the UK.

Groundforce

Specialist Construction Solutions

Groundforce is the market leading provider of excavation support systems to the water, civil engineering and construction industries with operations in the UK, the Republic of Ireland and mainland Europe.

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 portable roadways and temporary access solutions to markets including transmission, construction, rail and outdoor events.

Group Businesses

MEP Hire

Mechanical, Electrical & Low Level Access Specialists

MEP Hire is the UK's largest provider of mechanical and electrical press fittings and low level access platforms to the construction, fit out, mechanical and electrical markets.

Torrent Trackside

Railway Plant. Railway People.

Torrent Trackside are specialist suppliers of rail infrastructure portable plant and trackside services to Network Rail, London Underground and their appointed contractors.

Airpac Rentals

Energy Industry Solutions

Airpac Rentals Energy Industry Solutions is an international business supporting a wide range of energy markets including, well test, pipeline testing, rig maintenance, LNG and geothermal drilling.

TR Group

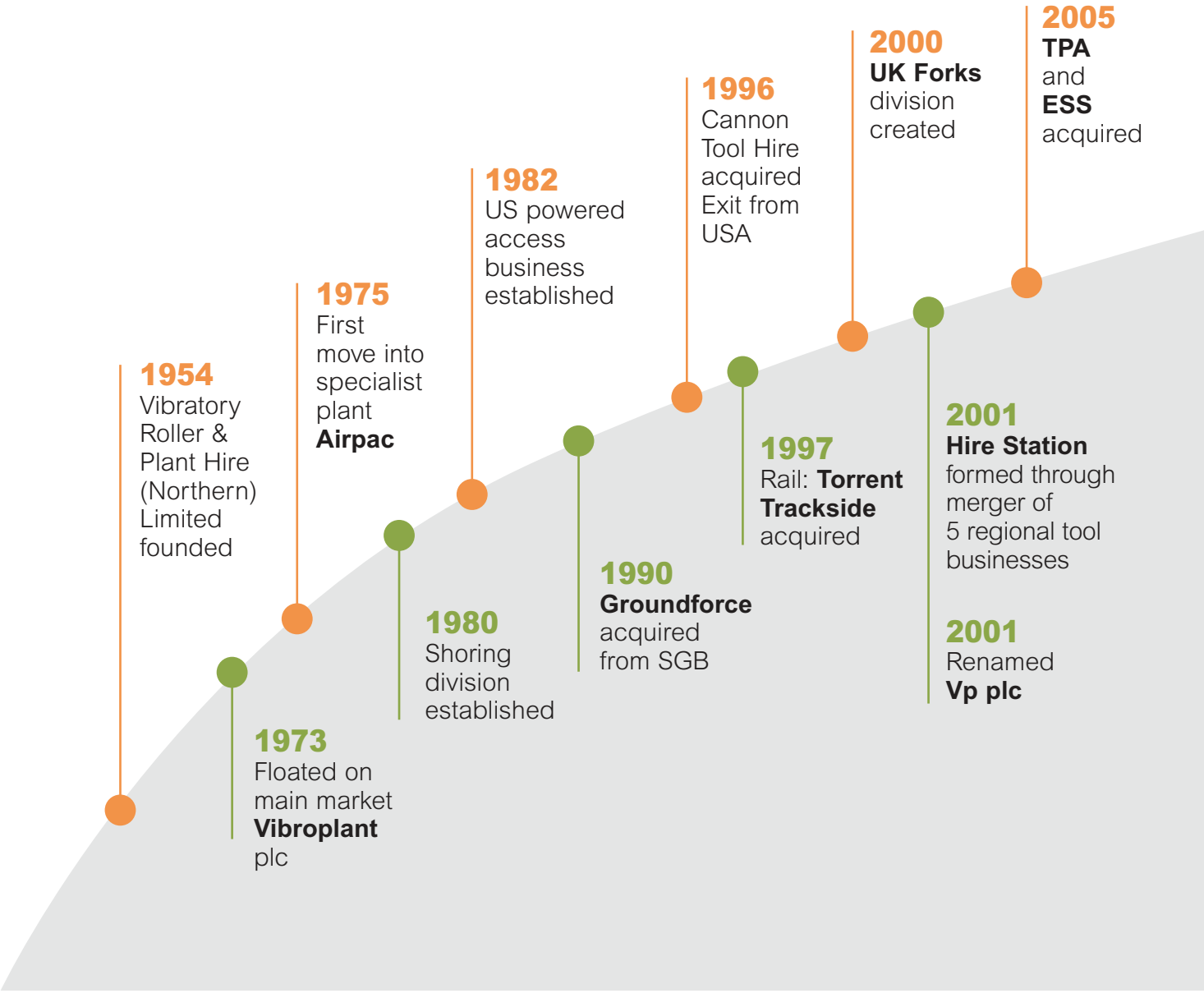
TR is Australasia's leading technical equipment rental group providing test and measurement, communications, calibration and audio visual solutions in Australia, New Zealand and South East Asia.

Long Term Success

Vp plc has a long and distinguished history as a major rental business. Founded in 1954, the Company floated on the UK Stock Market in 1973 as Vibroplant plc.

In 2000, the Company exited its then core general plant hire business to focus on higher return, value added, specialist rental activities and subsequently changed its name to Vp plc.

The Group has since developed a wide range of sector leading, specialist rental businesses serving a diverse range of end markets in both UK and International markets.



2006
Acquisition of Bukom Oilfield Services (Airpac Bukom formed)

2007
MEP acquired

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

2014
Vp celebrates 60 years

2015
Acquisition of Test & Measurement

2016
Acquisitions of Higher Access and **TR Pty** (Australia)

2017
Acquisition of **Brandon Hire**

2021
Acquisition of **M&S Hire**

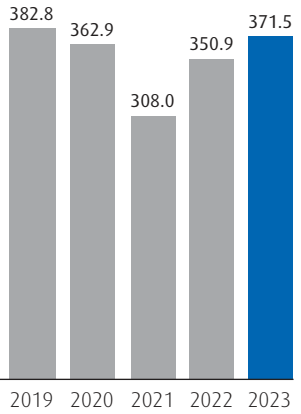
Revenue History

1970: £2m	*1980:* £14m	*1990:* £70m	*2000:* £55m	*2010:* £129m	*2015:* £206m	*2016:* £209m	*2017:* £249m	*2018:* £304m	*2019:* £383m	*2020:* £363m	*2021:* £308m	*2022:* £351m	*2023:* £372m

Financial Highlights

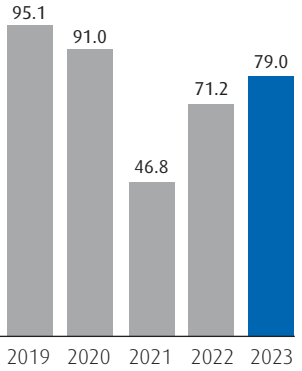
GROUP REVENUE

£371.5m



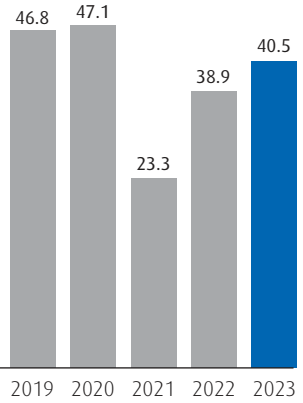
ADJUSTED BASIC EARNINGS PER SHARE*

79.0p



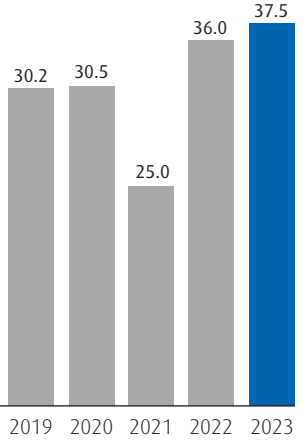
ADJUSTED PROFIT BEFORE TAX, AMORTISATION AND EXCEPTIONAL ITEMS*

£40.5m



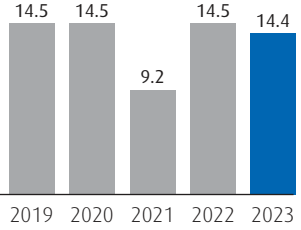
DIVIDENDS PER SHARE

37.5



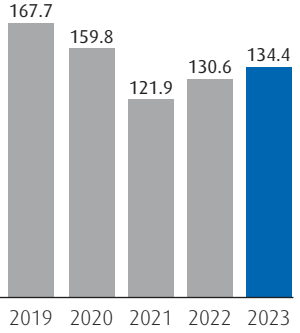
RETURN ON AVERAGE CAPITAL EMPLOYED*

14.4%



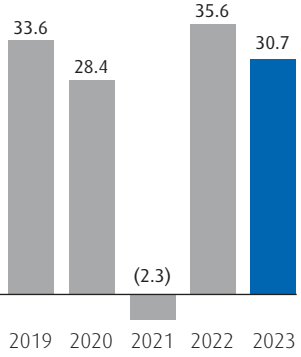
NET DEBT EXCLUDING LEASE LIABILITIES*

£134.4m



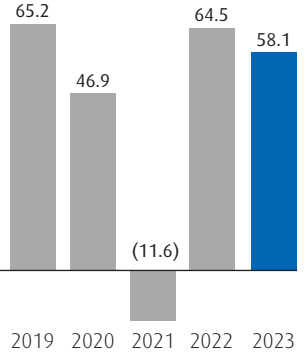
STATUTORY PROFIT/(LOSS) BEFORE TAX

£30.7m



STATUTORY BASIC EARNINGS/(LOSS) PER SHARE

58.1p



*These measures are explained and reconciled in the Alternative Performance Measures section on page 129.

Chairman's Statement

I am very pleased to report on a year of solid progress against a background of stable but occasionally challenging markets.

For the year to 31 March 2023, adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items* rose by 4% to £40.5 million (2022: £38.9 million) on revenue ahead 6% to £371.5 million (2022: £350.9 million). Adjusted EBITDA* improved to £92.9 million (2022: £88.9 million).

Capital investment in the rental fleet was £59.9 million (2022: £59.8 million) as we responded to specific investment opportunities and our continued transition towards more environmentally friendly solutions. Supply chain challenges eased somewhat during the year, although localised bottlenecks are still present in certain areas.

Year-end net debt excluding lease liabilities* was £134.4 million (2022: £130.6 million).

Return on average capital employed* was 14.4% (2022: 14.5%) in line with our long term target, an excellent result which reflects once again the underlying quality of the Group's earnings. Adjusted earnings per share* of 79.0 pence per share (2022: 71.2 pence per share), grew faster than profit due to the impact of deferred tax re-measurements discussed in Note 8.

At the AGM, scheduled to be held on 20 July 2023, the Board will be recommending payment of a final dividend of 26.5 pence per share (2022: 25.5 pence per share) making a total for the year of 37.5 pence per share (2022: 36.0 pence per share). Subject to shareholder approval, it is proposed to pay the final dividend on 4 August 2023 to members registered at 23 June 2023. This proposed level of dividend is based on our policy to distribute on a two times covered earnings basis over the cycle.

In April 2022, at the request of the controlling shareholder, Ackers. P. Investment Company Limited, the Board launched a formal sales process. Although significant interest was forthcoming, the Board unanimously concluded that none of the proposals would meet the Board's objectives of delivering an outcome that would satisfy the interests of all stakeholders. Termination of the process was announced on 16 August 2022. The process incurred exceptional costs of £1.7 million. Throughout the process, we continued to run in a "business as usual" mode and I am pleased to report that we have not observed any negative consequences from the process, either internally or externally.

Whilst the Covid-19 pandemic is thankfully behind us, it has impacted much of the business landscape within which we operate. This has made recovery more hesitant in certain markets than we had originally expected but nevertheless the Group has made further good progress this year.

Chairman: Jeremy Pilkington

During the year, both Steve Rogers and Allison Bainbridge retired after 13 and 11 years respectively with the Group. It is my pleasure to extend a heartfelt thanks to both for their exemplary service and to wish them a long and enjoyable retirement.

It is also my pleasurable duty to welcome three new members to the Board. Anna Bielby joined on 1 January 2023 as our new Chief Financial Officer and brings deep and relevant experience to the role. Mark Bottomley and Stuart Watson joined the Board as non-executive Directors at the same time with Stuart assuming the role of Audit Chairman to replace the retiring Steve Rogers. Mark will, at the AGM, assume the role of Remuneration Committee Chairman, succeeding Phil White who remains on the Board. We look forward to enjoying the benefit of the experience and new insights that these appointments will bring.

We have a successful long term track record of meeting and overcoming economic challenges and we believe we can identify profitable growth opportunities to continue to deliver the sector leading results our stakeholders have come to expect.

It remains my great pleasure to thank all our employees for their hard work and commitment that has made these results very satisfactory.

Jeremy Pilkington
Chairman
6 June 2023

*These measures are explained and reconciled in the Alternative Performance Measures section on page 129.

Business Review

Overview

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

Chief Executive: Neil Stothard

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue	£371.5 million	£350.9 million
Adjusted operating profit before amortisation, impairment of intangible assets and exceptional items*	£46.0 million	£43.3 million
Adjusted operating margin*	12.4%	12.3%
Investment in rental fleet	£59.9 million	£59.8 million
Return on average capital employed*	14.4%	14.5%
Statutory operating profit	£39.3 million	£43.0 million

*These measures are explained and reconciled in the Alternative Performance Measures section on page 129.

The year to 31 March 2023 was a period of further positive development for the Group. In spite of significant macro-economic headwinds the Group delivered tangible progress as we proactively evolved the business in response to those trading conditions and with many of our core markets maintaining demand during the period.

Group adjusted operating profit before amortisation, impairment of intangible assets and exceptional items* increased by 6% to £46.0 million compared with prior year of £43.3 million. Adjusted operating margin* held up well, increasing to 12.4% (2022: 12.3%). Maintaining margin is particularly pleasing given the significant supply chain cost inflation experienced throughout the year. This resilience illustrates our ability to react quickly to changing circumstances and to protect the quality of our profits through a combination of price increases to customers, efficient operational management and a keen eye on costs. Group revenue also grew by 6% to £371.5 million (2022: £350.9 million). The increased revenue was derived from a combination of price increases and activity growth from certain of our markets.

Our Return on Average Capital Employed* (ROACE) continues to be strong at 14.4% (2022: 14.5%) and close to our long term, through the cycle, ROACE target of 15%.

Maintaining a modern and reliable rental fleet, including the widespread introduction of cleaner, greener product solutions remains a key driver of our capital investment programme. Gross investment in rental fleet of £59.9 million was at a similar level to prior year of £59.8 million. Fleet disposals proceeds were £24.6 million (2022: £17.4 million). Net capital expenditure therefore reduced to £35.3 million (2022: £42.4 million). The disposal of fleet in the year generated profits on disposal of £9.1 million (2022: £7.0 million).

We entered the period under review with healthy order books for new capital investment, partially to support growth and partially as replacement of products retiring from the hire fleet in the normal life cycle. Supply chains were particularly challenging in terms of lead times as well as cost and we sought to maximise our opportunity with some pre-emptive ordering. In response to those markets where the rate of growth slowed, we subsequently reduced fleet capex in the second half of the year and increased disposals.

Our fleet capex included a large proportion (£15 million) of more environmentally friendly products which replaced, in many cases, petrol / diesel driven alternatives.

Business Review

The Group experienced relatively consistent, but differing conditions in its core markets. Both the UK and International divisions made good progress. Our UK performance was positive, despite generally weaker confidence in the wider economy. Our International businesses particularly in South East Asia, Australia and New Zealand experienced better trading conditions with an overall improving outlook.

The Infrastructure markets in the UK remained generally supportive and we experienced solid demand from rail, transmission and the water sectors in particular. After a strong performance with HS2 in the prior year, the slowdown of workstreams during 2022 translated into lower levels of activity on this project.

Our other large market exposure is in general non-residential construction where demand remained relatively stable but still lacking any further signs of tangible recovery. In house building, we enjoyed good demand throughout most of the year. Into the new calendar year residential construction slowed a little but this has stabilised as we enter our new financial year and we remain optimistic about longer term prospects in this sector.

The Group's operating profit before amortisation, impairment of intangible assets and exceptional items* was primarily sourced in the UK division, but the International division made good progress year on year.

Towards the end of the financial year we carried out some restructuring across a number of our business units where we had identified tangible efficiency opportunities. These actions incurred £3.3 million of exceptional costs in the year mostly relating to properties and should help deliver further improvement in Group performance in the new financial year.

We have two business units (Groundforce and TPA) that also operate in mainland Europe and the Republic of Ireland, which report into the UK division. Their respective contributions are included within the UK divisional result. If we look at the Group's trading outside of the UK, and take into consideration the European business units, revenues were £63.3 million (2022: £50.9 million) which represents an increase of 24% in the year. The overall geographic source of revenue for the Group was split 83% from the UK and 17% from outside of the UK.

Business Review

UK Division

Adjusted operating profits before amortisation, impairment of intangible assets and exceptional items* in the UK division increased to £42.9 million compared with £41.8 million in the prior year. Revenues of £333.4 million (2022: £320.2 million) were 4% up on prior year.

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue	£333.4 million	£320.2 million
Adjusted operating profit before amortisation, impairment of intangible assets and exceptional items*	£42.9 million	£41.8 million
Investment in rental fleet	£53.6 million	£55.2 million

*This measure is explained and reconciled in the Alternative Performance Measures section on page 129.

The UK division, comprises seven main business units: UK Forks, Groundforce, TPA, Brandon Hire Station, ESS, MEP Hire and Torrent Trackside. Whilst mainly operating in the UK, TPA and Groundforce also have operations in mainland Europe, primarily in Germany, Austria and the Republic of Ireland. All of the UK divisions support the three core market sectors of infrastructure, construction and housebuilding.

The following section comments on the highlights and key actions for these UK business units during the year.

UK Forks made further progress in the year. Whilst revenue growth was modest, careful management of the fleet and the operational cost base enabled the division to deliver good year on year profit growth. UK Forks encountered the same cost inflation challenges as elsewhere in the Group and management protected margin through a combination of increased hire rates, keen asset management, including disposing of surplus equipment, and a strong control over spares and overhead costs. The residential construction sector held up well until the final quarter of the financial year when there was a small step down in demand which quickly stabilised at new levels of activity. The business took the opportunity in the fourth quarter to accelerate disposal of surplus rental fleet as utilisation, which had been running extremely high, eased to a more normalised level. A customer first approach has continued to pay off as the long-standing relationships with our core customers including the national house builders were maintained in the year. During the period the overall fleet size by number increased by 6%, though, this was primarily in the first half of the year. Whilst market demand has marginally reduced into the new financial year, the business is operationally geared up to that change and we remain confident of making further progress despite some elements of market weakness.

The **Groundforce UK & Ireland** business enjoyed good levels of demand driven by a generally more buoyant civil engineering sector. Groundforce UK & Ireland comprises a number of constituent specialist activities, the largest of which is the UK Shoring division. This business benefitted from growing demand from general infrastructure schemes including Hinkley Point, HS2 and AMP7, although the latter was a little quieter than had been anticipated. Groundforce secured preferred supplier status to Scottish Water on their SR21 five year capital investment programme. This work should contribute into the new financial year. Whilst revenues grew 10% year on year, this was primarily from increased utilisation of existing fleet and hire rate improvement, with fleet capex flat year on year. The business continued to innovate and successfully introduced Side Grip hammers to the piling rental fleet providing quicker installation of pile sheets and enhancing health and safety benefits. The shoring specification app 'Your Solution' was developed further in the period and experienced strong customer acceptance as a self-serve preliminary design tool. Prospects for the new year remain good with ongoing demand from major infrastructure projects and the expectation of further activity in the water sector particularly with Scottish Water.

UK Division

The **Groundforce Europe** business had an excellent year reporting its best ever performance, driven by traditional core shoring rental in Germany and complemented by a range of major excavation support projects in Germany, Austria, France and Scandinavia. The business, which was a greenfield start up in Germany some years ago, has secured increasing brand recognition and a growing acceptance of the hydraulic solutions offered by the Groundforce fleet. On the back of a strong trading year we intend to invest in the infrastructure of the business creating a platform for further successful growth in supportive markets.

TPA UK had a quieter trading year primarily due to a significant slowdown in HS2 activity, after enjoying buoyant demand from Phase1 of the project in the prior year. In addition, as a result of the energy crisis heading into the winter the National Grid delayed outage work, a key area of demand for TPA, to minimise the risk of energy supply shortages. This resulted in a transmission sector slowdown over the winter. Despite these unexpected challenges, the TPA team made significant progress in sourcing alternative work in the construction and outdoor events segments in particular, and these mitigated much of the shortfall. Investment in fleet focused on innovation with the introduction of a new wider aluminium track panel offering increased flexibility and efficiency to both the customer and the TPA operations team. Innovation in technology was also a feature with the launch of an app which simplifies the measurement and quotation process when specifying an access solution at a site. A further initiative was the introduction of an online carbon calculator which identifies the lower carbon impact of utilising a portable roadway access solution in comparison to a traditional stone road construction solution. Looking into the new financial year, TPA anticipates improving demand in both transmission and HS2 work to complement activity in the construction, rail and the outdoor event markets.

The **TPA Europe** business had a more challenging year, primarily due to significant increases in supply chain costs particularly in transport, together with some temporary shortfalls in staffing due to a difficult employment market. The target markets of transmission and renewables remain positive. Moving into the new financial year, the business is in a good position to embrace the opportunities those markets offer. Geographically, TPA Europe operates in Germany and Austria. We anticipate an improved trading environment for the TPA Europe business in the new financial year.

Brandon Hire Station, the market leader for tool hire within the UK, delivered modest year on year revenue growth against a relatively difficult market backdrop. Whilst operating across all three of the Group's largest market segments i.e. construction, infrastructure and housebuilding, it is most exposed to the non-residential construction market which remains subdued and in relative terms more impacted by the overall economic uncertainty. The business increased prices by c.10% at the beginning of the calendar year by way of mitigating of cost inflation in the business. Brandon Hire Station made modest changes to its branch network merging / closing five branches reducing the overall branch count to just under 150. Brandon Hire Station signed a five year exclusive trading agreement with Watkin Jones plc, the Build to Rent and Student accommodation Group together with securing a number of other long standing key account renewals.

Capital investment in fleet was strong in the first half but slowed as demand eased during the year. A transition to a cleaner, greener fleet has been a consistent focus for fleet investment and as usual the routine retirement of older, less environmentally friendly rental assets has been an important contributor to the process. Innovations have included the launch of a solar powered charging station for use on construction sites which was developed in collaboration with a number of partners and has received positive reviews. As we head into the new financial year the construction market remains relatively subdued but we are nevertheless keenly focused on securing additional revenue growth through a wide range of initiatives.

The **ESS** division had a satisfactory trading year and maintained its market leading status in safety, survey and test & measurement providing a vital support service to the infrastructure and industrial markets in particular. The year started relatively slowly, but built up well delivering year on year revenue growth. ESS re-structured to a de-centralised management structure in four regions aimed at creating a better focus and proximity to the customer from an operational view. This will deliver significant cost savings. As elsewhere in the Group, ESS had to combat high cost inflation and mitigated this in part through negotiated price increases across the customer base. The management team was further strengthened by the appointment of a new sales Director and test & measurement Director as ESS target growth into the new financial year.

UK Division

MEP made substantive progress in the year delivering further revenue and profit growth from the busy but stable mechanical, electrical and plumbing sectors. The business continued to develop operationally with the relocation in Manchester to a new 35,000 sq.ft facility. We also relocated the Glasgow central hire desk to a bespoke location and at the same time embraced the Zendesk call centre technology which is increasingly used across the Group. MEP acquired M&S Hire at the end of 2021 with a view to expanding its service offer to the commercial fit out sector, initially in London and subsequently on a national basis. This is developing well. MEP have a track record of introducing new and innovative products to their customer base and this year was no exception with the build up of a new Microscissors fleet. Overall capital investment was strong for MEP as the business supported growth opportunities and geared up for the new year. After the financial year-end MEP acquired a low level access fleet from Aspire Platforms with back-to-back long term rental agreements. Prospects remain positive for MEP with a number of large, longer term, projects due to start in the first half of the new financial year.

Torrent Trackside enjoyed stronger demand as the year progressed and this despite of the inevitable disruption from rail industrial action in the second half of our financial year. Torrent benefitted from a revival of CP6 rail activity with most Torrent depots across the UK seeing good year on year improvements. Network Rail, a key customer, remained busy throughout the period and Torrent continued to achieve an excellent performance against the KPIs within their contract. The Network Rail high output work also generated further demand. The transpennine upgrade delivered improved revenues with both the TRU East and TRU West joint ventures. The solar powered Prolectric lighting fleet also experienced a busier year. Capital investment in Torrent was relatively strong and in particular sourcing further equipment in support of Network Rail. The CP6 five year capital investment programme for the UK rail network finishes in March 2024, and the appointment of contractors to CP7 is advanced with Torrent well positioned to support those businesses. Torrent successfully trialled a 'site of the future' concept showcasing our significant commitment to and investment in battery and solar powered rail specific equipment which operates at much lower levels of noise and is practically carbon neutral. This initiative was well received by the customer base who view Torrent Trackside as a pivotal supply chain partner to help drive their own carbon reduction targets. Torrent heads confidently into the new financial year as overall activity within the rail sector remains good.

Business Review

International Division

The International division reported adjusted operating profit before amortisation, impairment of intangible assets and exceptional items* of £3.1 million (2022: £1.5 million), on revenue 24% ahead of prior year of £38.1 million (2022: £30.7 million).

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue	£38.1 million	£30.7 million
Adjusted operating profit before amortisation, impairment of intangible assets and exceptional items*	£3.1 million	£1.5 million
Investment in rental fleet	£6.3 million	£4.6 million

*This measure is explained and reconciled in the Alternative Performance Measures section on page 129.

The International division comprises Airpac Rentals, a global supplier to the energy sector and TR Group which operates in Australia, New Zealand, Malaysia and Singapore and is a leading technical equipment rental group in the region. The following section comments on the highlights and key actions of the two business groupings within the International division during the year.

Airpac Rentals delivered good revenue and profit growth as trading conditions improved throughout the year. In recent times, Airpac has diversified its activities across a number of new applications including renewable energy, decommissioning and infrastructure chemical cleaning. Demand for the provision of exploration and production project support in the oil and gas segment also improved in the year. Our operations primarily centre around Europe, South East Asia and Australia. Highlights in the year included increased well testing activity in the North Sea, support of geothermal projects in Europe, and pipeline and process services support primarily in South East Asia and Australia. We have committed further investment to high pressure equipment as we support the return of activity in new Liquefied Natural Gas (LNG) production facilities (Asia and Australia) together with extended shutdown maintenance at the existing LNG plants. We anticipate further growth across most of Airpac's end markets during the new financial year.

TR Group ('TR') made further good progress in the year delivering strong revenue and profit growth as the trading environment across the region staged further post pandemic recovery. As elsewhere, this positive performance was delivered despite the same pressures from cost inflation, supply chain and labour shortages experienced elsewhere in the Group. Customer pricing has been increased and this helped mitigate the cost inflation challenge. The communications division, Hirecom, enjoyed further growth but the Tech Rentals business in Australia experienced a subdued market recovery, as project delays slowed progress but ultimately finished the financial year well. The TR businesses in New Zealand and Singapore traded strongly whilst TR Malaysia was quieter partially due to the economic impact of local political uncertainty. TR Calibration and the Vidcom audio visual business both made good progress.

The TR Group businesses are well placed to build further on the platform of a strong year.

Employees

The consistent quality of the Group's business performance over many years is underpinned by our people. The individual and collective contributions of colleagues is fundamental to our success.

We seek to fulfil our commitment to create a great place to work, where people feel valued and have the opportunities to fulfil their potential.

In the current year, we have invested in well-being including mental health awareness training and installation of defibrillators at larger operational sites. We have also invested in learning and development, maintained our highly successful graduate programme, now in its 5th year and renewed our ongoing commitment to engineering apprentice training. We have introduced our Long Service Recognition Programme and it is testament to the whole of the Group that we have 270 colleagues, representing 10% of Group headcount, with over 20 years' service. We look forward to delivering further supportive initiatives to employees over the coming year.

Environmental

The business has maintained a keen focus on all matters environmental and guided by the Environmental Steering Group, which I chair, alongside the Director of Risk and Sustainability and with representatives from within the trading divisions. The Steering Group acts as the main co-ordination point of this topic for the whole business.

We have maintained momentum in conversion of our rental fleet towards cleaner solutions led by innovation from our buying teams and supply chain and taking into account our customer requirements.

Achievements in the year include securing Plant Charter Gold Status in an initiative sponsored by the Supply Chain Sustainability School, an organisation facilitating best environmental practice in the construction sector. We have also now achieved ISO 50001 energy management standard across all our UK network.

Our scope 3 emissions inventory was completed in the year and we subsequently submitted our science based targets data and hope to achieve full accreditation during 2023. We have set up a cross-divisional working party for sustainable procurement, to develop workstreams designed to formally assess supply chain partners in terms of sustainability commitments. Overall governance of environmental matters has been strengthened with the appointment of a Director dedicated to risk and sustainability and reporting in to the plc Board. Communication of developments has been enhanced by the launch of a dedicated Environmental and Sustainability website which is aimed at keeping all stakeholders informed of achievements and current initiatives.

We look forward to reporting on further substantial progress on our environmental initiatives in due course.

Outlook

The financial year under review presented many unexpected macro-economic challenges and which the whole Vp team tackled to great effect enabling the Group to deliver another high quality set of results demonstrating the resilient nature of the Groups business model. The Group businesses have taken the necessary action to ensure that we are as efficient as possible whilst costs have increased and market growth has been relatively subdued.

After a period of little change within the wider UK construction market, some adjustments to recent trends are forecast in the coming 12 months. Housebuilding, which has been relatively buoyant for the last two years, is forecast to experience moderate contraction in 2023 before recovering in 2024. Infrastructure will recover to modest growth after a flat 2022 driven by Rail, AMP7 (water), Hinkley Point and Offshore Wind capital investment. The non-residential new construction segment, comprising Public, Private Industrial and Private Commercial output is expected to see modest improvement overall and the Repair and Maintenance sectors are anticipated to be stable. This market backdrop remains positive for the Group.

Our International business is experiencing improving trading conditions and we believe that the wide range of markets to which this division is exposed, including mining, oil and gas, construction and outdoor events, will be supportive in the new financial year.

Our plan is to develop our business infrastructure and invest in our people, rental fleet and property to ensure we are well positioned to deliver further growth. A strong balance sheet provides a solid financial base that we can utilise to facilitate both organic and acquisitive growth both in the UK and Internationally as attractive opportunities are identified.

Neil Stothard
Chief Executive
6 June 2023

(Source: Experian UK Construction Forecast – Spring 2023).

Responsible Business Report

Overview

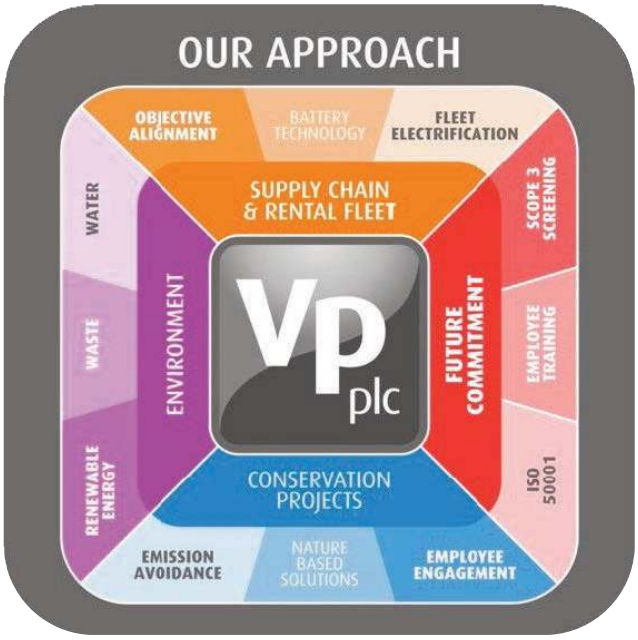
The Group's principles of fairness, integrity, and respect form the foundation of our responsible business culture. Our corporate responsibility framework reinforces this culture by promoting good governance and guiding our management of environmental and social impacts. This framework applies across all aspects of our business and encompasses Sustainability, Environmental and Social Governance (ESG), and Corporate Responsibility (CR), which are interrelated and mutually supportive.

OUR APPROACH

We recognise that ensuring sustainability across all operations is a key responsibility for the Group.

With c3,000 employees spread across 10 countries and more than 250 sites, we provide valuable services to thousands of customers in various markets. Our goal is to make sustainability a universal priority throughout the Group's network, where we all contribute towards mitigating climate change and biodiversity loss by minimising our environmental impact and striving for a net positive impact on biodiversity. We seek to provide further mitigation through investing in local community and conservation projects to further mitigate any negative environmental effects.

To evaluate our alignment with the United Nations' 17 Sustainable Development Goals (SDGs) and their corresponding targets, we conducted a thorough review. The Group are focused on 11 of the SDGs, listed below, and the presence of SDG icons throughout the report signifies where we are achieving progress towards these goals.



SDGs for our customers, investors and supply chain

SDGs for our people

SUSTAINABLE DEVELOPMENT GOALS

Responsible Business Report

ACHIEVEMENTS

Our achievements in environmental developments over the past 12 months include:

Continued investment into increasingly **sustainable and electrified rental fleet** solutions

A **sustainability website** detailing our current and historic sustainability actions, a range of our innovative products and recent news articles – access via the QR Code above

We have made significant headway in **mainstreaming sustainability within our procurement** functions through publishing a sustainable procurement policy and integrating new supplier management software

We have committed to **science based emissions reduction targets** which were submitted to the Science-based Target initiative for validation in December 2022

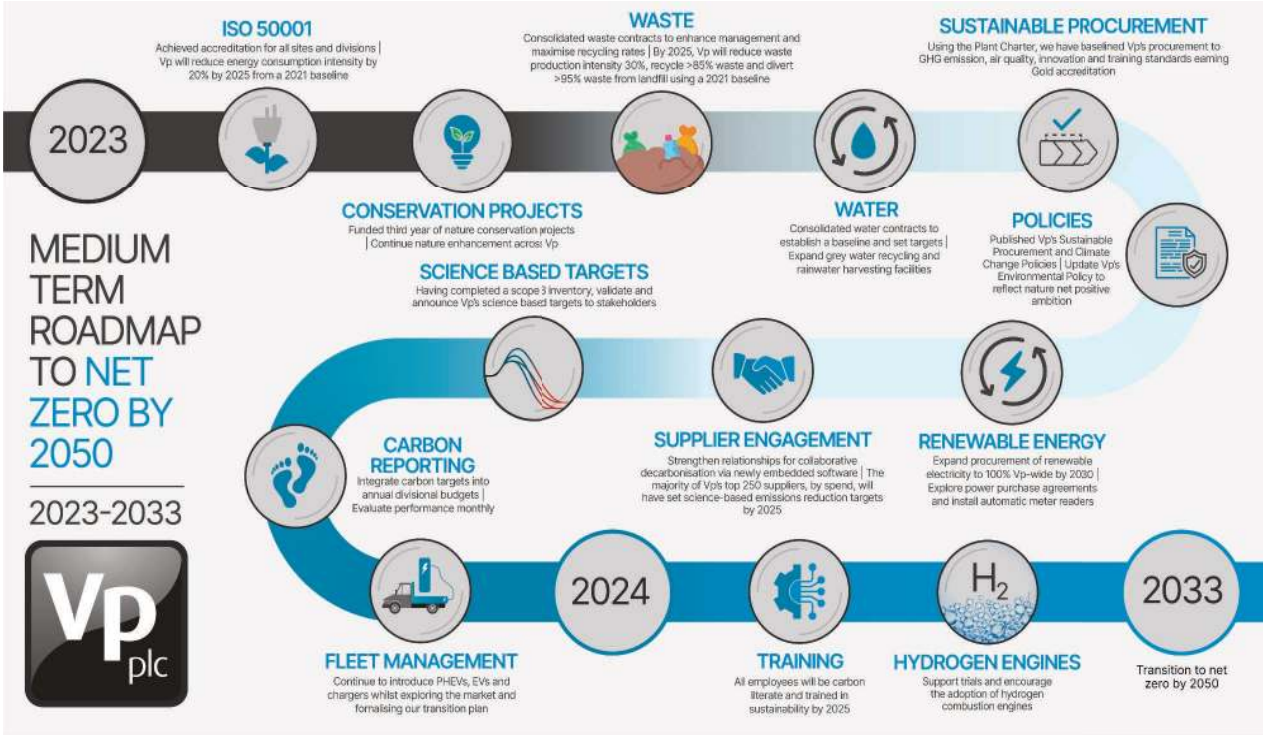
The Group has achieved **Gold status with the Plant Charter** for excellence in our commitment to reducing carbon emission and air pollution

We have **achieved ISO 50001** - Energy Management System certification across all UK sites

We have published a **Medium Term Roadmap** to Net Zero by 2050

We are supporting **three new nature conservation projects** focussed on the restoration of seagrass meadows, agricultural advisor training and the reintroduction of Lynx to the UK

Medium Term Roadmap to Net Zero by 2050



NET ZERO CARBON

Net Zero Target

The Group commits to reach net-zero Green House Gases emissions across the value chain (scope 1, 2 and 3) by 2050 from a 2022 base year.

Short Term Targets

By 2025:

- The majority of The Group's top 250 suppliers by spend will have set science-based emissions reduction targets.
- All employees will be carbon literate and trained in sustainability.
- The Group will reduce its energy consumption intensity (kWh/m2) 20% from a 2021 baseline.
- The Group shall reduce waste production intensity 30%, recycle more than 85% waste and divert more than 95% waste from landfill using a 2021 baseline.

We have made the commitment to reach net zero carbon emissions with the Science Based Targets initiative in line with the Business Ambition for 1.5°C to ensure a robust transition plan.

Our transition plan to net zero comprises near term and short term targets described above. This strategy is designed and actioned via our Environmental Steering Group which is chaired by the Chief Executive who meet regularly.

To properly reflect the level of priority these issues occupy within the Board's governance structure, environmental, social and governance accountability has been formally recognised as a matter to be routinely reviewed at Board level. Coupled with our transition plan, our climate change strategy has recently been ratified into our newly published Climate Change policy.

As a major supplier to the UK Government, we published our Carbon Reduction Plan in November 2022 in response to Procurement Policy Note 06/21 detailing our commitments, progress to date, pathways and initiatives.

We understand the need to be transparent and follow best practices with our reporting on climate change. Our carbon footprint was calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol, along with HM Government's Environmental Reporting Guidelines and DEFRA's 2022 UK Greenhouse Gas Conversion Factors for Company Reporting.

NET ZERO CARBON (continued)

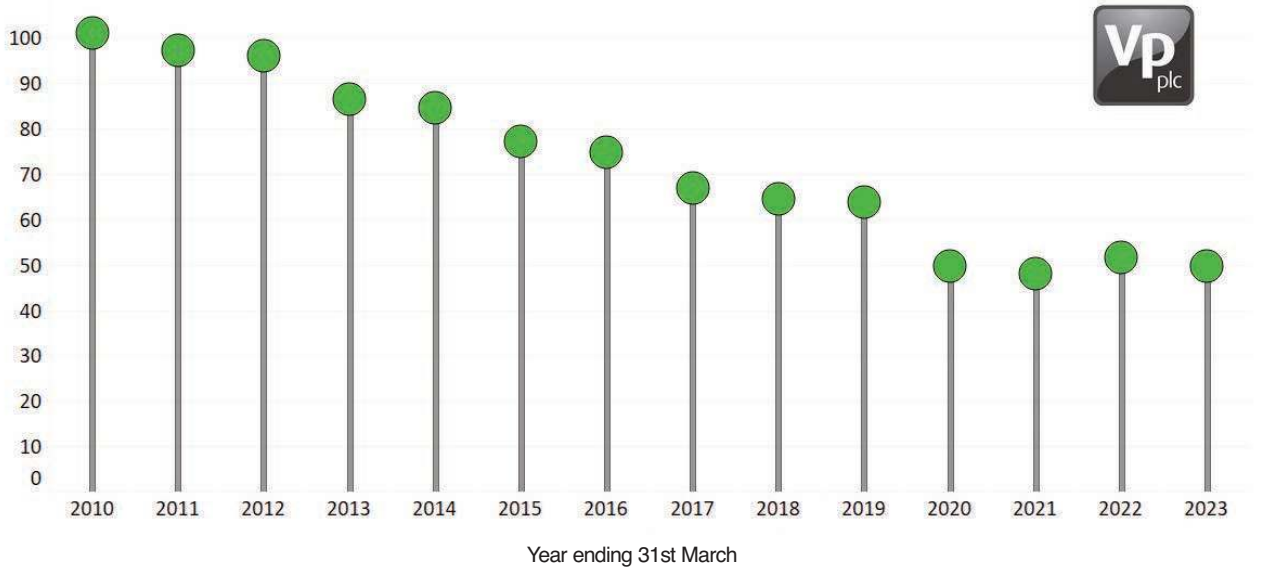
Our statutory greenhouse gas emissions data (scope 1 & 2) for the year ended 31 March 2023 is set out below:

		2023	2022
UK	Scope 1 (Tonnes CO2e)	15,363	15,322
	Scope 2 Location-based (Tonnes CO2e)	1,269	1,891
	Scope 2 Market-based (Tonnes CO2e)	-	66
	Total Scope 1 & 2 Location-based (Tonnes CO2e)	16,632	17,213
	Total Scope 1 & 2 Market-based (Tonnes CO2e)	15,363	15,388
	Energy Consumption of Scope 1 & 2 (kWh)	65.4m	64.2m
	Intensity Ratio Location-based (Tonnes CO2e per £m revenue)	50	54
	Intensity Ratio Market-based (tonnes CO2e per £m revenue)	46	48
Global	Scope 1 (Tonnes CO2e)	17,736	17,356
	Scope 2 Location-based (Tonnes CO2e)	1,463	2,574
	Scope 2 Market-based (Tonnes CO2e)	676	749
	Total Scope 1 & 2 Location-based (Tonnes of CO2e)	19,199	19,930
	Total Scope 1 & 2 Market-based (Tonnes of CO2e)	18,412	18,105
	Energy Consumption of Scope 1 & 2 (kWh)	76.4m	73.7m
	Intensity Ratio Location-based (Tonnes CO2e per £m revenue)	52	57
	Intensity Ratio Market-based (Tonnes CO2e per £m revenue)	50	52

Note: Location-based calculations use the average emissions intensity of the grid where we obtain the energy, while market-based calculations use the emissions intensity based on the specific energy mix that we procure.

The Group has a strong track record of decoupling our growth as a business and our carbon emissions. We have reduced our greenhouse gas emissions with CO2 equivalent tonnes per £m revenue from 101 tonnes per £1 million revenue in 2010 to 48 tonnes per £1 million revenue for the year ended 31 March 2023, a reduction of 52%.

Scope 1 & 2 emissions

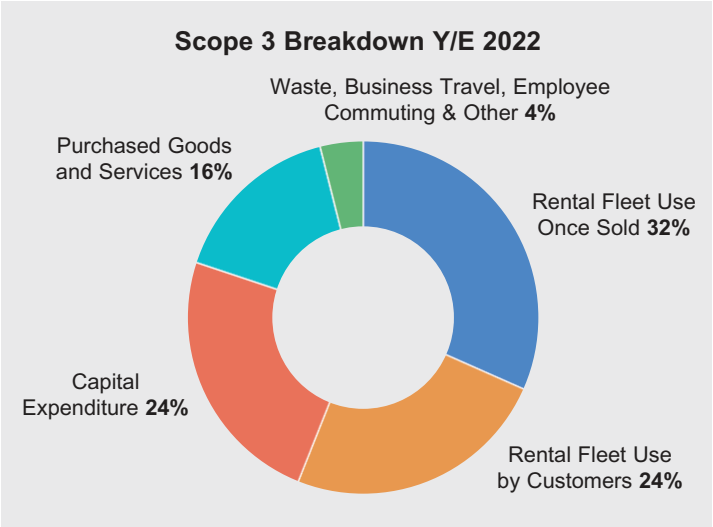


NET ZERO CARBON (continued)

The Group seeks to maximise the efficiency of its energy consuming assets. We are pleased to announce we have achieved ISO 50001 - the Energy Management System accreditation in all UK sites. This has formalised continuous improvement in energy efficiency and reinforces sustainable behaviours.

Training throughout the Group on energy efficiency and environmental awareness has resulted in behavioural changes such as reduced engine idling and turning off lights and unnecessary heating and cooling. Embedding new behaviours combined with LED replacements in 2023 led to energy consumption reductions of c7% which equates to substantial reductions in carbon emissions. We expect to maintain these trends as we continue with site refurbishments.

A number of our businesses (Brandon Hire Station, ESS, MEP Hire and Groundforce) have recently achieved the Fleet Operator Recognition Scheme (FORS) gold certification across their entire branch networks. This attests to their meaningful improvements in efficient use of fuel, reductions in total fuel usage and transport related CO2 output.



We have recently completed our scope 3 inventory for the year ended 31 March 2022, which has enabled us to prioritise carbon reduction initiatives not only relating to our business operations but in the wider context of our entire value chain. c4% of our total emissions relates to scope 1 emissions through the combustion of fuel in commercial vehicles and facility heating.

c54% of the Group's carbon footprint relates to the use of its rental fleet and sold items. We are reducing this through moving towards an increasingly lower emissions based fleet and, where fossil fuel powered fleet still provides the best solution, we invest in the latest technology to ensure the cleanest and most fuel efficient engines. c38% of our carbon footprint relates to the embodied carbon within the purchase of capital goods and other goods and services. Finally, three additional categories – waste, business travel and employee commuting make up the remaining c4% of our carbon footprint. Detail on how we are tackling these emissions can be found in the procurement section below.

To achieve our targets, our transition plan to net zero prioritises initiatives including:

- Working with suppliers to consider robust alternatives to petrol and diesel powered fleet;
- Roll out of our new supplier management software and integrated within procurement functions enabling closer management of our embodied carbon footprint;
- Electrification of our commercial and company car fleets where possible;
- Identify opportunities to co-locate on site reducing haulage and business travel emissions whist providing closer customer support;
- Continue integrating telematics software for route planning and driver feedback;
- Targeted training and behaviour change programmes on efficient energy use and driving practices, and environmental awareness;
- Exploring the use of HVO fuel in our commercial vehicles;
- Increase our procurement of renewable energy.

NET ZERO CARBON (continued)

Renewable Energy

The table below illustrates our worldwide energy consumption by source. 87% of our electricity is from renewable sources, as is 8% of our energy consumed overall. We have now transitioned the remaining UK properties onto our fully renewable electricity contract, backed by certificates of renewable energy guarantees of origin (REGOs) accredited by the Carbon Trust.

The Group have invested c£150,000 to power four sites with solar energy with an additional four sites and c£200,000 of investment planned for the coming year. We continue to explore renewable heating options to reduce our consumption of natural gas.

Worldwide Energy Consumption by Source for the year ended 31 March 2023

Scope 1 (kWh)	Diesel	72m
	Natural Gas	3m
Scope 2 (kWh)	Renewable Electricity	7m
	Non-Renewable Electricity	1m

PROCUREMENT

In our continued use of ISO 20400 for Sustainable Procurement as a guide, we have established a forum with representatives from each business. Through this forum, and in collaboration with key suppliers, we have published a Sustainable Procurement Policy. Furthermore, we are integrating new environmental health and safety (EHS) software which includes supplier, carbon and social value modules. This will enable quantitative supplier-led reporting for sustainability performance data and our subsequent monitoring and evaluation. This data includes progress towards suppliers own ISO 50001 aspirations and the procurement of renewable electricity as well as metrics for health and safety, governance and quality.

The EHS software will also enable us to track supplier self-reported Scope 1 and 2 emissions. This data, together with the aforementioned sustainability performance data, will provide a backbone for more reflective, two-way, conversations with incumbent suppliers. In turn, this will allow for the opportunity to promote increasingly positive behaviour and, concurrently, a shift within the Group's procurement to focus on sustainability just as much as price, quality and service. For new suppliers, our aim is to select those who are aware of their own carbon footprint and have a similar ambition and track record as the Group in reducing it.

We are proud to announce that the Group has recently achieved Gold Status for the Supply Chain Sustainability School's (SCSS) Plant Charter. The SCSS is an online learning platform aiming to develop skills to deliver a sustainable built environment. Their Plant Charter is a set of minimum standards evaluating one's commitment to reducing carbon emission and air pollution. The Group's achievement of the highest award, Gold, demonstrates our excellence in combatting air pollution and carbon emissions through our high standards in procurement, stakeholder engagement, training and innovation. It is a priority for the Group to accelerate our transition away from rental assets powered by fossil fuel and towards those powered by battery and solar as well as non-powered products.

Future efforts will look at embedding the recommended standards of the First Movers Coalition (FMC). The FMC is a group of companies whose purchasing commitments help scale up and enable the environment for critical emerging technologies essential for net zero. We will look at the hard to abate sectors of Steel, Trucking and Aluminium as we not only want to reduce emissions produced through rental fleet operation but equally, reduce the embodied carbon through supporting the latest technologies and processes in the manufacture and transportation of our fleet.

PROCUREMENT (continued)

We have made the following progress in reducing our carbon footprint:

- Divisional Product Review Groups have been established throughout the Group to focus on accelerating the transition towards a zero emissions at point of use rental fleet.
- We currently estimate that more than 60% of rental assets Group-wide are zero emissions at point of use.
- We are electrifying a fleet of 44 forklift trucks with significant carbon savings.
- We increasingly order more hybrid and electric vehicles where possible with 11 sites offering electric vehicle charging capabilities.
- Where electrification of our commercial vehicle fleet is currently not viable, we continue to enjoy reductions in emissions via replacements to more efficient technology.
- We have increased the amount of sustainable company cars in the fleet from 20% to 50% having introduced sustainable options in all bandings last year.
- Alongside customers, we have and continue to participate in "sites of the future" where up to 90% of all rental fleet is battery operated.

£15m

investment in non-fossil fuel powered tools and equipment in 2023

An example of this is the stressing equipment that we supply to the rail sector through our business Torrent Trackside. We have replaced 90% of our petrol powered rail stressing equipment for battery operated equivalents. The remaining 10% will be swapped out over the next 12 to 24 months.

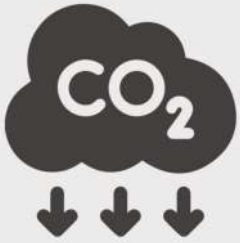
HVO Fuel

Our business UK Forks has conducted HVO fuel trials with 2 of our larger housebuilding customers, to show performance and environmental benefits of using HVO fuel. This was independently verified results:

- 92% reductions in greenhouse gas emissions and;
- 75% reduction in particulates with HVO compared to diesel

Outcome:

One of these customers have subsequently moved to HVO fuel for 20% of their fleet and the other customer is currently running 80 machines on HVO and have committed to buying enough HVO fuel to run c50% of their hire fleet.



Examples of our new battery-operated tools and equipment including Airpac Rental's Electric Air Compressor:

PROCUREMENT (continued)

CASE STUDY: Electric Forklifts

Our business Groundforce has made great progress in switching 44 of our diesel forklifts to electric powered which saves 600 tonnes CO2 per year as well as cutting down on air pollution for our employees and wider stakeholders.

CASE STUDY: SiteSafe SureLock Pro

As an example of working with our supply chain, through a process of collaborative design with their supplier Metal & Modular, MEP Hire have managed to reduce embodied carbon emissions of the SiteSafe SureLock Pro through using 85% less welding and 90% less power use. Through this innovation, MEP Hire has saved over 20 tonnes of embodied CO2 and brought a significantly more sustainable product to market.

Examples of Zero Emissions of Point of Use Products

Our business MEP Hire operates 5,000 mechanical low-level access platforms. The majority of which are zero emission and powered manually by the user.

Equally, our businesses TPA, Groundforce and Brandon Hire Station offer aluminium roadways, trench boxes and scaffold towers respectively, which are all fully recyclable.

An example of our low-level access machines that consume no energy (right).

WASTE, WATER, PLASTIC & PAPER

The vast majority of our old fleet when it leaves operational control, by both number and weight, is sold either directly to customers or via auction to increase its working life. We track and aim to minimise the amount of fleet sold directly as scrap metal and push for supplier buy-back deals to promote the circular economy whilst acknowledging some old fleet when sold is beyond economical repair and will be broken down into component parts. Where possible, we also look to repurpose parts of old fleet for extended life elsewhere and this is especially true with batteries.

YEAR	2023	2022	2021
% DIVERTED FROM LANDFILL	95%	96%	94%

In recognition of our waste strategy and progress, we have won a Green World Award. We maintain a high percentage of waste diverted from landfill and continue to increase the proportion sent to recycling. To increase our recycling ratio and decrease overall waste produced in line with our waste target, we have switched waste provider and consolidated all contracts onto one supplier for improved management and data provision.

GREEN APPLE ENVIRONMENT AWARDS
FOR HELPING THE ENVIRONMENT
WINNER 2022

WASTE, WATER, PLASTIC & PAPER (continued)

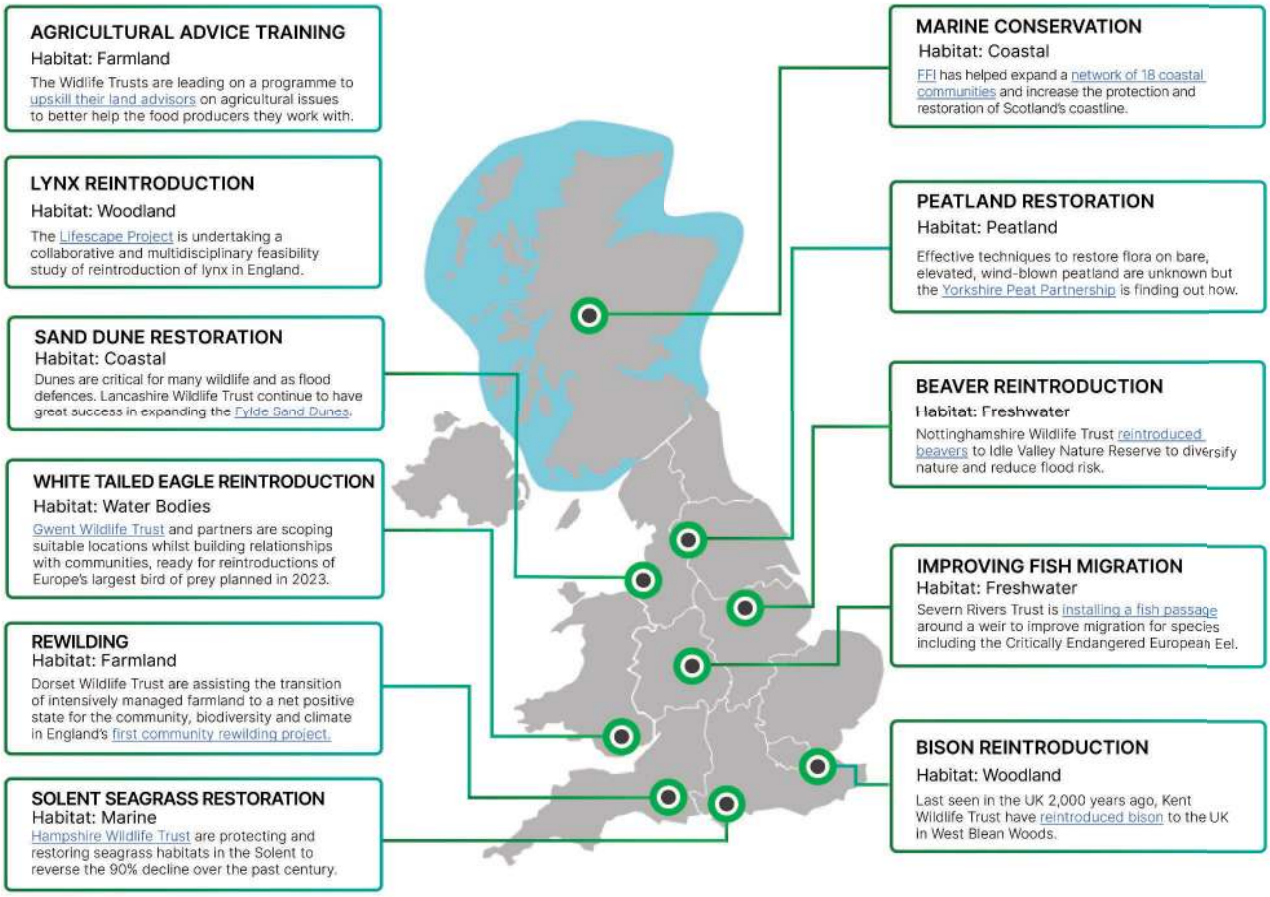
We continue to explore ways to reduce our single use plastic consumption and are exploring recycled personal protective equipment and end of life recycling methods.

Throughout the business, we continue to upgrade our interceptors to recycle rainwater and grey water, and where feasible we are investing in rainwater harvesting infrastructure. We have managed to consolidate the majority of our water contracts to enable tracking and evaluation of water use.

TPA Worksop's rainwater collection tanks able to hold 60,000 litres

NATURE CONSERVATION PROJECTS

Below are the eleven projects which we have sponsored over the past three years.



NATURE CONSERVATION PROJECTS (continued)

"Globally, over half of global GDP relies directly or indirectly on nature, making it the most productive component of our economy." World Economic Forum

To date, the UK has failed to reverse the steep loss of biodiversity with 41% of UK species in decline and one in 10 species threatened with extinction. To do our part, the Group are proud to sponsor some of the best examples of nature conservation projects around the UK each year including the reintroduction of beaver, bison, lynx and eagles and the restoration of seagrass beds, wildflower meadows, sand dunes and peatlands. This year, we are especially proud to have committed support to the training of Wildlife Trust land advisors who, given more than 70% of the UK's land is farmed, have a crucial role in promoting nature alongside our food production to the betterment of both.

To **offset** or not?

Most natural assets, and their resultant social benefits, are undervalued, overexploited and could be best protected through the Group empowering local organisations with direct funding.

Critics have raised valid concerns over the potential overuse of offsets, which could delay the much-needed transition away from fossil fuels. However, we acknowledge that a well-constructed offset portfolio that includes projects with significant biodiversity net gains can be valuable.

Last September, six employees from different divisions of the Group visited the Isle of Arran project site of the coastal conservation project we were supporting around Scotland for rock pooling and beach cleaning.

To maximise colleague involvement with these projects and the wider natural world, we select projects around the whole of the UK to give all colleagues a chance to participate and support with their time. Colleagues do not have to take leave to volunteer on these days.

Kent wildlife Trust

Yorkshire Peat Partnership

ERW Eagle Reintroduction Wales

Durrell

The Wildlife Trusts

Ymddiriedolaeth Natur Gwent Wildlife Trust

The Wildlife Trust for Lancashire Manchester & North Merseyside

Dorset Wildlife Trust

Proud to support Hampshire & Isle of Wight Wildlife Trust

Responsible Business Report

OUR PEOPLE

The 2022/23 year has been a challenging one, but we have continued to make progress in our efforts to create a great place to work, where our people feel valued and have the opportunities to fulfil their potential.

Wellbeing

We are committed to creating an environment that promotes good mental health and where all our people can thrive and feel supported. Further investing in the health and wellbeing of all our people is critical to delivering long-term success. We are therefore continuing to provide Mental Health First Aider training and rolling out our digital learning mental health awareness module to all employees. Through our Essentials of Management Programme, we are equipping our managers to implement our mental wellbeing policy and support employees who are experiencing mental health problems.

We also have begun to install defibrillators and delivering the accompanying training starting with our larger locations.

Systems

Following the investment in our HR and Payroll system, we have continued our programme of digital transformation, removing paper-based processes where possible across the function. We have implemented an automated process with the support of our internal IT Function to link our HR system and new Learning Management System (LMS), enabling timely and accurate updates of people information into the LMS. Future developments will include additional self-service options for our managers, a move to a digital process for the annual pay review, and a streamlined Gender Pay Gap reporting process.

Talent Attraction

Continuing to attract high-calibre new recruits at all levels across our business is key to our future growth and continued success. To further enhance our internal capability in this area, we have created a new role of Talent Acquisition Manager to lead our talent acquisition team. Further investment in maximising our use of LinkedIn and more fully utilising social media are current priorities.

Benefits

We have significantly improved our employee benefits package in the last year, including introducing an employee benefits online portal enabling our people to easily access online discounts and wellbeing solutions. In addition, key salary sacrifice benefits such as a Cycle to Work Scheme and additional holiday purchase.

Development

We have continued to strengthen our Learning and Development resource capability, having created two new roles to facilitate this and accelerate the pace of rollout of our digital learning content, tracking learning and development. Our first two Developing Leaders programme, equipping our managers to effectively lead other managers in the future, have just concluded with very positive feedback.

The Essentials of Management Programme, developed to upskill all Managers across our Group, is now being rolled out in face-to- face sessions with colleagues from all the businesses learning together. The programme sees our people developing their skills, knowledge and behaviours alongside the relevant policies and processes. Our Managers will also benefit from being able to access additional tailored digital learning modules accessed through our recently launched digital learning platform.

We are now in the fifth year of our rotational Group Graduate Scheme, which continues to be a great success, providing an excellent pipeline of young talent for our Group businesses and central functions. The next intake will join in September and spend the next 18 months working in all our businesses and head office department. They will then undertake a business project prior to appointment in a variety of roles across the businesses in the New Year.

The annual recruitment for our Engineering Apprentice intake continues to progress and expand, with 49 new Apprentices being recruited to join our September intake to support our future succession planning across our branch and depot networks. Learners on our first ever Sales Apprenticeship for Sales Managers are successfully nearing completion and learners on our first Management Apprenticeship Programme are continuing to make good progress. We successfully launched our new LGV Apprenticeship, another internal development opportunity for our depot-based colleagues and our first Business Administration Apprenticeship is also in progress.

Inclusion and Diversity

We know that having engaged employees is critical to the long-term success of our business. Being an inclusive organisation is important to us. We are committed to ensuring that everyone is treated with fairness and respect and encourage everyone to develop their skills and fulfill their potential. Whilst we are active in our drive for inclusivity and the progression of diverse talent, we acknowledge we still have a way to go. We are committed to driving positive, sustainable change to improve the experiences and opportunities for under-represented groups. Women are represented at all levels of our organisation. 17% of the Board and 14% of Senior Managers are female. As an equal opportunity employer, we are committed to promoting the same level of opportunities to all.

Workforce by gender*	Male Number	Female Number	Female %
Board of Directors	5	1	17
Senior Managers	86	14	14
Salaried	2,311	442	16

We are conscious of the targets relating to board diversity. Whilst we have not met all of these the Board is committed to supporting and developing a diverse pipeline of candidates for managerial and director roles within the Group.

Retention

We are delighted to have recently introduced a Long Service Recognition Programme, celebrating the valuable contributions of colleagues across the Group with 20, 30 and 40 years' service, and all the intervening years, critical to our business success to date. With c270 employees across the Group participating, this is testament to our ability to retain talent across all our businesses despite the challenges posed by the pressures of the current labour market. We continue to offer our people the opportunity to share in our success through our SAYE Employee share ownership scheme and encourage them to participate. Particularly pleasing despite the current economic situation and cost of living pressures, as at 31 March 2023, approximately 43% (2022: 38%) of our UK employees were participating in the Save As You Earn Scheme.

HEALTH & SAFETY

Excellent health and safety performance is fundamental to our business. It is essential that we provide a safe working environment for our employees and that the equipment we supply to our customers is safe and fit for purpose.

We strive to minimise accidents and dangerous occurrences. We aim to continually improve standards of health and safety within all our businesses and with our customers. The Group sets an overall policy for the management of health and safety. The Chief Executive retains oversight in this area and discusses performance on a regular basis with the individual businesses. He also reports to the Board on overall performance and any more serious incidents that arise.

Operational responsibility lies within the Group's individual businesses which are closest to and best positioned to manage their risks. All businesses, however, have clear policies and procedures and appropriate risk assessment techniques backed by training and clear communication.

Training is focused not only on specific hazards but also the wider obligations of management. These activities are overseen by appropriately qualified and experienced health and safety advisers and are subject to regular audit, both internally and externally.

As noted above Health and Safety performance is monitored at a business level. This incorporates analysis of accidents, near misses and dangerous occurrences. Where accidents, near misses or dangerous occurrences happen these are investigated in order for them to be fully understood and for appropriate action to be taken to minimise the risk of occurrence.

We ended the year with an Accident Frequency Rate of 0.28, representing an increase on our 2022 rate of 0.19.

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.

	2023	2022	2021	2020
Accident frequency rate	0.28	0.19	0.29	0.27

Reportable accidents under the Reporting of Injuries Disease and Dangerous Occurrences regulations 1995 were 16, an increase from prior year (2022: 11).

COMMUNITY

We aim to have a positive impact on communities in which we operate. We actively encourage our teams to support their communities by providing their time and enthusiasm to raise money for local and national charities. In most cases the monies raised by employees are matched by the Group. During the year we donated £85,000 (2022: £61,000) to charities.

BUSINESS RELATIONSHIPS AND ETHICS

The Group has always conducted its business responsibly and ethically. The Group is committed to operating with honesty and integrity, and all employees are expected to maintain these high standards. The standards expected are specified in codes of conduct and group policies to which employees are required to adhere. Some of our policies are based in applicable laws and regulations.

Policies

Anti-bribery policy

The Group has in place an anti- bribery policy, which clearly states a number of obligations for our employees, and is committed to zero – tolerance to acts of bribery and corruption. Each Division is required to update their specific risk assessment each year when business circumstances change.

Competition law policy

We believe that a competitive marketplace benefits both the Group and our customers. Accordingly, we compete vigorously but fairly, acting in full compliance with all applicable Competition Laws and Regulations. We are committed to conducting our business with honesty and integrity, and we expect the same of all employees. Awareness programmes are continually updated and rolled out to our Management teams and employees with potential exposure.

Modern slavery statement

We support the objectives of the Modern Slavery Act and will not tolerate modern slavery or human trafficking within our own supply chain. During the year the Group conducted a further review of its supply chain and published its statement accordingly.

Respect for human rights

We do not maintain a standalone human rights policy. The Group supports and is guided by the Universal Declaration of Human Rights. The Group understands its responsibility to respect the human rights of the communities and workforces with whom it interacts, and employees are expected to behave accordingly.

Sustainable procurement policy (introduced in last financial year)

Vp's approach to sustainable procurement has been formalized, this acts as a guide to internal procurement teams as well as current and prospective suppliers. Vp's objective as a business is to deliver longer term value to our stakeholders whilst embracing our commitment to the highest environmental, social and ethical standards.

Environmental policy

We are acutely aware of our impact on the environment through our business operations. The policy lays out the expected practices recognizing the continual need to adapt to the many moving parts in this area of management and stakeholder engagement.

Climate change policy (introduced in the last financial year)

To complement the Environmental Policy the Group has added a Climate Change Policy in this financial year. Vp plc is aware of the threat to our collective future which climate change poses. As such we have recognized this area as a principal risk to Vp. To support this we felt it necessary to provide more guidance on the Group approach. See page 41 for further information.

Whistleblowing policy

Our whistleblowing policy ensures our employees feel empowered to raise concerns relating to malpractice or wrongdoing through a confidential hotline. In the financial year we have not received any material whistleblowing reports. Where incidents of whistleblowing are reported, there is a process for bringing this to the Board's attention to seek guidance on how to respond.

Responsible Business Report

NON-FINANCIAL INFORMATION STATEMENT

Our Annual Report and Accounts details our approach to environmental, social and employee related matters. The table below outlines where in this report you can find this information and where additional information can be found on our website.

Reporting requirement	Standards and policies that govern our approach
Business model, principal risks and non-financial KPIs	**For the business model,** see p.1 **For principal risks,** see p.39 **For non-financial KPIs** see, p.1, 18, 19, 26
Environmental matters	**Environmental policy,** see above and vpplc.com/responsible-business **Sustainability,** see p.15 **Corporate responsibility,** see p.15
Employees	**Diversity and inclusion policy,** see p.26 **Health safety and wellbeing policy,** see p.26 and vpplc.com/responsible-business **Whistleblowing policy,** see above and vpplc.com/responsible-business **Recruitment and retention of staff,** see p.40 (Risk section) and p.26 **Employee handbook**
Human rights	**Modern slavery statement,** see above and vpplc.com/responsible-business **Corporate responsibility,** see p.15
Social matters	**Sustainability,** see p.15 and vpplc.com/responsible-business **Corporate responsibility,** see p.15 and vpplc.com/responsible-business **Diversity and inclusion policy,** see p.26
Anti-fraud, bribery and corruption	**Anti-bribery policy,** see above and vpplc.com/responsible-business **Competition Law policy,** see above and vpplc.com/responsible-business **Whistleblowing policy,** see above and vpplc.com/responsible-business **Employee handbook**

TASK FORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) DECLARATION

General

The Board recognises global climate change and is committed to ensuring appropriate resources are allocated internally to the management of the many risks and opportunities to our business model and strategy.

In response, the Group has completed a full assessment of the TCFD framework and supporting guidance documents (listed below) including the FRC Thematic review. This report provides a point in time assessment of progress against the framework. The Group will periodically reassess the evolving risks and opportunities and modify our strategy and resultant reporting accordingly.

This year we have provided a greater level of transparency and granularity regarding elements of our sustainability strategy which is intrinsically linked to the overall risk of climate change. The details provided below illustrate the past, present and future elements of this strategy.

The Group has committed to become net-zero emitters of Greenhouse Gases by 2050 at the latest. Our aspiration is to meet this target before that date. In accordance with this ambition the Group completed its scope 3 emissions inventory in the financial year. Many workstreams have been unlocked by completing this milestone including the setting of Science Based Targets which are currently being validated by the Science Based Target Initiative (SBTi).

This section of the annual report covers all statements made by the Group regarding TCFD – it is not covered elsewhere in this report.

Governance

Describe the Board's oversight of climate-related risks and opportunities.

Describe management's role in assessing and managing climate-related risks and opportunities.

Climate change is included in the Group's principal risk statement (see page 41). The Board formally recognised this in the 2022 Annual Report. All principal risk areas are considered by the Board and by applying the Group's risk management processes – more details on these processes are included - see page 38.

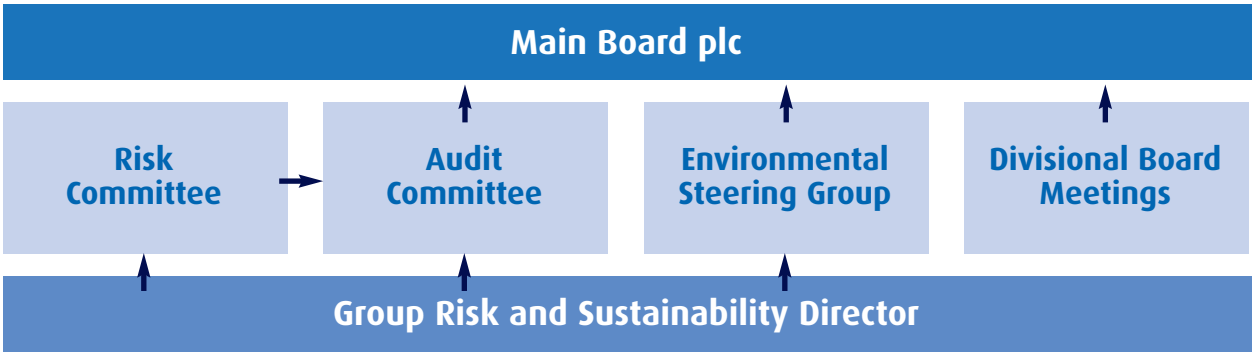
The Board takes responsibility for the management of risks and opportunities arising from climate change. The Board is informed by the Risk Committee and directly from the Chief Executive who chairs our Environmental Steering Group (ESG) which meets at least 4 times per year. In the financial year being reported on the ESG met five times. In the financial year 2023 the Group published a dedicated climate change policy.

In the reporting year the Group appointed a Group Risk and Sustainability Director (GRSD). This role sits on the ESG with selected other senior Directors and Managers from within the Group. With this collected knowledge the ESG supports the Board's climate responsibilities. The Board sets the strategy to ensure climate and sustainability risks and opportunities are being effectively managed – part of this is to consider whether further expertise is required to adequately inform the Board as a collective.

Regular communication is enabled between the ESG and wider management team through senior management meetings. This acts as a two way process:

- To inform management of the overall strategy and their obligations in fulfilling the elements of it; and
- Receiving feedback from the Group's Divisions regarding customer and other stakeholder expectations and requirements.

The below graphic illustrates the pillars of the Governance structure in place at Vp:



The ESG routinely monitors progress with, and redefines, the strategic plan. In the reported financial year the climate change risk register has been updated. The GRSD takes responsibility for this and reports directly to the Board on these matters.

TCFD Area	TCFD Area Description	Vp's Assessment
Governance a)	Board oversight of climate related risks and opportunities (CRRO)	Consistent
Governance b)	Management's role in assessing and managing CRRO	Consistent

Strategy

Describe the climate-related risks and opportunities the organisation has identified in the short, medium and long term.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario.

As described above the Board has ultimate responsibility for setting the strategy to achieve the Group's sustainable intentions. The development of these strategic objectives is informed by a risk and opportunity analysis (which is listed in summary form below).

The key elements of our sustainability strategy are:

- Overall corporate commitment regarding emission reduction – this includes our net zero commitment – which includes near term (as defined by the Science Based Target Initiative) emission targets (2033) and longer term net zero aspirations (2050). The transition plans related to near and long terms targets are under constant review. The ESG is content with the level of change being achieved. Related risk – Enhanced emission reporting. Requirement to comply with legal/regulatory obligations relating to climate change.
- Composition of Vp's hire fleet – Where possible, our divisions are actively investing in transforming our fleet to incorporate more environmentally friendly options, thereby reducing our impact on climate change. This ongoing process is driven by a combination of innovation and demand. A notable example of our commitment is our submission to comply with the Plant Charter, and initiative led by the supply chain sustainability school. Related risk – Customer preference changes.
- Sustainable Procurement - Our scope 3 emissions inventory highlighted where the hotspots are in our value chain. Reducing embodied carbon in the products we procure for hire is the immediate priority. To this end our Sustainable Procurement Group has been active for over a year. Many workstreams have been completed and more specified for prioritisation, for example:
  - Investment in a system to enable robust assessment of suppliers and log the carbon emissions of the products they provide (initial implementation of the system is complete)
  - Development of a sustainable procurement policy (complete)
  - Consideration of the recommendations of ISO 20400 (Sustainable Procurement) - ongoing
  - Transitioning to low carbon supply alternatives (general supply and fleet for hire) – ongoing. Related risk – Transition to a lower carbon operation.
- Work to transition to a low carbon operation. The Group has been successful in gaining accreditation against ISO 50001 – the energy management accreditation. The Group has also consolidated waste and water supply ensuring better data is available to reduce usage. Related risk – transition to a lower carbon operation, customer preference changes.
- Awareness and training – Our Learning and Development module SAP Litmos will be used to deliver key messages to all employees in the Group. Related risk – transition to a lower carbon operation.

The following table highlights the principal risks and opportunities that have been considered by the ESG and Board. This analysis is an intrinsic part of determining our strategy. Areas highlighted as a priority for management are denoted with a (P). The analysis below is built up using our standard risk management model. This assesses risks and opportunities using an impact and likelihood scale. The position of the risk/opportunities on this scale will determine management's approach to mitigation of the risk or pursuing the opportunity.

Within Vp, impact or materiality is assessed using 3 methods – impact on Group profit, impact on reputation and potential disruption to the Group. Likelihood is based on the probability that the risk/ opportunity is to crystallise and over what time scale. The timelines used in our risk analysis are:

2023-2025 Short Term	2026-2030 Medium Term	2031-2050 Long Term

Opportunities	Timelines	Perceived Impact	Response
Transition			
• Changing fleet dynamic to meet customer demand – proactive innovation and reacting to demand **(P)**	ST - Ongoing	Medium	Our Divisional Management teams are continually assessing fleet options through product review groups. Innovation is considered by the Board within the overall strategy for the Group
• Market leadership through development of a sustainable range of products **(P)**	ST - Ongoing	Medium	
• Engaging with technological advancements in our strategy to reduce carbon emissions **(P)**	ST - Ongoing	Low	
• Value engineering of operational processes to consume less energy **(P)**	ST - Ongoing	Low	ISO 50001 challenges the business to achieve demonstrable change in energy consumption
Physical			
• Greater demand for our products related to temperature control and flood relief	ST - Ongoing	Very Low	The Group may experience benefit from increased rental income as climate related issues become more prevalent

Risks	Timelines	Perceived Impact	Response
Transition			
• Customer preferences change and regulatory requirements toughen to hasten the move to a 'cleaner' hire fleet **(P)**	ST - Ongoing	Medium	Our Divisional Management teams are continually assessing fleet options through product review groups. Innovation is considered by the Board within the overall strategy for the Group
• Requirement to comply with legal/ regulatory obligations relating to climate change **(P)**	ST - Ongoing	Low	Our ESG has a standing agenda for horizon scanning
• Transition to a lower carbon operation **(P)**	ST - Ongoing	Low	The varied workstreams agreed by our ESG address this risk. The completion of our scope 3 emissions inventory has unlocked many further areas to focus on. The Board is due to consider whether a formal scenario analysis is required
• Availability of capital	ST - Ongoing	Low	Our CFO is in constant dialogue with our lenders and how our approach to sustainability and climate change could impact on the business
• Enhanced emission reporting	ST - Ongoing	Low	The ESG and Board are comfortable with the concept of completing an emissions inventory, however we are awaiting validation from the SBTi
• Carbon credit pricing	Long term	Low	The Group is focusing efforts on organic reduction in emission values, however is vigilant to carbon credit markets and the potential impact on the business
Physical			
• Flood, extreme heat, fire, water availability, rising sea levels, biodiversity loss	ST - Ongoing	Low	The Board is due to consider whether a formal scenario analysis is required taking into account the geographic footprint of the organisation
• Supply chain continuity risk	ST - Ongoing	Low	The feedback loop within the business is our Sustainable Procurement Group which reports into our ESG. The Group has not reported supply chain issues as at the year-end but will keep this under continual review

Impact assessment

Physical - The Board recognise that the physical risk elements mentioned above are active threats. Some elements have experienced increased prominence in the financial year – heat stress is a good example.

We have overlaid the risk analysis onto our operating model in terms of operating and supply chain locations and reliance on key sites. The initial assessment has rated the residual risk as minor. As at the year end the Group has not completed a formal physical risk assessment linked to varying scenarios of planetary warming.

The Group is currently collecting the required data to facilitate this assessment. In the next financial year the Board will conclude whether a more formal physical risk assessment is required.

Transition - The transition risks are more immediate in timing. The Group continues to assess the impacts but at the time of writing these are considered minor. The greater demand for low carbon products (embodied and operation carbon) has been successfully built into our business planning. The Risk Committee will continue to review this analysis.

TCFD Area	TCFD Area Description	Vp's Assessment
Strategy a)	Risk and Opportunities identified	Consistent
Strategy b)	Impact of Climate Related Risk	Consistent
Strategy c)	Resilience of strategy considering climate related scenarios	Not consistent

Risk Management

Describe the organisation's process for identifying and assessing climate-related risks.

Describe the organisation's process for managing climate-related risks.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

As described in pages 38 to 42, the Group's embedded risk management approach applies equally to climate change as it does to any other area of management. An incumbent part of the Group's risk management process is to horizon scan to assess any changes in the risk environment.

The responsibility for assessing climate risks ultimately falls with the ESG. Significant issues are formally reported to the Risk Committee and the Board to determine the approach taken to achieve appropriate mitigation. The governance structure within Vp is that the Risk Committee is a sub-committee of the Audit Committee.

The Board is routinely made aware of the following information:

- Risks relating to Climate Change and Sustainability matters
- The strategy determined by the ESG
- The progress on key workstreams that support the overall strategy

Our standard risk register model details risk owners and control owners. It is the risk owner's responsibility to ensure that the controls are delivered on a timely basis and continue to mitigate the risk identified. Where owners are multiple and/ or spread across the organisation it is the responsibility of the Group Risk and Sustainability Director to monitor the mitigation. Exceptions will be raised at Risk Committee level.

The effectiveness of our risk management is continually reviewed by our internal audit function who carry out independent review of all principal risk areas and report into our Risk and Audit Committees. Where areas where shortcomings are raised, these will be prioritised for remediation with an action plan raised. During the financial year the Group internal audit function provided a review of the calculation of scope 3 emissions and the issues raised were immediately addressed.

TCFD Area	TCFD Area Description	Vp's Assessment
Risk Management a)	Process for identifying and assessing climate related risks (CRR)	Consistent
Risk Management b)	Management of Climate Related Risk	Consistent
Risk Management c)	Integration of Climate Related Risk management into overall risk management	Consistent

Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The principal metrics the Group calculates and reviews are **Emissions, Waste and Energy** use. The Group has robust processes in place to facilitate the Environmental Steering Group and Board to review metrics which drives the following actions:

- Provision of an indicator of the risk related to a particular part of the business
- Provides a measure of trends
- Provides a measure of achievement (or likely achievement in the case of longer term goals) of our targets to have a positive impact on the environment.

The Group has disclosed some of the above metrics highlighted above in the Responsible Business Report on pages 16 to 24.

Emissions

The Group continues to calculate Scope 1 and 2 emissions and provides a relative measure in relation to Tonnes of CO2e in relation to £m of revenue. The detail is included on page 18 of this report. One significant change the Group made is the purchase of REGO back renewable electricity in 2021. Depending on the stability of supply the Group has committed to increase the purchase of renewable electricity to 100% of electricity purchased by 2030.

Our Scope 3 emissions inventory has been completed as directed by GHG Protocol Technical Guidance. The Group is using a base year of 2022 i.e. year ended March 2022. We have not disclosed these figures in the annual report as the calculations and assumptions are being validated by the SBTi. Along with the scope 3 inventory we have submitted our near term and long term targets to be net carbon zero by 2050. When our inventory and targets have been validated by the SBTi (current expectation is August 2023) the Group will disclose the baseline figures and progress against the SBTi pathway for reducing carbon emissions. The metrics the Group utilises continue to be developed and plans formalised to drive the reductions we are seeking.

Financial Impact

Other metrics used by the Group are change in average cost prices in our capital expenditure, energy consumption and remediation of physical risks (insurance/ repair costs). As part of our annual review none of these cost elements are showing a material impact on the Group's operations or finances. The financial impacts are deemed gradual. As the impact of climate change is felt more acutely and financial impacts are deemed to be increasing it will become possible to provide meaningful quantification.

An example of the gradual change is asset values and useful lives of our hire assets. The Group constantly review this on a Division by Division basis. The Board feel that this review process would trigger any required changes under TCFD.

Targets

The Group's overall target is to be net carbon zero by 2050. Some of our more specific short term targets are detailed on page 17 of the Responsible Business Report.

The Group is currently in the process of consolidating supply in relation to our water use. This will allow the Group to formally set targets.

During the year under review the Group has gained ISO 50001 accreditation. Part of the process of gaining accreditation is to formalise year on year targets for energy consumption reduction. To achieve these targets the Group will need to demonstrate the progress to the ISO auditor at the time of future certification.

Executive Pay

The current remuneration packages for Executives and Senior Management are not linked to climate related metrics. The Remuneration Committee will retain this under review as progress is being made with formalising metrics.

TCFD Area	TCFD Area Description	Vp's Assessment
Metrics and Targets a)	Metrics used by the Organisation	Consistent
Metrics and Targets b)	Scope 1, 2 and 3 emissions	Partially consistent – see compliance statement (page 34)
Metrics and Targets c)	Targets used by the Organisation	Partially consistent – see compliance statement (page 34)

TCFD Compliance Statement – concluding analysis

In knowledge of the extensive assessment undertaken, the view of the Board is that this TCFD statement is not fully consistent with the complete TCFD framework. In its simplest form this refers to the fact that our sustainability strategy has been formally defined but not fully implemented. The Board is committed to be consistent with the TCFD and aim for this to be achieved for year ended March 2025. We have identified the key elements of work to ensure consistency with TCFD and we now are confident we have an appropriate governance structure and resource to achieve this.

Reconciliation of consistency

TCFD Area	TCFD Description	Vp's Current Position	Vp's Roadmap to Consistency
Strategy (c)	Resilience of the organisation's strategy into consideration of different climate related scenarios.	The Group has not completed a formal external physical risk (scenario analysis) assessment incorporating different planetary warming levels.	The Group is preparing data to consult with our advisors to consider materiality levels. The Board to formally decide whether a physical risk assessment is required. This will be based on the perceived risk to the overall business. December 2023.
Metrics and Targets (b)	Scope 3 carbon emissions.	We have submitted our Science Based Targets and Scope 3 inventory to the SBTi. We are awaiting validation.	As soon as these elements are approved by the SBTi the Group will publish for stakeholder review – September 2023.
Metrics and Targets (c)	Targets used by the organisation to manage climate-related risk and opportunities and performance against targets.	Scope 1 and 2 have been reported on pages 17 to 19 of this document. Scope 3 emissions – our Scope 3 inventory and Science Based targets are yet to be validated by the SBTi. Water metrics are being finalised.	Emissions targets will be operational in September 2023. Water targets will be operational by March 2024.

Reference Documents Used

Issuing Body	Guidance Name	Date	How Used
FRC	CRR Thematic review of TCFD disclosures and climate in the financial statements.	July 2022	Advisory on completion of TCFD Statement
TCFD	Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (Annex)	October 2021	Section C - Guidance for all sectors Section F - Fundamental principles for effective disclosure
FCA	Primary Market Technical Note TN 802.1	February 2022	Advisory on completion of TCFD Statement
FCA	Primary Market Bulletin 36	November 2021	Advisory on completion of TCFD Statement

Financial Review

Our strong balance sheet underpins the delivery of sustainable long term value

Chief Financial Officer: Anna Bielby

TRADING PERFORMANCE

The Group has delivered a strong financial performance against a challenging backdrop with Group revenue increasing by 6% to £371.5 million (2022: £350.9 million). Profit before taxation, amortisation, impairment of intangible assets and exceptional items increased to £40.2 million (2022: £38.9 million) with net margins at 10.8% (2022: 11.1%). Statutory profit before tax was £30.7 million (2022: £35.6 million). The return on average capital employed* was 14.4% (2022: 14.5%).

EXCEPTIONAL ITEMS

This year the Group has recorded exceptional items of £5.0 million (2022: £nil). These items have been reported separately due to their size and nature and in order to better understand the underlying performance of the Group. Exceptional items comprise £1.7 million of costs from the Group's terminated formal sale process alongside restructuring costs of £3.3 million, mainly in relation to depot closures across three of the Group's business units.

EARNINGS PER SHARE, DIVIDEND AND SHARES

Adjusted basic earnings per share before amortisation, impairment of intangible assets and exceptional items* increased from 71.2 pence to 79.0 pence. The increase of 7.8 pence includes the impact of a lower effective tax rate in the current year. Basic earnings per share is 58.1 pence (2022: 64.5 pence). The Board has proposed a final dividend of 26.5 pence per share. If approved the full year dividend would increase to 37.5 pence per share with dividend cover of 2.1 times (2022: 2 times) based upon adjusted earnings per share before amortisation, impairment of intangible assets and exceptional items*. At 31 March 2023, 40.2 million shares were in issue of which 609,000 were held by Vp's Employee Trust.

BALANCE SHEET

The Group's balance sheet is set out on page 85.

Total property, plant and equipment increased by £4.9 million to £252.4 million. The movement in the year mainly comprised £66.9 million (2022: £68.0 million) of capital expenditure offset by depreciation of £46.9 million (2022: £45.5 million) and £15.7 million (2022: £10.7 million) of disposals (net book value).

Rental equipment at £220.6 million (2022: £216.6 million) accounts for 87% of property, plant and equipment net book value. Expenditure on equipment for hire was £59.9 million (2022: £59.8 million) and depreciation of rental equipment was £40.9 million (2022: £39.9 million).

Intangible assets are £57.7 million (2022: £62.4 million) and relate to goodwill, customer relationships and trade names.

Days sales outstanding has increased by four from 55 to 59 days as we have seen a slight worsening of the external credit environment. Gross trade debtors were £77.6 million at 31 March 2023 (2022: £72.8 million). Bad debt and credit note provisions totalled £4.6 million (2022: £5.2 million) equivalent to 6% (2022: 7%) of gross debtors. The impairment of trade receivables for the year as a percentage of total revenue was 0.9% (2022: 0.6%).

The Group's defined benefit pension schemes have a net surplus of £2.3 million (2022: £2.7 million) which is recorded as an asset on the balance sheet on the basis that the Company has an unconditional right to a refund of the surplus of its main scheme.

CASH FLOWS AND NET DEBT

The Group's cash flow is shown on page 86. Year end net debt excluding lease liabilities* increased slightly by £3.8 million to £134.4 million.

The Group continues to generate strong cash flows with £80.2 million (2022: £90.4 million) generated from operating activities.

This includes working capital outflow as a result of revenue growth experienced during the year and a slight worsening of the external credit market, particularly in the construction sector.

Cash flows in respect of capital expenditure were £63.3 million (2022: £68.7 million). Proceeds from disposal of assets totalled £24.9 million (2022: £17.8 million), generating a profit on disposal of £9.2 million (2022: £7.0 million). The margin on profit on sale from disposals of fleet assets at 37% (2022: 40%) continues to demonstrate effective asset management.

*These measures are explained and reconciled in the Alternative Performance Measures section on page 129.

Net interest outflows, excluding IFRS 16 interest, for the year were £5.4 million (2022: £4.5 million). This additional cost was largely due to the increase in SONIA in the second half of the year. Interest cover before amortisation was 8.3 times (2022: 10.1 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.44 (2022: 1.43); both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3 times and lower than 2.5 times respectively. Net interest expense including IFRS 16 was £8.6 million (2022: £7.4 million). Cash tax was £5.5 million (2022: £6.3 million).

Dividend payments to shareholders totalled £14.5 million (2022: £14.1 million), and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £1.1 million (2022: £0.5 million).

CAPITAL STRUCTURE

The Group finances its operations through a combination of shareholders' funds, bank borrowings and 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.

At the year end date, the Group had £183.0 million debt capacity (2022: £183.0 million) comprising £90 million committed revolving credit facilities and £93 million private placement agreements. At 31 March 2023 £146 million of the facilities were drawn down (2022: £145 million). In addition to the committed facilities, the Group's net overdraft facility at the year end was £7.5 million (2022: £7.5 million). These facilities were with NatWest Bank, HSBC Bank plc and PGIM, Inc. Borrowings under the Group's bank facilities are priced on the basis of SONIA plus a margin. The interest rate margin is linked to the net debt to EBITDA leverage of the Group. The Group also has a £20.0 million uncommitted accordion facility.

The Group's revolving credit facility is due to expire in June 2024 and positive preliminary conversations have been held with our lenders. We anticipate the refinance of the Group's facilities in advance of the Group's interim results announcement in November 2023.

The Board has evaluated the facilities and covenants on the basis of the 2024/25 long term forecasts, which has been prepared taking into account the current economic climate, together with a severe but plausible downside scenario. All scenarios retain adequate headroom against borrowing facilities and fall within existing covenants.

This evaluation, alongside the anticipated bank facility renewal, gives the Directors confidence that the Group has adequate resources to continue in operation for the foreseeable future. Refer to further discussion regarding going concern within the Directors' Report on page 72.

TREASURY

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating debt. The fixed element of borrowings was £93.0 million which was 69% of net debt excluding lease liabilities during the year.

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. During the year the Group has not had any foreign exchange hedges.

TAXATION

The overall tax charge for the year was £7.7 million (2022: £10.1 million). This represents an effective rate of 25.1% (2022: 28.3%). In both years, the rate is higher than the statutory rate in the UK of 19%, principally as a result of the re-measurement of deferred tax liabilities reflecting the forthcoming change in corporation tax rates alongside certain expenses not deductible for tax. A more detailed reconciliation of factors affecting the tax charge is shown in note 8 to the Financial Statements.

Anna Bielby
Chief Financial Officer
6 June 2023

Viability Statement

The Directors have assessed the viability of the Group.

In accordance with the Corporate Governance Code, the Board has assessed the viability of the Group over the two-year period to 31 March 2025. The Board believes this period to be appropriate as the Group's detailed plan encompasses this period.

Process and scenarios considered

The Group's detailed plan considers the profit and loss, balance sheet, cashflows, debt and other key financial ratios over a two-year forward-looking period. Compliance with existing covenant arrangements and headroom to borrowing facilities are also assessed.

The detailed plan has been subjected to sensitivity analysis in which a number of the main underlying assumptions are adjusted and tested to consider alternative risk-based scenarios. The plan has been stress tested to take into account severe but plausible scenarios which are aligned to the Group's risk appetite and principal risks as documented on pages 39 to 42.

These scenarios include consideration of market risk arising from the impact of a downturn in economic activity. The modelling is at least as severe as the most recent financial downturn and more severe than the financial year 2020-21 which included two full lockdowns in our major regions.

The Board has also considered the availability of the Group's borrowing facilities which have a range of maturity dates, the earliest of which is June 2024.

While it is impossible to foresee all risks (or take into account risks which are currently immaterial but could turn out to be significant), mitigating activities could be performed, for example reducing capital expenditure or discretionary spend.

In the most severe scenario modelled, the test indicates that the Group has sufficient headroom in its borrowing facilities and would not breach any of the associated covenants. Details of the Group's financing arrangements can be found in Note 16.

Renewal of borrowing facility

As a portion of the Group's borrowing facilities expire in June 2024, the Board has considered the options available for refinancing this as required. The Board has determined that there are sufficient options available to refinance this portion of the facilities such that this does not affect the viability of the Group.

Viability statement

Having assessed the current position of the Group, its prospects and principal risks and taking into account the assumptions above, the Board has determined that it has a reasonable expectation that the Group is financially sound and stable and therefore will be able to continue in operation and meet its liabilities as they fall due over a period of two years from 1 April 2023.

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 and overseeing 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 RESOURCES

During the financial year the Group has made a structural change which aims to further improve the risk management processes in the Group. Previously under the wider banner of Group internal audit sat some responsibility to design and upkeep the risk management processes in the Group. Earlier this year the Board decided to separate internal audit and risk management, in so doing providing dedicated resource to both areas. The recently appointed Group Risk Director takes responsibility for designing and implementing appropriate risk management processes with direct reporting to the Board. The Board feel that the revised approach is an important step to ensure the Group is managing risk in a way that provides clear support to the achievement of Group and Divisional objectives.

PROCESS OF MANAGEMENT

The Group has an established risk management strategy in place. At present the Board regularly reviews divisional and departmental risk registers as well as the summary risk registers used at Board level – covering Strategic, Reputational and Fraud and Loss risk.

All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. Within the last financial year, the Group internal audit department has completed targeted assurance reviews across all departments and divisions. The engagements are selected on a risk based approach. Internal audit and other assurance programmes are designed to inform the overall risk management process.

A risk register is prepared as part of all major projects the Group undertakes. This will include work to deliver change programmes, major investment due diligence programmes (acquisitions and major fleet investments) and adherence with changing regulation.

REFINEMENT OF THE RISK MANAGEMENT PROCESS

The Board considers the current processes fit for purpose. To this end the Board has signed off the Effectiveness of Internal Control and Risk Management completed for the Year Ended March 2023.

The appointment of the Group Risk & Sustainability Director mentioned above will further strengthen governance in this area. The Board look forward to considering the plans initially identified. At high level these plans will provide formality in these areas:

- Convening a regular Risk Committee meeting
- Communication of risk appetite
- Consultation with the management teams regarding re-focusing the risk registers.

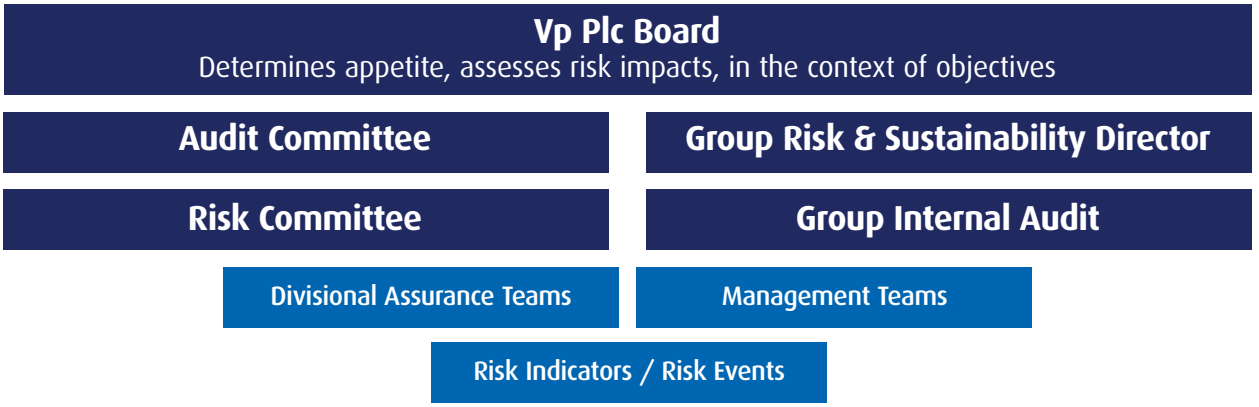
RISK ASSURANCE

The Board considers the following measures have provided the necessary assurance that risks are being adequately assessed and managed.

- The Divisional Board meetings held in May each year ensure that the Divisional teams are duly considering risk. The Divisional MDs are required to report on the risk management process, new risks identified and the effectiveness of internal control.
- Regular Divisional reports give information provided by second line assurance providers such as Divisional compliance teams.
- Risk registers are reviewed by Group internal audit at the start (to facilitate the planning process) and at the end of each internal audit project. A post audit risk rating is agreed with management.
- Group Internal Audit team continues to be engaged in ad-hoc consultative work, supporting new risk areas and areas of change across the Group. In 2022/23, the Group internal audit team continued to provide enhanced risk management indicators and exception reporting. This supports the business in continually monitoring the effectiveness of key controls.

RISK MANAGEMENT GOVERNANCE

The diagram below summarises the layers the Group utilises to ensure risk management is robust.



Principal Risks and Emerging Risk Areas

The Board has completed its assessment of the Group's principal and emerging risks. Shown below are 10 principal risk areas. For this reporting period we have provided further detail on how we monitor each risk area.

As flagged last year, Climate Change risk is growing in prominence and requires a clear mitigation plan. We are pleased to report a clearer indication of how we are managing this risk.

The Board has formally added IT Resilience as a new principal risk for this report. Our IT And Risk functions work closely together to ensure our mitigation strategy fits our business and the systems we use in the delivery of our internal and external services.

RISK DESCRIPTION	MITIGATION	HOW RISK IS MONITORED	CHANGE FROM 2022
Market risk An economic downturn (as a result of economic cycles, political or global related uncertainty) could result in worse than expected performance of the business due to lower activity levels or prices.	The Group 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.	• The Board monitors the revenue activity and economic trends closely. Many aspects of our business are linked to the construction sector therefore long range trends are under regular review. • Revenue is analysed by market segment and group customer analysis is completed. • The principal risk lead indicator reporting considers many market metrics relevant to our business.	↑
Competition The equipment rental market is already competitive and could become more so, impacting market share, revenues and margins.	The Group 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.	• Competitive forces and competitive actions are experienced daily by our Divisional Management teams. Key issues are brought to the Divisional Board meetings which the Executive Board attend. The Main Board will discuss some elements of these key issues.	→
Investment/Fleet Management In order to grow it is essential the Group obtains first class products at attractive prices and keeps them well maintained.	The Group has well established processes to manage its fleet from investment decision to disposal. The Group's return on average capital employed was 14.4% (2022: 14.5%) in 2023. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies.	• Return on capital employed is a key measure in our business and review of this metric will drive business decisions. • The Board receives data on disposal proceeds and margins which informs whether depreciation rates remain suitable. • Individual investments will be subject to review throughout their lifecycle.	→

Principal Risks and Emerging Risk Areas

RISK DESCRIPTION	MITIGATION	HOW RISK IS MONITORED	CHANGE FROM 2022
People Retaining and attracting the best people is key to our aim of exceeding customer expectations and enhancing shareholder value.	Vp offers well structured reward and benefit packages, and nurtures a positive working environment. We also try to ensure our people fulfil their potential to the benefit of both the individual and the Group, by providing appropriate career advancement and training.	• Routine reporting is provided on vacancy levels, employee turnover by role, sickness. This is provided for each Division and at Group level. • Training hours will be monitored from Learning and Development systems SAP Litmos.	↑
Safety The Group operates in industries where safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.	The Group has robust health and safety policies and management systems. Our induction and training programmes reinforce these policies. We have compliance teams in each division. We provide support to our customers exercising their responsibility to their own workforces when using our equipment.	• Data from our internal compliance teams and external H&S consultants is tabled at all Divisional and Main Board meetings • All of our trading locations are audited twice per year. Trend and root cause analysis is completed on the results generated • Group Internal Audit will include safety matters in the scope of their audits and provide further insight to the Board.	→
Financial Risks To develop the business Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.	• The Group currently has borrowing facilities of £190.5 million and strong relationships with all lenders. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, and EBITDA, which allows us to invest in opportunities. • The Group continues to generate strong cash flows and net debt increased modestly by £3.8 million from £130.6 million at 31 March 2022 to £134.4 million at 31 March 2023 after funding fleet investment of £59.9 million. Management are in regular dialogue with our lenders who continue to express their commitment to the business. • Our treasury policy requires a significant proportion of debt to be at fixed interest rates and we facilitate this through fixed interest borrowings. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days were 59 days (2022: 55 days) and bad debts as a percentage of revenue remained low at 0.9% (2022: 0.6%)	• Daily cash reporting forms the lowest level indicator of our liquidity situation. At higher level the Board will consider total facility, headroom and cash generation trends. • Debtor days by Division is monitored and negative trends are addressed with customers. • Proactive engagement with our lenders in advance of renewal dates.	↑

Principal Risks and Emerging Risk Areas

RISK DESCRIPTION	MITIGATION	HOW RISK IS MONITORED	CHANGE FROM 2022
Contractual Risk Ensuring that the Group commits to appropriate contractual terms is essential; commitment to inappropriate terms may expose the Group to financial and reputational damage.	The Group mainly engages in supply only contracts. The majority of the Group's hire contracts are governed by the hire industry standard terms and conditions. Vp has robust procedures for managing non standard contractual obligations.	• Our internal procedures flag where contractual requests require further diligence and sign off. • Group Internal Audit will include review of contractual matters in the scope of their audits and provide further insight to the Board.	→
Legal and Regulatory Requirements Failure to comply with legal or regulatory obligations culminating in financial penalty and/or reputational damage.	The Group mitigates this risk utilising: • Specialist Project Committees with ongoing responsibility to review key compliance areas and investigate breaches and non-conformance. • Assurance routines from Group Internal Audit and External Auditors. • Comprehensive training and awareness programmes rolled out to wider business (including Modern Slavery, Competition Law, Bribery and Corruption) by representatives from Group Finance, HR, Group Internal Audit and IT. Many of these programmes are completed using our preferred online training portals. • Established whistleblowing policy circulated to all employees. • Use of legal advisers where required.	• The Risk Committee will provide intelligence to the Audit Committee and Main Board of current regulatory requirements as well as horizon scanning for impending changes relevant to the Group	↑
Climate Change The effects of climate change and the transition to a lower carbon economy could lead to increasing levels of regulation and demands on the business from customers, employees and shareholders. Changes in weather patterns may increase the likelihood of disruption to our business, although this is considered minimal at this stage.	The Group has formally declared its intention to be net carbon zero by 2050 at the latest. This declaration is part of a wider body of work in relation to the quantifying and ultimately reducing the environmental impact of the Group's operations. We have completed our Scope 3 emissions inventory, this has unlocked many workstreams to reduce our carbon emissions. We have submitted our Science-Based Targets to the Science-Based Targets Initiative for validation.	• Our emissions inventory is the most basic indicator of the impact our business has on climate change. The Group now has targets in emission reduction which have been submitted to the Science Based Target Initiative. • Energy use and water consumption are key metrics which we are working on to allow prioritisation in our approach. • Environmental Steering Group considers information and data from sub-committees.	↑

Principal Risks and Emerging Risk Areas

RISK DESCRIPTION	MITIGATION	HOW RISK IS MONITORED	CHANGE FROM 2022
IT Resilience As is the case with most businesses, the Group is reliant on the consistent availability of its IT systems and security of key systems. Disruption to, or failure of, our principle systems could result in significant disruption to our business, potentially leading to reputation and financial loss The Group continues to develop existing systems and introduce new software packages. As such cyber and data risks have become an area of increased focus and controls are constantly evolving.	This area is being led by our Group IT Director supported by our IT Technical and development teams. Where appropriate consultancy is provided by trusted third parties who understand and validate the level of risk the Group faces in its various processes, systems and interfaces. The Group has tested continuity plans in place and reviews learnings on an ongoing basis. Employee awareness continues and is being enhanced to ensure it remains relevant and meaningful with the added ability for easier and more timely delivery to all users. The Group has achieved Cyber Essentials and Cyber Essentials Plus.	• System downtime is reported to the Divisions and at Group level. • Instances of reported incidents are considered for severity, root cause and corrective actions required. • The Group has an IT Steering Group, resourced by appropriately skilled individuals to consider risk and advise on mitigating actions in accordance with risk appetite.	↑

↓ Decreased risk ↑ Increased risk → No change ↔ Not yet determined

STRATEGIC REPORT

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

Neil Stothard
Chief Executive
6 June 2023

The Board

Jeremy Pilkington BA (Hons)
Chairman

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

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

Committee membership
Chairman of the Nomination Committee.

Neil Stothard MA, FCA
Chief Executive

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

Experience
Neil previously held Finance Director roles in the business travel management and logistics sectors.

Committee membership
None

Anna Bielby FCA
Chief Financial Officer

Appointment
Appointed to the Board as Chief Financial Officer in January 2023.

Experience
Anna was previously Chief Financial Officer at KCOM Group PLC and Lookers plc. Prior to that she was a Director at PwC.

Committee membership
None

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.

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

Mark Bottomley BSC, FCA
Non-executive Director

Appointment
Appointed to the Board in January 2023.

Experience
Chief Financial Officer of Cranswick plc and previous senior finance roles in the food production industry.

Committee membership
Member of the Audit, Remuneration and Nomination Committees.

Stuart Watson BA, FCA
Non-executive Director

Appointment
Appointed to the Board in January 2023.

Experience
Stuart retired as a senior partner in EY in 2017. He is a non-executive Director and Audit Committee Chair of both the Humber and North Yorkshire Integrated Care board and Flowtech Fluidpower plc.

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

INTRODUCTION FROM THE CHAIRMAN

The Board is responsible and accountable to its shareholders and stakeholders for the activities and is responsible for the effectiveness of the Group's corporate governance.

The values and ethical standards of the Group are based upon principles of fairness, integrity and mutual respect and the Board seeks to promote and exemplify these values in discharging it's responsibilities. These principles are both ethically based and we believe are commercially central to delivering our strategic and growth objectives and the long term success of the Group.

The Corporate Governance Report is set out on pages 44 to 73 and includes the Directors' Remuneration Report on pages 55 to 69. This section of the annual report covers how we manage the Group and how we comply with the provisions of the UK Corporate Governance Code. The Group continues to maintain and review its systems, processes and policies to support its governance practices.

The Board reports that throughout the year the Company complied with the provisions of the UK Corporate Governance Code as applicable to a small market capitalisation company with the following exceptions:

- Stephen Rogers had served as a non-executive Director for more than nine years before his retirement from the Board on 31 December 2022.
- Phil White has served as a non-executive Director for more than nine years. The Group has recently appointed two new non-executive Directors and Phil White is assisting in the orderly transition of the Board.
- Jeremy Pilkington, in his role as Chairman, is an Executive Director and as such not considered independent. In addition he has served more than nine years as Chairman to retain corporate memory and important relationships. Therefore, it is valuable to retain Jeremy's services in a strategic capacity.
- Two of the Group's executive Directors receive pension contributions of 15% of base salary. The Board recognizes this is not in line with provision 38 as it is not in line with the wider workforce. In line with the Group's Remuneration Policy, Anna Bielby joined the Board in January 2023 with a lower pension contribution of 10%.
- The Group is not compliant with provisions 40 and 41 in respect of formally promoting effective engagement with its workforce. Workforce engagement does occur, throughout the year, though this is informal in nature. The methods of engaging with our workforce are set out on page 25 in the Responsible Business Report this is led by our Chief Executive Officer, Neil Stothard.

This report and the following reports of the committees describe the structures, processes and events through which compliance is achieved.

CORPORATE GOVERNANCE

Board structure

During the year the composition of the Board changed. Until 31 December 2022 the Board comprised two executive Directors, two non-executive Directors and the executive chairman. Following the retirement of Stephen Rogers the subsequent appointment of Stuart Watson and Mark Bottomley, the Board now includes three non-executive Directors, with Anna Bielby replacing the retiring Allison Bainbridge.

All Directors are subject to annual re-election by shareholders at the Group's AGM. Details of the Group's Directors are provided on page 43.

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 strategic agenda for the Group.

The 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.

The role of the non-executive Directors is to provide independent and considered advice to the Board in matters of strategy, risk and performance, whilst providing governance oversight through operation of the Board's committees.

The Board is satisfied that all non-executive Directors are independent and that there are no circumstances or relationships that may affect judgements.

Length of service of Directors	
	31 March 2023
Less than one year	3
One to nine years	1
More than nine years	2

Balance of Directors	
	31 March 2023
Gender	
Male	5
Female	1

Balance of Directors	
	31 March 2023
Role	
Executive Chairman	1
Executives	2
Non executives	3

Each Director is required, in accordance with the Companies Act 2006, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they may arise. Where such conflict, or potential conflict arises the Board is empowered under the Company's articles of association to consider and authorise such conflicts as appropriate and subject to such terms as they think fit. No such conflict arose during the year under review.

Any term of a non-executive Director beyond nine years is reviewed. Stephen Rogers has served for longer than this before his retirement on 31 December 2022. Phil White has also served as a non-executive Director for more than nine years. The Board feels strongly that Phil's continued presence on the Board serves as a valuable short term continuity. The Group has recently appointed two new non-executive Directors and Phil White will step down from the Board in due course once an orderly transition has been effected.

Our non-executive Directors are 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.

The Board is assisted by the Audit, Remuneration and Nomination Committees. Separate reports from these Committees can be found on pages 48 to 54. The Chair of each committee provides regular updates at Board meetings.

Board meetings and operation

The Board's agenda seeks to achieve a balance between review of performance, the development of strategy, the adoption of appropriate corporate policies and the management of risk, regulatory and ESG obligations.

The Board has a clearly documented schedule of matters reserved for its approval including:

- Strategy,
- Group results and the annual report and accounts,
- Significant market announcements,
- Dividends and dividend policy
- Annual budgets and business plan,
- Major capital expenditure, significant investments or disposals,
- Environmental, Social and Governance
- Review of internal control and risk management,
- Treasury policy.

In certain areas, specific responsibility is delegated to committees of the Board within defined terms of reference.

Matters falling outside of the Board's reserved list are delegated to the Divisional Management under the direction of the Chief Executive; responsibilities are delegated further to the Group's business segments and in turn within each business.

A system of delegated authorities whereby the incurring of expenditure and assumption of contractual commitments can only be approved by specified individuals and within predefined limits is in place throughout the Group.

Detailed papers are made available in advance of meetings in support of relevant agenda items. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and is available to assist Directors generally as well as advising on matters of corporate governance.

The Company Secretary is also the Chief Financial Officer. 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.

The Board had eight scheduled meetings during the year, but also met on other occasions as required by specific activities.

	Board	Audit	Remuneration	Nomination
Number of meetings held	8	3	1	1
Executive Directors				
Jeremy Pilkington	8	-	-	1
Neil Stothard	8	-	-	-
Allison Bainbridge	6	-	-	-
Anna Bielby	2	-	-	-
Non-executive Directors				
Stephen Rogers	6	3	1	1
Phil White	8	3	1	1
Stuart Watson	2	-	-	-
Mark Bottomley	2	-	-	-

Allison Bainbridge and Stephen Rogers retired on 31 December 2022. Anna Bielby was appointed as Chief Financial Officer on 1 January 2023 and two new non-executive Directors, Stuart Watson and Mark Bottomley were appointed on 3 January 2023.

Whilst Jeremy Pilkington, Neil Stothard and Anna Bielby (from 1 January 2023, Allison Bainbridge to 31 December 2022) are not members of the Audit Committee, they did attend all meetings; they also attended, as appropriate, Remuneration and Nomination Committee meetings.

During the year the non-executive Directors met with the Chairman without the executive Directors present and the non-executives met without the Chairman present.

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

Appointments to the Board

The Nominations Committee is chaired by the Company's Chairman, Jeremy Pilkington, supported by the Group's non-executive Directors. The Nomination Committee meets as required to consider succession planning to ensure that appointments to Board roles are made after due consideration of the skills, knowledge and experience of the potential candidates. The Report of the Nomination Committee is shown on page 48.

The Group's policy on diversity is set out on page 26 in the Strategic Report.

Training and induction

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.

Advice is available from the Company's solicitors, auditors and brokers as required. There is an agreed procedure for Directors to take independent professional advice at the Company's expense. Updates are provided on key technical issues as required including those relating to corporate governance.

Performance evaluation

The Board undertakes an annual appraisal of its performance. During 2022 an internal evaluation of Board performance was undertaken, whereby the Company's Directors were asked to rate various areas of Board and committee activity and to raise any areas of concern and suggestions. No areas of material concern were highlighted during this year's review.

Annual Review

The Board retains overall responsibility for setting the Group's risk appetite as well as risk management and internal control systems.

A detailed report regarding the Group's systems of risk management and internal controls is prepared annually. Having reviewed and discussed this report the Board is satisfied that these systems and processes are effective. The principal risks to which the Group is exposed and the measures to mitigate such risks are described on pages 39 to 42.

The respective responsibilities of the Directors and the independent auditors in connection with the accounts are explained on page 73 and the statement of the Directors in respect of going concern appears on page 72. The Group's viability statement is set out on page 37.

SECTION 172 AND STAKEHOLDER ENGAGEMENT

The requirements of Section 172 and how they have been met are set out in the table below. Directors of the Company act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to:

S172 REQUIREMENTS	ACTIONS TAKEN BY THE BOARD
the likely consequences of any decisions in the long term	Annual process to determine current and medium term priorities and set two year financial plan
the interests of the Company's employees	Health, safety and wellbeing of employees a priority Refer to pages 25 and 26 of Responsible Business Report Neil Stothard, Chief Executive, is the Director with designated responsibility for workforce engagement
the need to foster the Company's business relationships with suppliers, customers and others	Refer to Business Review pages 8 to 14
the impact of the Company's operations on the community and environment	The Board receives monthly updates on health, safety and wellbeing of our employees Group activities aligned to targeted UN sustainability goals (pages 15 to 34)
the desirability of the Company for maintaining a reputation of high standards of business conduct	See Responsible Business Report page 27
the need to act fairly as between members of the Company	Annual Report available online and sent to shareholders on request AGM open to all investors and questions to the Board welcomed Receiving reports from sector analysts to ensure that the Board maintains an understanding of investors' priorities Regular trading updates Presentations to new investors Half year and full year results presentations and investor meetings

Nomination Committee

Chairman of the Nomination Committee: Jeremy Pilkington

Dear Shareholders

As Chairman of the Nomination Committee I am pleased to report on the work of the Committee in recommending changes to the Board during the year.

Background

The role of the Nomination Committee is to establish a framework for appointment of Executive and non-executive Directors.

The Nomination Committee meets as required to assist the Board in considering the skills, knowledge, independence, diversity and experience requirements of the Board, ensuring its size, structure and composition is reviewed and refreshed as required.

The Committee also 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 26 in the Strategic Report.

Membership and Meetings

In addition to my role as Chairman, the Committee includes the Group's non-executive Directors.

The Committee met once during the year in order to discuss the succession of the Group's previous Group Finance Director, Allison Bainbridge alongside the appointment of a new non-executive Director following the retirement of Stephen Rogers, which was signalled in our Annual Report and Accounts for the year ended 31 March 2022.

Appointment of Directors

During the year, appointments were facilitated principally through personal recommendation.

Anna Bielby was appointed as Chief Financial Officer following meetings held with each member of the Board. The Committee discussed the merits of the candidate and it was agreed that she would be appointed to the Board.

Meetings were also held with Stuart Watson and Mark Bottomley as potential successors to Stephen Rogers. Each candidate was considered to be strong and, as a result, the Committee recommended the appointment of both to the Board, increasing the number of non-executive Directors to three. It was further agreed that Stuart Watson be recommended to the Board to take on the role of Chair of Audit Committee.

Shareholders are asked to vote annually in resolutions proposing each Director for re-election at the Annual General Meeting.

Jeremy Pilkington
Chairman of the Nomination Committee
6 June 2023

Audit Committee Report

Stuart Watson

STATEMENT FROM STUART WATSON, CHAIRMAN OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year ended 31 March 2023. Stephen Rogers was the Audit Committee Chair until he retired from the Board on 31 December 2022. I was appointed as a non-executive Director and Audit Committee Chair on 3 January 2023. On behalf of the Committee I should like to place on record our thanks for all of his hard work as Chair.

MAIN RESPONSIBILITIES OF THE COMMITTEE

The Audit Committee provides an independent overview of the effectiveness of the financial reporting process and internal financial control systems including:

- Reviewing the financial statements of the Group, including its annual and interim reports, trading updates and preliminary results announcements, reporting to the Board on the significant issues considered by the Committee in relation to the financial statements and how these were addressed,
- Advising the Board in relation to whether the Annual Report is fair, balanced and understandable,
- Keep under review the Group's internal financial controls and risk management systems, including arrangements for whistleblowing and the detection of fraud and error,
- Monitor and review the scope, remit and effectiveness of the Group's internal audit function,
- Consider and recommend to the Board the appointment, reappointment and remuneration of the external auditors, including considering tendering the external audit appointment,
- Assessing the scope and results of the annual external audit and reporting to the Board on the effectiveness of the audit and the independence and objectivity of the auditors,
- Reviewing significant legal and regulatory matters,
- Reporting to the Board on how the Committee has discharged its responsibilities.

MEMBERSHIP AND MEETINGS

Stephen Rogers chaired the Committee until 31 December 2022 when he retired as Director. Phil White has been a member of the Committee throughout the year. Mark Bottomley and I joined the Committee on 3 January 2023 when I also became the Committee Chair. Invitations to attend our meetings, in whole or in part, are also extended to the Chairman and Executive Directors and representatives from internal and external auditors.

The Committee met 3 times during the year. Since the year end we have met once. Meetings with internal and external auditors without management present are held at least once a year.

The Committee is authorised to seek outside legal or other independent advice as it sees fit, but has not done so during the year.

The qualifications of the Committee members are outlined in the Directors' biographies on page 43. The Board is satisfied that the Committee as a whole has recent and relevant financial experience as required by the Code. The effectiveness of the Committee in fulfilling its remit was considered by the Board as part of the most recent evaluation of its performance.

ACTIVITIES UNDERTAKEN DURING THE YEAR

The activities undertaken included:

- Reviewed PwC's audit strategy and plan for the audit of the year ended 31 March 2023, including materiality and areas of particular audit focus,
- Agreed the PwC audit engagement letter and the statutory audit fee for the year ended 31 March 2023,
- Confirmed the independence of the external auditors and assessed the effectiveness of their work,
- Reviewed and discussed the report from PwC setting out their comments and findings arising from their audit,
- Reviewed and discussed the financial statements and considered management's significant accounting judgements and policies being applied,
- Reviewed the basis for preparing the financial statements as a going concern and the viability statement included in the financial statements, and recommending them to the Board,
- Assessed the Annual Report for the year ended 31 March 2023 and recommended it to the Board as being fair, balanced and understandable,
- Considered the findings of Group internal audit and the management response to their findings,
- Reviewed and approved the Group internal audit plan for the year to 31 March 2023,

- Reviewed the effectiveness of the risk management and internal control systems and recommended to the Board that they be considered effective,
- Undertook the annual review of the effectiveness of the Audit Committee,
- During the year the Group received a letter from the FCA in relation to its review of the Group's TCFD aligned climate-related disclosures for the year ended 31 March 2022. The FCA has concluded its review and does not intend to take action in relation to the specific matters raised. We have reflected on the feedback, which has been taken into account in finalizing the TCFD statement on pages 29 to 34.
- We also received a letter from the FRC in relation to its review of the Group's interim report for the six months ended 30 September 2022 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. This review was limited in its nature. Based on this review, no questions or queries were raised. Again we have reflected on the comments made in the letter and will take them into account in preparing our interim results for the six months ending 30 September 2023.

SIGNIFICANT ACCOUNTING ISSUES

In respect of the year to 31 March 2023, the following significant issues were reviewed.

Going concern

The basis for adopting the going concern assumption in the financial statements is discussed on page 72 of this report. The Committee in particular noted that bank facilities of £90 million, representing 49% of the Group's facilities, are due to expire in June 2024. Whilst this is 12 months beyond the date of approving these financial statements, this is a key aspect of the going concern review. The Committee therefore reviewed management's paper on continuing compliance with all the terms of that facility and their judgement that these facilities will be renewed in advance of that date. This enabled us to recommend the continued adoption of the going concern assumption in the financial statements.

Existence and valuation of rental equipment

The Group holds a significant quantum and carrying amount of rental equipment. Management carry out fleet checks to confirm the existence of the rental fleet. We have reviewed management's judgement in estimating the useful economic lives, residual values and any impairment of rental assets.

Intangible assets - goodwill

The Group's intangible assets include £44.6 million of goodwill. This goodwill is not amortised but is subject to an annual impairment test. We have considered the appropriateness of the assumptions and estimates used by management in assessing the carrying value of goodwill. More information is available in Note 10.

FAIR BALANCED AND UNDERSTANDABLE VIEWS

The Committee reported to the Board its conclusion that the Report and Accounts for the year ended 31 March 2023, taken as a whole, is fair, balanced and understandable.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the overall system of internal controls for the Group and for reviewing its effectiveness. The responsibilities and processes in respect of risk management are described on page 38. The Committee has reviewed the process for identifying, evaluating and managing significant risk faced by the Group. Risk management reports for each of the divisions, as reviewed also by Group internal audit, were submitted for review to the Audit Committee. The reports highlighted risks and mitigating controls. The Committee also considered the risk tolerance levels that the Group is prepared to accept in the course of carrying out its business.

The Committee monitored and reviewed the Group's internal control systems, accounting policies and practices, risk management procedures and compliance controls. Internal control systems are designed to manage rather than eliminate business risk. They provide reasonable but not absolute assurance against material misstatement or loss. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group.

The Committee also reviews the Group's whistleblowing policy. There have been no whistleblowing reports which required changes in the control environment during the year.

The Committee has concluded that the Group continues to operate a well designed and effective system of internal controls.

Audit Committee Report

GROUP INTERNAL AUDIT

The Group internal audit function provides assurance that the Group's system of internal control is effective and appropriate to the level of risk facing the Group.

The Group internal audit plan is considered and approved at set intervals by the Committee. The current plan runs from 2023 to 2025, with facility to engage with emerging and new risks as required. In reviewing the proposed plan the Committee considers the Group's strategic priorities, specific initiatives which could impact the business and the Group's risk register. The Committee assess the appropriateness of the Group internal audit plan and the resourcing of the Group internal audit function to deliver it. Progress against the plan is assessed at each Committee meeting.

During the year the current and former Chairman of the Committee met with the head of Group internal audit twice, to discuss completed projects and issues arising. The head of Group internal audit attended each audit committee meeting and presented Group internal audit reports. The Committee considered the results of Group internal audit and the adequacy of management's response to matters raised in them. The committee were satisfied with the reports and the management response to them.

AUDITORS' EFFECTIVENESS AND INDEPENDENCE

The Committee keeps the scope, cost and effectiveness of the external audit under review. The Committee assessed the effectiveness of the external audit process during the year, based on feedback from the Group Finance Team and Group internal audit, and through Committee interactions with the external auditors. As a result the Committee has satisfied itself that PricewaterhouseCoopers LLP (PwC), the external auditors, has provided an effective audit service.

The Committee ensures that the auditors remain independent of the Group and reviews this on an annual basis. PwC provided a written report to the Committee to show its compliance with professional and regulatory requirements designed to ensure their independence. The Committee has satisfied itself that they remain independent.

The Committee has a policy in relation to the use of the auditors for non-audit services, set out in an appendix to the Committee terms of reference. In the year the only non-audit services provided by the auditors were a subscription to an accounting knowledge portal with fees of £1,300 representing 0.2% of the audit fee.

PwC were re-appointed as the Group's auditors in October 2021 following a tender process. Tom Yeates has completed his second year as the Group's audit partner.

The Committee recommended to the Board that a resolution to re-appoint PwC as auditors be proposed at the Annual General Meeting.

Stuart Watson
Chairman of the Audit Committee
6 June 2023

Remuneration Committee Report Annual Statement

Phil White

Dear Shareholders

On behalf of the Remuneration Committee (the Committee) I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2023. This report is split into three sections: my Annual Statement, the Directors' Remuneration Policy report and our Annual Report on Remuneration for the year ended 31 March 2023. In accordance with UK reporting regulations, we will be asking shareholders to approve a new Remuneration Policy at the forthcoming Annual General Meeting (AGM), with the background to, and reasons for, proposed changes set out later in this Statement.

BACKGROUND

As detailed in the Strategic Report, the year to 31 March 2023 saw continued strong progress in our core markets of infrastructure, construction, housebuilding and energy, with Group revenues up 6% on prior year and operating profit before amortisation and exceptional items having further increased by 5% to £48.8 million. From an operational perspective, our businesses have continued to make good progress in their engagement with customers and supply chain partners to deliver sustainable and innovative fleet solutions whilst, from an employee perspective, we have taken positive actions to minimise the impact of the cost of living crisis on colleagues.

Going into the financial year to 31 March 2024, the Committee remains optimistic that the Group can continue to deliver sector leading results for the benefit of all our stakeholders. In approving remuneration outcomes for the year ended 31 March 2023, the Committee took into account this strong financial and operational performance and considered also the experience of its main stakeholders. We are comfortable that actions taken on pay during the year across the Group were appropriate.

REVIEW OF THE REMUNERATION POLICY

The current Remuneration Policy ('Policy') was approved by shareholders at the 2020 AGM with 87.25% support and has since governed our approach to determining executive Directors remuneration at Vp. In line with the UK reporting regulations, we are required to submit a new Policy to shareholders for approval at this year's AGM, and therefore the Committee has recently undertaken a review of our existing structures and processes to ensure that we can continue to attract, motivate and retain the calibre of talent required to deliver the Group's strategy over the next three years.

In summary, the Committee is broadly satisfied that the Group's approach to executive remuneration – comprising fixed and variable elements – remains fit-for-purpose. Our review has taken into account changes in best practice since the Policy was last approved by shareholders, as well as comments received during the intervening period. The Committee has sought, where appropriate, to bring the Group's approach to executive remuneration in line with market, including the introduction of a formal bonus deferral requirement, expanding the list of triggers for the application of recovery provisions, and providing greater flexibility to vary the performance measures applying to our variable incentives each year. A summary of the key Policy changes being introduced – and the rationale for these – is set out in the table below:

Remuneration Committee Report Annual Statement

ELEMENT	CURRENT POLICY	NEW POLICY	RATIONALE
Annual bonus deferral	None. Any bonus earned is paid in cash following year-end.	Where an Executive Director has yet to meet their minimum share ownership guideline then any bonus earned over 100% of salary will be used to meet these ownership guidelines.	An element of mandatory bonus deferral reflects best practice and supports shareholder alignment. Linking the deferral requirement to share ownership provides an incentive for Directors to build their personal shareholding more quickly.
Share Matching Scheme	Opportunity to earn matching shares of up to 10% of salary based on performance.	Dropped from Policy.	Simplification of the Policy. Recognises that this is a legacy arrangement which has not been used for a number of years.
Recovery provisions	Clawback provisions apply to both the annual bonus and LTIP in the event of a misstatement of results.	Malus is introduced alongside clawback, with an expanded list of trigger events to apply to future awards under both schemes.	Reflects market and best practice for UK companies. Helps ensure that there will be no reward for failure.
Performance measures	Annual bonus: PBTAE. LTIP: EPS, ROACE underpin.	Less specificity in performance measures aligns with best practice and allows for greater flexibility.	Provides the Committee with greater flexibility to select metrics which reflect and reinforce strategic priorities from year to year. The Committee has no immediate intention to change its measures.
Committee discretion	Not explicit.	Clarified that the Committee will retain overarching discretion to override formulaic incentive outcomes (both upwards and downwards).	Reflects the UK Corporate Governance Code and best practice. Gives the Committee flexibility to ensure that pay and underlying performance are strongly aligned.

BOARD CHANGES

Allison Bainbridge retired as Group Finance Director and stood down from the Board on 31 December 2022, remaining available to provide transition support until 31 January 2023. Allison was a highly valued member of the Board and contributed significantly to the Group's successful growth over her eleven year tenure. To reflect this contribution, and in line with the flexibility provided by the Remuneration Policy, the Committee applied modest discretion to disapply time pro-rating of her 2022/23 annual bonus, with her overall payout set out on page 62. In accordance with the relevant plan rules, Allison was considered to be a 'good leaver' under the LTIP, with her outstanding awards granted in 2020, 2021 and 2022 each pro-rated for time served and remaining subject to the original performance conditions set. To the extent that any of these awards vest for performance, a mandatory two-year holding period will continue to apply. Finally, Allison will be expected to maintain a minimum shareholding in the Company until 31 December 2023, in line with our post-employment shareholding policy.

Allison was succeeded as Chief Financial Officer by Anna Bielby, a qualified chartered accountant and experienced hire. In accordance with the Remuneration Policy, and reflecting her relevant experience serving as CFO at a number of other UK-listed companies, Anna's starting salary was set at £300,000 per annum, just above that of her predecessor. Anna will receive a pension contribution of 10% of salary, with her variable incentive opportunities aligned to those of her predecessor at 150% of salary under the annual bonus and 100% of salary under the LTIP. Anna was eligible for a pro-rated annual bonus for the 2022/23 financial year but did not receive an LTIP award, nor any buy-out awards.

Stephen Rogers, non-executive Director, retired from the Board on 31 December 2022. We appointed two new non-executive Directors from 3 January 2023 – Stuart Watson and Mark Bottomley – with the former succeeding Stephen as Chair of the Audit Committee. Both Stuart and Mark receive an all-in fee of £50,000 per annum, effective from their dates of appointment.

Remuneration Committee Report Annual Statement

2022/23 REMUNERATION OUTCOMES

Base salary - see also page 62
In line with the group-wide salary increase, the Committee approved a 3% salary increase for Neil Stothard and Allison Bainbridge which took effect from 1 April 2022; Jeremy Pilkington's salary was not increased during the year. As noted above, Anna Bielby joined the Board as Chief Financial Officer with effect from 1 January 2023, with her starting salary set at £300,000.

Pensions - see also page 62

As long-serving employees, pension contributions for Jeremy Pilkington, Neil Stothard and Allison Bainbridge (until her retirement) remained at 15% of base salary during the year. Anna Bielby received a pension contribution of 10% of salary from her appointment to the Board.

Annual bonus - see also page 62

The maximum bonus opportunity for financial year ended 31 March 2023 was 150% of salary.

Targets for the annual bonus were set by the Committee at the beginning of the financial year and were based upon growth in Group profit before tax, amortisation and exceptional items (PBTAE). Targets are set by the Committee to be stretching and generally reflect year-on-year growth, with entry thresholds set in line with the Group's budget PBTAE for the relevant financial year and full payout requiring a material outperformance of budget. A similar approach to target setting is taken in respect of other Group and divisional participants to ensure fairness and alignment.

For 2022/23, the Committee approved a pre-IFRS16 PBTAE* target range of £39.0 million (threshold) to £44.0 million (maximum), which was considered to be both stretching and motivational. In particular, threshold was set marginally above the prior year's outturn. Actual PBTAE* achieved was £40.5 million and a bonus of 30% of maximum was therefore earned by each Executive Director under the scheme. No discretion was used to adjust this formulaic result, reflecting the Committee's view that the outcome delivered is a genuine reflection of the performance of the business and appropriately reflects the experience of stakeholders during the year.

Annual bonuses paid to each of Jeremy Pilkington, Neil Stothard and Allison Bainbridge equated to 45% of salary. Anna Bielby's annual bonus was 45% of her pro-rated salary for the year.

LTIP - see also page 62
LTIP awards granted to Jeremy Pilkington, Neil Stothard and Allison Bainbridge in 2020 reached the end of their performance period as at 31 March 2023. Vesting of these awards was based wholly on 3-year absolute EPS performance, underpinned by a minimum ROACE hurdle. Having exceeded the ROACE hurdle, EPS of 79.0 pence resulted in 7% of the award vesting. The Committee considered that this outcome was both appropriate and a fair reflection of underlying performance over the period, and accordingly has not exercised any discretion in respect of this vesting result.

IMPLEMENTATION OF POLICY FOR 2023/24

Base salary - see also page 66
Following a review of Executive Directors' base salaries, the Committee approved an increase of 4% for Neil Stothard and Anna Bielby with effect from 1 April 2023, in line with the average increase applied across the wider workforce. Jeremy Pilkington's salary will again remain unchanged.

Pensions - see also page 66

As long-serving employees, pension contributions for Jeremy Pilkington and Neil Stothard will remain at 15% of base salary. Anna Bielby will continue to receive a pension contribution of 10% of salary.

Annual bonus - see also page 66

The maximum bonus opportunity will remain at 150% of base salary for all Executive Directors. Bonuses will be based on challenging growth targets for Group PBTAE derived from the Group's budget, with the maximum payout target set at a level which is stretching and appropriately reflects the maximum opportunity available. As in previous years, details of the target range and the Group's actual performance will be disclosed in next year's report.

Subject to the approval of the new Remuneration Policy, any 2023/24 bonus earned in excess of 100% of salary will be used to meet share ownership guidelines where a Director has not, at the time of payment, met their minimum share ownership requirement. Based on current shareholdings, this requirement would apply only to Anna Bielby.

LTIP - see also page 66

Executive Directors will each receive an LTIP award in 2023/24 with face value of 100% of salary. Vesting of this year's awards will continue to be based on the achievement of challenging EPS growth targets, underpinned by a minimum ROACE hurdle.

The Committee will continue to monitor market developments throughout the year and will consider the appropriateness of any emerging trends for the Group. I hope that you find this report a clear account of the Committee's decisions for the year and would be happy to answer any questions you may have at the upcoming AGM.

Following the appointment of two new non-executive Directors to the Board during the year, Mark Bottomley will take over as the Chairman of the Remuneration Committee after the AGM in July 2023.

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

Phil White
Chairman Remuneration Committee
6 June 2023

*These measures are explained and reconciled in the Alternative Performance Measures section on page 129.

Directors' Remuneration Policy (unaudited)

DIRECTORS' REMUNERATION POLICY REPORT

This Report has been prepared in accordance with the provisions of the Companies Act 2006, and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

The Remuneration Committee is seeking shareholder approval for a new Remuneration Policy at the July 2023 AGM. It is intended that the revised Policy will formally apply for three years beginning on the date of approval. A summary of the key changes compared to the previously-approved Policy is set out in Annual Statement on page 54.

POLICY OVERVIEW

The Group aims to balance the need to attract, retain and motivate Executive Directors of a high calibre with the need to be cost effective, whilst at the same time appropriately rewarding 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. Our Remuneration Policy is consistent with the principles set out in Provision 40 of the 2018 UK Corporate Governance Code, namely:

- The Policy is clear, simple and easy to understand, with a single short- and long-term incentive and a small number of important financial targets. Our approach to remuneration has remained broadly consistent for a number of years and is well-understood both internally and externally;
- The design and implementation of the Policy takes into account possible risks. Incentive targets are set by the Committee ahead of each cycle to be appropriately stretching and achievable within the risk appetite set by the Board, and the Committee has discretion to adjust outcomes where the formulaic assessment would lead to an outcome which is misaligned with underlying Company performance. Where it is deemed appropriate, an expanded list of recovery provisions ensures that the Committee can withhold or recover incentives in certain cases;
- Incentives are clearly and appropriately capped. The balance of pay is aligned with market norms and a significant proportion is dependent on the achievement of stretching short- and long-term targets; and
- Performance measures are aligned with our strategy and culture.

FUTURE POLICY TABLE FOR DIRECTORS

PURPOSE AND LINK TO 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, taking into account a range of relevant reference points. Any changes are normally effective from 1 April in the financial year.	Current salary levels are set out on page 66. In determining Executive Director salary increases, the Committee considers the range of increases for the broader employee population.	None.
Pension To provide retirement benefits in a cost-efficient manner.	All Executive Directors are either members of a defined contribution scheme or receive a cash allowance in lieu of pension contribution.	The maximum pension contribution for Executive Directors appointed prior to July 2020 is 15% of salary. The maximum pension contribution for Executive Directors appointed since July 2020, and for future Executive Director appointments, is 10% of base salary.	None.
Taxable benefits To provide market consistent benefits.	Can include car allowance, health insurance and other benefits paid from time to time. The cost of providing benefits is paid monthly or as required for one off events.	Benefits values vary by role and are reviewed periodically relative to the market. It is not anticipated that the cost of benefits provided will change materially year on year over the period for which this Policy will apply.	None.

FUTURE POLICY TABLE FOR DIRECTORS (continued)

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Annual bonus To provide a direct link between annual performance and reward. To incentivise achievement of stretching short-term performance targets.	Performance measures and targets are set by the Committee at the start of the year to reflect the Group's strategic priorities. At the end of the year, the Remuneration Committee determines the extent to which these have been achieved. Annual bonuses are typically paid in cash following year end. For the 2023/24 annual bonus onwards, where an Executive Director has not met their minimum share ownership requirement at the time of payment, any bonus earned in excess of 100% of salary will be deferred in shares. Payments under the annual bonus are subject to malus and clawback provisions, further details of which are set out in the notes to this table.	Up to 150% of base salary.	Bonuses for Executive Directors will be based primarily on financial performance. The Committee retains flexibility to introduce an element based on relevant non-financial measures, where appropriate (with a total weighting of not more than 25% of bonus). The Committee retains discretion to adjust the formulaic bonus outcome (either upwards or downwards) if it considers that the payout is inconsistent with the Company's underlying performance when taking into account any factors it considers relevant.
Long Term Incentive Plan (LTIP) 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, made in accordance with the LTIP rules. For awards made from 1 April 2021, an additional holding period applies so that the total vesting and holding period is at least 5 years. Shares subject to awards may accrue dividend equivalents. Sufficient shares can be sold at the end of three years to cover tax liabilities. The LTIP award to Jeremy Pilkington will typically be in the form of notional shares settled by cash. LTIP awards are subject to malus and clawback provisions, further details of which are set out in the notes to this table.	Up to 100% of base salary.	The vesting of awards will be subject to continued employment and performance against relevant metrics measured over a period of at least three years. The Committee will select performance measures ahead of each cycle that reinforce delivery of the Company strategy. Details of the performance measures attaching to awards (and the targets for these) will be disclosed in the relevant Annual Report on Remuneration. The Committee retains discretion to adjust the formulaic LTIP outcome (either upwards or downwards) if it considers that the payout is inconsistent with the Company's underlying performance when taking into account any factors it considers relevant.
Save As You Earn To encourage share participation in the entire workforce.	HMRC approved plan under which regular monthly savings are made over a 3 year period and can be used to fund the exercise of an option whereby the exercise price is discounted by up to 20%.	Up to the savings limit as determined by HMRC from time to time (or such lower limit as determined by the Committee), across all sharesave schemes in which an individual has enrolled.	None.

FUTURE POLICY TABLE FOR DIRECTORS (continued)

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Share Ownership Guidelines To ensure strong alignment between Executive Directors and shareholders.	Shareholding to be built up within five years of an Executive Director's appointment.	At least 100% of salary for Executive Directors. On stepping down from the Board, Executive Directors will typically be required to retain shares to the lower of 100% of salary or their actual shareholding at the time. These shares must be held for at least one year post-cessation.	None.
Non-executive Director fees To attract and retain high-calibre non-executive Directors. To reflect the time commitment and responsibilities of the role, and the fees paid by similar sized companies.	Fees are reviewed on an annual basis and are currently paid 100% in cash. The Company retains flexibility to pay either a single 'all-in' fee or to differentiate fees to reflect additional responsibilities (e.g. to the Senior Independent Director, chairs of Board committees, etc.).	No prescribed maximum annual increase.	None.

NOTES TO THE POLICY TABLE

Malus and clawback policy

Annual bonus payments and LTIP awards granted prior to the approval of the Remuneration Policy detailed in this report (i.e. prior to July 2023) are subject to clawback in the event of a material misstatement of results.

For annual bonuses and LTIP awards granted following approval of this Policy, malus and clawback will apply in cases of a material misstatement of results, an error in determining performance outcomes, gross misconduct, corporate failure as determined by the Remuneration Committee, or where a participant has been deemed to have caused, in full or in part, a material loss for the Group as a result of negligent, reckless or wilful actions or inappropriate behaviour or values. Cash bonuses will be subject to clawback, with deferred shares subject to malus. LTIP awards will be subject to malus and clawback over the vesting period to the fifth anniversary of grant.

Payments under existing awards

The Company will honour any commitment entered into, and Directors will be eligible to receive payment from any award granted, prior to the approval and implementation of the Remuneration Policy detailed in this Report, even if these commitments and/or awards fall outside the above Policy (but were in line with the Policy in force at the time, if so required).

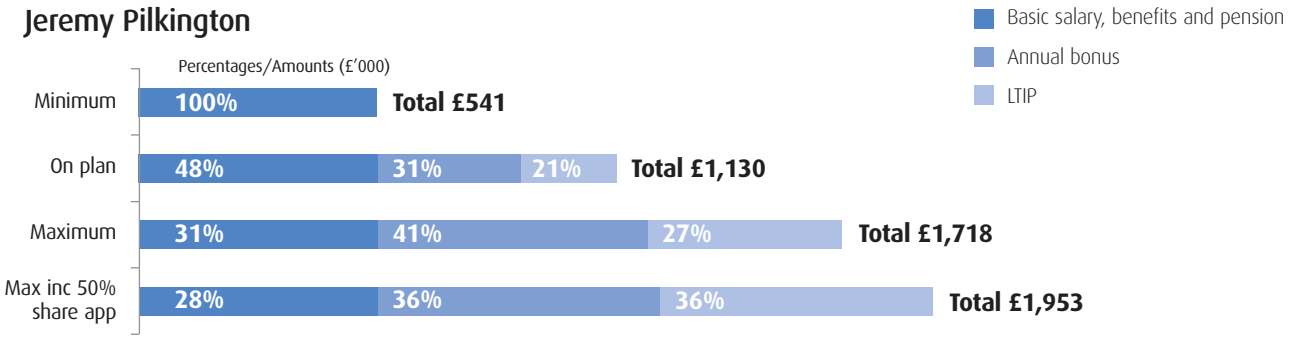
Performance measures and targets

Performance measures applying to the annual bonus and LTIP are selected at the start of each performance cycle to reflect the Group's short- and longer-term strategic objectives. Incentive targets are set at an appropriately stretching level, taking into account relevant internal and external reference points. LTIP targets will typically be disclosed prospectively in the remuneration report.

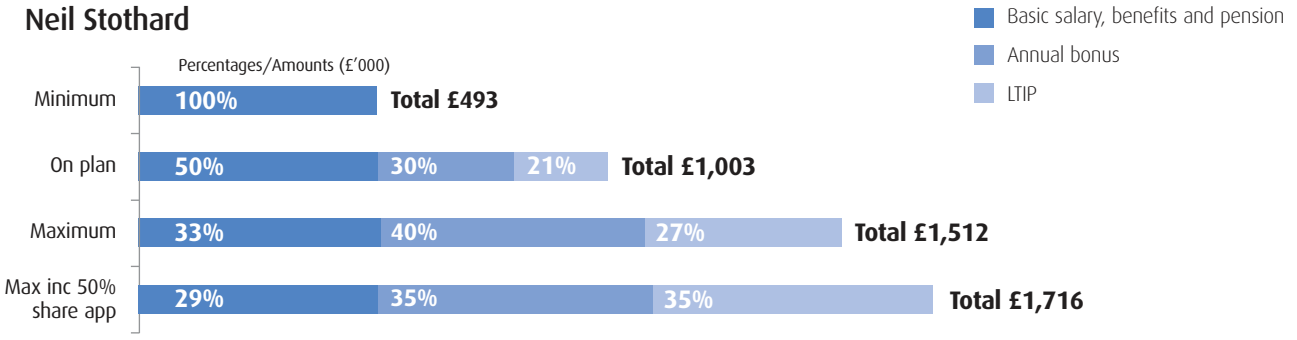
ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The chart below illustrates the total remuneration for each Executive Director that could result from the remuneration policy in 2023/24 under different performance scenarios.

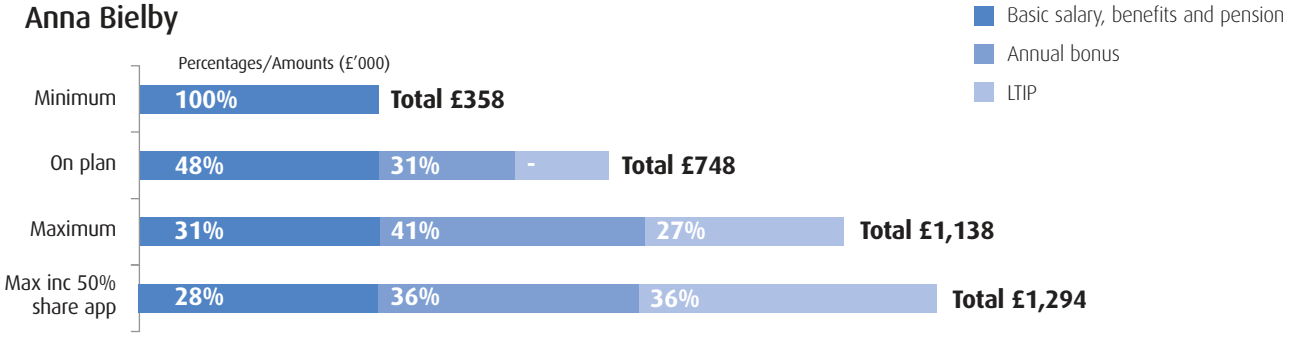
Jeremy Pilkington



Neil Stothard



Anna Bielby



The value of base salary for 2023/24 is set out in the Base Salary table on page 66.

The value of taxable benefits in 2023/24 is taken to be the value of taxable benefits received in 2022/23 as shown in the single total figure of remuneration table set out on page 62 (valued on a full-year equivalent basis for Anna Bielby). On target performance assumes bonus payout of 75% of salary and LTIP vesting at 50% of maximum award.

Maximum performance assumes bonus pay out of 150% of base salary and LTIP vesting at 100% of maximum award. Share price appreciation has been included in the value of the LTIP under the fourth scenario, at an assumed 50%.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

In designing this Remuneration Policy, the Remuneration Committee did not expressly seek the views of employees. Through the Board, however, the Remuneration Committee is regularly updated as to employee views on remuneration more generally. Additionally, when making decisions around Executive Director remuneration, the Committee takes into account the pay and conditions of other employees to ensure fairness.

Overall, there is a strong degree of alignment between the pay of senior executives and other employees, as follows:

- 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.
- There are a number of pension arrangements across the Group. However, with the exception of some legacy arrangements for long-serving employees (e.g. for the Executive Chairman and CEO), the majority of senior management is eligible for a pension contribution of up to 10% of salary, subject to their own contribution level.
- 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.
- Certain senior managers can qualify to participate in the LTIP. 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 employment 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. In particular:

- The base salary of a new Executive Director will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. The Committee may set the salary for a newly-appointed Executive Director above that of their predecessor where it considers it necessary in order to recruit an individual of sufficient calibre for the role. Alternatively, where a new Executive Director has their starting salary set below market level, any shortfall may be managed with phased increases over a period of up to two years subject to the individual's development in the role (and which may exceed the workforce average increase).
- New appointees will receive company 10% pension contributions or an equivalent in cash allowance. Benefits will generally be aligned to those offered to other Executive Directors.
- The annual bonus structure described in the Policy table will apply to new Executive Director appointees, with the maximum opportunity (i.e. up to 150% of salary) being pro-rated to reflect the proportion of the year worked.
- New appointees will be granted awards under the LTIP on the same terms as other Executives Directors, as described in the Policy table (i.e. up to 100% of salary).

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 the relevant Listing Rule to make awards using a different structure. Any 'buy-out' awards would have a fair value no higher than the awards forfeited.

DATE OF DIRECTORS' SERVICE CONTRACTS OR LETTER OF APPOINTMENT

Director	Date of service contract/letter of appointment
Jeremy Pilkington	10 June 2002
Neil Stothard	10 June 2002
Phil White	15 April 2013
Anna Bielby	1 January 2023
Mark Bottomley	3 January 2023
Stuart Watson	3 January 2023

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.

The following payments may also be made to departing Executive Directors, depending on circumstances. In all cases, 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:

- An annual bonus may be payable for the period of active service in certain prescribed 'good leaver' circumstances and in other circumstances at the discretion of the Committee and subject to the achievement of the relevant performance targets. Outstanding deferred bonus awards will typically be retained by a departing Executive Director with no acceleration of the applicable deferral period;
- Unvested LTIP awards will normally lapse. For 'good leavers', unvested awards will typically vest on the normal vesting date subject to the achievement of any relevant performance condition(s) and with a pro-rata reduction applied to reflect the proportion of the vesting period served. LTIP awards which are subject to an additional holding period will typically be retained and released at the end of the relevant holding period;
- At the discretion of the Remuneration Committee, a contribution to reasonable outplacement costs may be made where considered appropriate. The Committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment; and
- Any payment for statutory entitlements or to settle claims in connection with a termination of any existing or future Executive Director may be made, as necessary.

POLICY ON EXTERNAL APPOINTMENTS

Executive Directors are encouraged to hold a non-executive role in addition to their full-time position in order to broaden their experience, and may retain any fees received in respect of such roles. All appointments must first be agreed by the Committee and must not represent a conflict to their current role. During the year:

- Jeremy Pilkington held no external Directorships;
- Neil Stothard served as a non-executive Director of Wykeland Group until 31 October 2022 and received £14,583 for his services;
- Anna Bielby is a Director of BLB (UK) Limited, a dormant professional services company.

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 ongoing review of remuneration. Given the best-practice nature of changes being proposed, the Committee did not engage directly with major shareholders during the most recent Policy review. The Committee, however, remains committed to engagement with investors and their respective bodies should any material changes be made to the Remuneration Policy in future.

Details of votes cast for and against the resolution to approve last year's Annual Report on Remuneration and in respect of the current Remuneration Policy are set out on page 69.

Annual Report on Remuneration

The following section provides details of how the remuneration policy was implemented during the financial year ending 31 March 2023 and how it is proposed to be implemented in the financial year ending 31 March 2024. Any information in this section of the report subject to audit is highlighted.

SINGLE TOTAL FIGURE OF REMUNERATION (audited)

The following table shows a single total figure of remuneration for the year ended 31 March 2023 together with the comparative figures for 2022.

		Salaries and fees	Taxable benefits	Pensions	Annual bonus	Grant date face value of vested LTIP shares	Share price appreciation (depreciation)	Total fixed pay	Total variable pay	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Jeremy Pilkington	2023	471	-	71	212	34	-	542	246	788
	2022	471	34	93	385	111	4	598	500	1,098
Neil Stothard	2023	392	25	59	176	27	-	476	203	679
	2022	380	25	57	311	86	4	463	401	864
Anna Bielby	2023	75	4	8	34	-	-	87	34	121
Allison Bainbridge	2023	246	14	36	133	20	-	296	153	449
	2022	283	17	42	231	64	3	342	298	640
Non-executive Directors										
Stephen Rogers	2023	34	-	-	-	-	-			34
	2022	45	-	-	-	-	-			45
Phil White	2023	46	-	-	-	-	-			46
	2022	45	-	-	-	-	-			45
Mark Bottomley	2023	12	-	-	-	-	-			12
Stuart Watson	2023	12	-	-	-	-	-			12

Base salaries and fees

Following a review of the Executive Directors' base salaries, the Committee approved an increase of 3% for Neil Stothard and Allison Bainbridge with effect from 1 April 2022, in line with the average increase applied across the wider workforce. Jeremy Pilkington's salary remained unchanged. With effect from 1 January 2023, the non-executive Director base fee was increased to £50,000 per annum.

Taxable benefits

Taxable benefits consist primarily of company car or car allowance and private health care insurance. In the financial year ended 31 March 2022 the Committee approved a one off payment of £33,850 to Jeremy Pilkington to cover the cost of a minor operation which was not covered by the Company health scheme. This expense was approved on the basis that Jeremy Pilkington had dropped out of the Company health scheme in 2018 because of a very significant increase in annual premiums in respect of his cover. He has not received any of the private health benefits to which he was entitled since 2018. There was no such benefit in 2023.

Pension benefits

As long-serving employees, Jeremy Pilkington, Neil Stothard and Allison Bainbridge received 15% of base salary in lieu of pension contributions. Anna Bielby received 10% of base salary in lieu of pension contributions.

Annual bonus payments

The annual bonus outturn presented in the table was based on Group profit before tax and amortisation targets as measured over the 2023 financial year.

Targets for annual bonus payments typically are set by the Committee at the beginning of the financial year and are based upon growth in Group profit before tax, amortisation and exceptional items (PBTAE). The targets are challenging and look for year on year growth with entry thresholds set in line with the Group's budget PBTAE for the relevant financial year.

The Committee approved a PBTAE target range of £39.0 million (threshold) to £44.0 million (maximum), which was considered to be suitably stretching and motivational. Actual PBTAE achieved was £40.5 million and a bonus of 45% of salary was therefore earned by each executive Director under the scheme. The Committee is satisfied that the outcome delivered is a genuine reflection of the performance of the business and appropriately reflects the experience of stakeholders in financial year 2023.

	Maximum (% of salary)	PBTAE required for threshold bonus (0% of salary)	PBTAE required for maximum bonus (150% of salary)	Actual PBTAE	Actual % of salary	Actual bonus £000
	%	£m	£m	£m	%	£000
Jeremy Pilkington	150	39.0	44.0	40.5	45	212
Neil Stothard	150	39.0	44.0	40.5	45	176
Allison Bainbridge	150	39.0	44.0	40.5	45	133
Anna Bielby	150	39.0	44.0	40.5	45	34

Allison Bainbridge retired as Group Finance Director and stood down from the Board on 31 December 2022, remaining available to provide transition support until 31 January 2023. Allison was a highly valued member of the Board and contributed significantly to the Group's successful growth over her eleven year tenure. To reflect this contribution, and in line with the flexibility provided by the Remuneration Policy, the Committee applied modest discretion to disapply time pro-rating of her 2022/23 annual bonus. Anna Bielby was eligible for a pro-rated annual bonus for the 2022/23 financial year.

VESTING OF LTIP AWARDS (audited)

The LTIP amount included in the 2022/23 single total figure of remuneration reflects the conditional share award granted in July 2020. Vesting of this award was dependent on earnings per share performance over the three years ended 31 March 2023, the achievement of a minimum return on average capital employed of 12% and continued service until July 2023.

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

Metric	Threshold target	Stretch target	Actual	% Vesting
Earnings per share*	79.69 pence	93.64 pence	79.0 pence	7.2%
ROACE	12.0%	12.0%	14.4%	

*EPS is measured on a net basis, in accordance with International Financial Reporting Standards, but excluding IFRS16 profit impact and assuming a fixed corporation tax charge on profits currently at the rate of 20% and excluding any amortisation and exceptional items shown on the face of the Income Statement or in the notes to the Company's accounts and utilising the whole of the issued ordinary share capital of the Company, assuming a constant level of issued Ordinary Share Capital over the three years, in this case 40.154 million shares.

Return on average capital employed is calculated by dividing the profit before tax, interest, amortisation and exceptional items excluding IFRS16 profit impact by the aggregate of average net assets and average net debt consistent with those shown in the management accounts of the Company for the relevant financial year.

VESTING OF LTIP AWARDS (audited) – continued

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

	Number of shares at grant July 2020	Number of shares to vest July 2023	Grant date face value of vested shares	Estimated value of shares vesting
			£000	£000
Jeremy Pilkington	67,400	4,853	34	33
Neil Stothard	53,400	3,845	27	26
Allison Bainbridge	39,700	2,858	20	20

The award of the LTIP above was based upon the policy of awarding up to an equivalent of 100% of salary. The share price at the time of the award was £6.98. The value of shares vesting is estimated using a 3-month average share price to 1 May 2023 of £6.88. This value will be trued-up in next year's report to reflect the actual share price on the date of vesting in July 2023.

SHARE SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (audited)

The following awards were granted to executive Directors:

Executive	Scheme	Basis of award granted	Date of grant	Share price at date of grant £	Number of shares	Face value £000	Performance Period end date
Jeremy Pilkington							
	LTIP	100% of salary	19 August 2022	7.87	59,800	471	31 March 2025
Neil Stothard							
	LTIP	100% of salary	19 August 2022	7.87	49,700	391	31 March 2025
	SAYE	N/A	5 December 2022	5.60	642	4	N/A
Allison Bainbridge							
	LTIP	100% of salary	19 August 2022	7.87	37,000	291	31 March 2025

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 (audited)

No payments were made to past Directors or for loss of office in the year ended 31 March 2023.

OUTSTANDING SHARE AWARDS (audited)

The table below sets out details of unvested share awards held by executive Directors. Details of vested awards are shown in the statement of Directors' shareholdings and share interests on page 64.

Executive	Scheme	Grant date	Exercise price £	No. of shares at 1 Apr 2022	Granted during the year	Vested during the year	Lapsed during the year	No. of shares at 31 Mar 2023	Exercise period	End of performance period
Jeremy Pilkington										
	Total LTIP	Various	Nil	174,000	59,800	13,152	41,648	179,000	July 2023 to July 2032	31 Mar 2023 to 31 Mar 2025
Neil Stothard										
	Total LTIP	Various	Nil	137,900	49,700	10,224	32,376	145,000	July 2023 to July 2032	31 Mar 2023 to 31 Mar 2025
	SAYE	2019	7.11	506	-	506	-	-	October 2022 to March 2023	N/A
	SAYE	2020	5.84	616	-	-	-	616	October 2023 to March 2024	N/A
	SAYE	2021	6.93	519	-	-	-	519	October 2024 to March 2025	N/A
	SAYE	2022	5.60	-	642	-	-	642	January 2026 to June 2026	N/A
	Total SAYE			**1,641**	**642**	**506**	**-**	**1,777**		
Allison Bainbridge										
	Total LTIP	Various	Nil	102,450	37,000	7,584	92,166	39,700	July 2023 to July 2032	31 Mar 2023 to 31 Mar 2025

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (audited)

	Shareholding as % of salary at 31 Mar 2023	Shares beneficially owned at 31 Mar 2023	Shares beneficially owned at 31 Mar 2022	Options vested but not yet exercised 31 Mar 2023	Options vested but not yet exercised 31 Mar 2022	Unvested LTIP awards[1]	Outstanding SAYE awards
Jeremy Pilkington	*	29,220	29,220	252,563	239,411	179,000	-
Neil Stothard	1,487%	864,790	858,993	-	-	145,000	1,777
Allison Bainbridge	n/a	n/a	141,078	n/a	-	39,700	-
Anna Bielby	0%	-	n/a	-	n/a	-	-

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

None of Stephen Rogers, Phil White, Mark Bottomley or Stuart Watson held any shares at any point in the year.

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 2023: £6.74.

*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 2023 Ackers P Investment Company Limited owned 20,181,411 shares (2022: 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, to be built up within five years of appointment. Anna Bielby was appointed on 1 January 2023 and has 5 years to meet this requirement. As at the date of leaving, Allison Bainbridge held 335% shareholding as a % of salary and she is required to hold at least 100% of her final salary until 31 December 2023.

There were no changes in the interests of the Directors between 31 March 2023 and 5 June 2023.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 MARCH 2024 (unaudited)

A summary of how the Directors' remuneration policy will be applied during the year ended 31 March 2024 is set out below.

Base salary and fees

The Committee approved a 4% increase in base salary for Neil Stothard and Anna Bielby from 1 April 2023, in line with the average salary increase across the Group. No increases are proposed for the Executive Chairman. An increase to the base fees for the non-executive Directors was applied from 1 January 2023 as disclosed on page 62.

	1 April 2023	1 April 2022 (or date of appointment)	
	£000	£000	% increase
Jeremy Pilkington	471	471	**0%**
Neil Stothard	408	391	**4%**
Anna Bielby	312	300	**4%**
Phil White	50	45	**11%**
Mark Bottomley	50	50	**0%**
Stuart Watson	50	50	**0%**

A salary increase averaging 4% across the Group was proposed at the annual 2023 pay review, effective from 1 April 2023.

Pension arrangements

As long-serving employees, Jeremy Pilkington and Neil Stothard will continue to receive 15% of base salary in lieu of pension contributions. Anna Bielby will continue to receive 10% of base salary in lieu of pension contributions.

Annual bonus

The maximum bonus potential will remain at 150% of base salary. Bonuses will continue to be based on challenging growth targets for profit before tax, amortisation and exceptional items derived from the Group's budget, with the maximum payout target set at a level which appropriately reflects maximum opportunity available.

The Committee is of the opinion that the performance targets for the annual bonus 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

The maximum LTIP award in 2023 will remain at 100% of salary for all executive Directors. Consistent with past awards the extent to which any LTIP awards granted in 2023 will vest will be dependent upon the achievement of a challenging target growth in the Group's adjusted earnings per share, underpinned by Group ROACE.

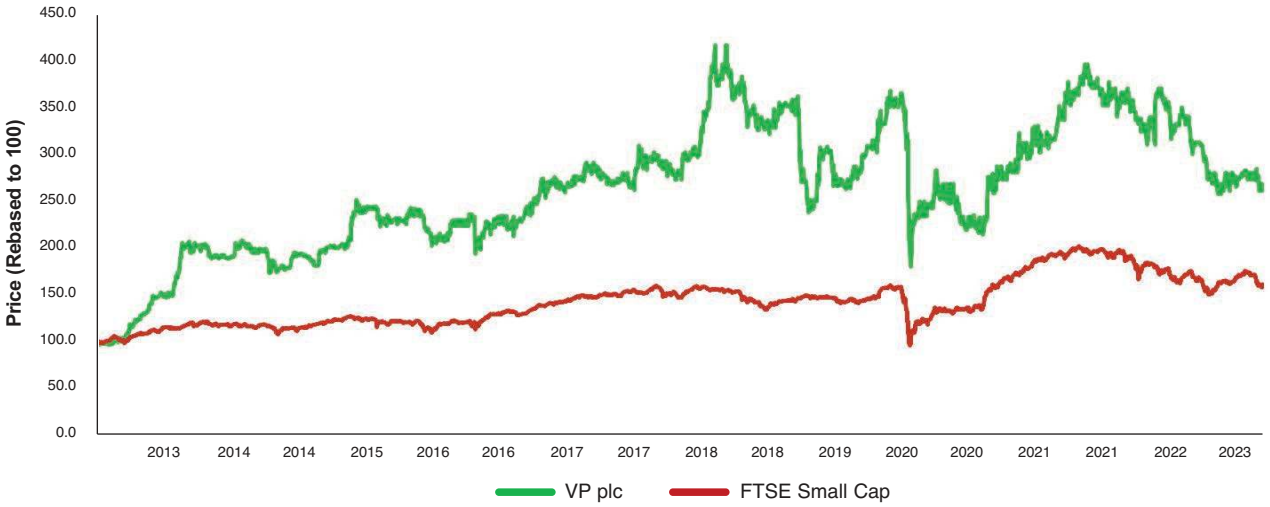
The targets for the LTIP awards granted in 2023 are as follows:

Year of award	Lower target (0% vesting) for EPS	Upper target (100% vesting) for EPS	Target for ROACE
2023	89.66	104.60	12%

Clawback and malus provisions in the event of significant misstatement of the results will apply to both the annual bonus and the long term incentive as noted on page 62.

PERFORMANCE GRAPH AND TABLE (unaudited)

The following graph charts the Total Shareholder Return of the Group and the FTSE Small Cap Index over the ten year period from 1 April 2013 to 31 March 2023.



The FTSE Small Cap index excluding investment trusts is regarded as an appropriate benchmark 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.

The total remuneration and incentive payouts for the Executive Chairman across the same period were as follows:

Year ending March	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single figure (£000)	2,042	2,259	1,613	1,580	1,498	1,770	919	915	1,098	790
Annual bonus % of maximum	52%	100%	27%	72%	57%	94%	0%	75%	54%	30%
LTIP vesting % of maximum	100%	100%	100%	100%	100%	100%	71%	0%	24%	7%

EXECUTIVE CHAIRMAN PAY RATIO (unaudited)

The table below provides the ratio between the Executive Chairman single figure total remuneration and total remuneration for all UK employees and the details of the salary and total remuneration for UK employees in 2022/23. We have chosen option B as our method for calculating the pay ratio for this report, consistent with the methodology for reporting of the gender pay gap.

			Pay Ratio			Remuneration		
	Year	Method	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Total remuneration	2023	B	34	28	20	£23,502	£27,863	£39,743
Salary	2023	B	21	18	13	£22,955	£27,000	£35,598
Total remuneration	2022	B	49	41	29	£22,527	£26,880	£38,200
Salary	2022	B	21	18	14	£22,160	£26,000	£34,334
Total remuneration	2021	B	44	38	27	£20,554	£24,238	£33,366
Salary	2021	B	23	20	15	£20,466	£23,968	£30,905
Total remuneration	2020	B	44	37	27	£20,650	£24,624	£33,731
Salary	2020	B	23	20	15	£20,131	£23,915	£30,600

The Committee has considered the findings of the pay ratio analysis which appear to be reasonable in the context of the Group's sector and taking into account the composition of the Group's UK workforce against which Executive Chairman's remuneration is compared.

PERCENTAGE CHANGE IN ALL DIRECTORS' REMUNERATION (unaudited)

The table below shows the percentage change in the Directors' salary, benefits and annual bonus between the financial year ended 31 March 2022 and 31 March 2023 compared to the percentage change for UK employees of the Group for each of these elements of pay.

		Salary	Taxable Benefits	Annual Bonus
Jeremy Pilkington	2023	0%	-100%	9%
	2022	5%	1600%	100%
	2021	-5%	-33%	-100%
Neil Stothard	2023	3%	0%	11%
	2022	8%	2%	100%
	2021	-4%	-4%	-100%
Anna Bielby	2023	n/a	n/a	n/a
Allison Bainbridge	2023	3%	0%	11%
	2022	8%	-2%	100%
	2021	-4%	0%	-100%
Stephen Rogers	2023	0%	0%	n/a
	2022	5%	0%	n/a
	2021	-4%	0%	n/a
Phil White	2023	3%	0%	n/a
	2022	5%	0%	n/a
	2021	-4%	0%	n/a
Mark Bottomley	2023	n/a	n/a	n/a
Stuart Watson	2023	n/a	n/a	n/a
UK Employees	2023	5%	10%	43%
	2022	12%	5%	169%
	2021	1%	-7%	-67%

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 the Directors 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.

		2022	2023	% change
Staff costs	£m	116.0	123.3	6%
Dividends	£m	14.3	14.5	1%

Dividend figures relate to amounts payable in respect of the relevant financial year.

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
- Stephen Rogers (resigned 31 December 2022)
- Mark Bottomley (appointed 3 January 2023)
- Stuart Watson (appointed 3 January 2023)

Biographical information on Committee members and details of attendance at the Committee meetings during the year are set out on pages 43 and 45. The Remuneration Committee has access to independent advice where it considers appropriate. During 2022/23 the Committee sought external professional advice and is satisfied that the advice provided is independent and objective.

ANNUAL GENERAL MEETING VOTING OUTCOMES (unaudited)

The following table details votes for and against the 2020 Directors' remuneration policy and the Directors' remuneration report for 2021/22, along with the number of votes withheld. The Committee will continue to consider the views of shareholders when determining and reporting on remuneration arrangements.

	Directors' Remuneration Policy 2020	Directors' Remuneration Report 2021/22
Votes for	29,022,433 (87.25%)	29,347,628 (87.78%)
Votes against	4,240,672 (12.75%)	4,086,324 (12.22%)
Votes withheld	8,713	722,242

The Company's remuneration policy was approved by shareholders at the Annual General Meeting held on 23 July 2020 and applies for three years. The Remuneration Committee's Annual Report for 2021/22 was approved at the Company's Annual General Meeting held on 21 July 2022.

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 2023.

PRINCIPAL ACTIVITIES

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

STRATEGIC REPORT

Pursuant to Sections S414C(11) Companies Act 2006, elements of required reporting including future developments, engagement with others and environmental matters are included within the Strategic Report, which can be found on pages 1 to 42.

RESULTS AND DIVIDEND

Group profit after tax for the year was £23.0 million (2022: £25.5 million). The Directors recommend a final dividend of 26.5 pence per share. Subject to approval, the final dividend will be paid on 4 August 2023 to all shareholders on the register as at 23 June 2023.

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 43. Details of Directors' interests in shares are provided in the Directors' Remuneration Report on page 65. The Directors' exposures to conduct and liability issues are mitigated by Directors and Officers insurance cover where applicable during the financial year.

SHARE CAPITAL

Details of the Company's share capital structure are shown in note 20 to the accounts. All shares have the same voting rights. There are no restrictions on the transfer of shares in the Company or restrictions on voting rights.

SUBSTANTIAL SHAREHOLDERS

As at 16 March 2023 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares
		%
Ackers P Investment Company Limited	20,181,411	50.26
Jupiter Asset Management	2,450,000	6.10
Chelverton Asset Management	1,646,617	4.10
Schroder Investment Management	1,530,750	3.81
Invesco Asset Management Limited	1,477,745	3.68
Canaccord Genuity Wealth Management	1,250,000	3.11

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

FINANCIAL RISK MANAGEMENT

Consideration of the financial risk management of the Group has been included in the Strategic Report on page 40.

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.

Pursuant to listing rule 9.8.4C the Company is required to disclose that an arrangement is in place whereby the trustee of the Company employee benefit trust has agreed to waive present and future dividend rights in respect of certain shares that it holds.

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.

Further details regarding employees are provided in the Responsible Business Report on pages 15 to 28.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £85,000 (2022: £61,000). The donations made in the year principally relate to environmental initiatives and 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 2023 was 37 days (2022: 41 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 Strategy, which can be found at: **www.vpplc.com/responsible-business**

In 2022/23 the Group paid £5.5 million (2022: £6.3 million) in corporate taxes. We are a responsible corporate tax payer and conduct our affairs to ensure compliance with all laws and relevant regulations in the countries in which we operate.

CONTRACTS

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

PURCHASE OF OWN SHARES

A resolution is to be proposed to the Company's shareholders at the AGM to authorise the Company to purchase its own shares up to a maximum of 10% of the Company's issued share capital either to be cancelled or retained as treasury shares. This resolution will be proposed as a special resolution resolution in line with previous years. 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 only exercise this power after careful consideration, taking into account the financial resources of the Company, future funding opportunities and the price of the Company's shares. The Directors will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and would be in the best interest of shareholders generally.

During the year ended 31 March 2023 the Company did not acquire any shares under the authority of the resolution passed at the Annual General Meeting.

GOING CONCERN

The Group ended the financial year in a healthy financial position. The Group continues to generate strong cash flows. Net debt, excluding lease liabilities increased by only £3.8 million from £130.6 million at 31 March 2022 to £134.4 million at 31 March 2023. This was after funding an increase in fleet capital investment of £59.9 million. EBITDA before exceptional items and IFRS 16 impact totalled £92.9 million which was 5% higher than prior year of £88.9 million. The Business Review on pages 8 to 14 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond.

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 of adjusted Net Debt/EBITDA. The Group's funding requirements are largely driven by capital expenditure and acquisition activity.

As at 31 March 2023 the Group had £183.0 million of debt capacity (2022: £183.0 million) comprising committed revolving credit facilities of £90.0 million and £93.0 million private placements which are subject to covenant testing. In addition to the committed facilities, the Group net overdraft facility at the year-end was £7.5 million (2022: £7.5 million).

The Board has evaluated the facilities and covenants on the basis of the budget for 2023/24 (including 2024/25 long term forecast). All of which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. Stress scenarios have also been considered by the Board. Under these scenarios material revenue reductions have been applied for the financial year ended 31 March 2024 against the Group's original budget and extended to 30 September 2024. All scenarios retain adequate headroom against borrowing facilities and fall within the existing covenants.

Our most severe downside modelling, which reflects a 15% reduction in revenue levels demonstrates headroom over borrowing facilities and existing covenant levels throughout the forecast period to the end of September 2024.

The Board recognises that one of the borrowing facilities used by the Group, the RCF of £90.0 million, drawn to £53m at the balance sheet date, expires in June 2024. The Board has already held positive preliminary conversations with its lenders and has considered the availability and likelihood of securing replacement facilities on or before the date of expiry as part of their consideration and testing above. Although no facility has been formally agreed at the date of approval of these financial statements, the Board considers it appropriate to continue to assume this facility will be renewed or replaced. However, it recognises that as the Group's (and, inter alia, the Parent company's) committed financing facilities do not extend over the full going concern review period and renewal or replacement is subject to future agreement with lenders. Therefore, the Board is unable to be certain that the required levels of financing will be available throughout the going concern assessment period to enable the Group to meet its liabilities as they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Parent company's ability to continue as a going concern.

Notwithstanding the above, the Board has a reasonable expectation that the Group and Parent company has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these financial statements, 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 preparation of the consolidated financial statements. This is covered further in Note 1 Basis of Preparation on page 90, together with the Directors' consideration of the impact of the renewal of the Group's borrowing facilities.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 44 to 47 forms part of the Directors' Report.

INDEPENDENT AUDITORS

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

By Order of the Board

Anna Bielby
Company Secretary
6 June 2023

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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.

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in governance section of the annual report confirm that, to the best of their knowledge:

- the Group and company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and company, and of the profit of the Group; and
- the Business Review and Financial Review includes a fair review of the development and performance of the business and the position of the Group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

Independent auditors' report to the members of Vp plc

Report on the audit of the financial statements

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 2023 and of the group's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated and parent company balance sheets as at 31 March 2023; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of changes in equity and the consolidated and parent company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the parent company's ability to continue as a going concern. The group's financing facilities include a revolving credit facility ('RCF') of £90m, drawn to £53m at the balance sheet date, with a renewal date in June 2024 which is within the going concern assessment period. At the date of this report the Board is in the early stages of discussions with its lenders regarding a refinancing of the RCF and the group does not currently have alternative sources of committed financing that would replace the RCF at the date of renewal. Therefore, in their considerations of the use of the going concern basis of accounting in the preparation of the financial statements of the group and parent company, the directors are unable to be certain that the required levels of financing will be available throughout the going concern assessment period to enable the group to meet its liabilities as they fall due. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Independent auditors' report to the members of Vp plc (continued)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's latest forecasts that, on the basis of a successful extension or refinancing of the group's financing facilities as referred to above, support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements;
- Checking the mathematical accuracy of management's forecasts;
- Considering the outturn of previous forecasts to assess management's forecasting accuracy;
- Corroborating management's base case forecast to appropriate supporting documentation including board approved budgets and divisional budgets; and.
- Evaluating management's base case forecast and downside scenarios, challenging the underlying data and adequacy and appropriateness of the assumptions used in making their assessment. We also evaluated the directors' plans for future actions in relation to their going concern assessment, should these be required.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- The group is organised into 12 reporting units. The group financial statements are a consolidation of these reporting units.
- Of the 12 reporting units, we identified three which, in our view, required an audit of their complete financial information.
- Audit procedures were also performed over certain financial statement line items within two further reporting units.
- The reporting units over which we performed audit procedures accounted for over 78% of the group's reported revenues and over 76% of the group's profit before tax, amortisation, impairment of intangible assets and exceptional items. These coverages are based on absolute values.

Key audit matters

- Material uncertainty related to going concern
- Existence of fleeted rental equipment (group and parent)
- Valuation of rental equipment (group and parent)

Materiality

- Overall group materiality: £2,000,000 (2022: £1,945,000) based on 5% of profit before tax, amortisation, impairment of intangible assets and exceptional items.
- Overall parent company materiality: £3,000,000 (2022: £3,000,000) based on 1% of total assets.
- Performance materiality: £1,500,000 (2022: £1,459,000) (group) and £2,250,000 (2022: £2,250,000) (parent company).

Independent auditors' report to the members of Vp plc (continued)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern in relation to the availability of committed financing is a new key audit matter this year. Material uncertainty related to going concern in relation to a formal sale process and carrying value of goodwill and intangible assets, which were key audit matters last year, are no longer included because of the cessation of the formal sale process in August 2022 and as a result of the headroom in management's goodwill impairment model as well as performance of the group. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Existence of fleeted rental equipment (group and parent) Refer to page 50 (Significant accounting issues), page 96 (Significant accounting policies) and note 9 in the financial statements. We focused on this area because the group and parent company hold a significant quantum and carrying amount of rental equipment in the normal course of business, held within property, plant and equipment. The net book value of rental equipment was £220.6 million and £100.9 million as at 31 March 2023 (2022: £216.6 million and £97.6 million) for the group and parent company respectively. Given the volume of assets and the frequency of movement (through purchases, hires and sales) there is the potential for assets to go missing. This results in complexity in maintaining an accurate fixed asset register. We consider the significant risk to be focused on the fleeted (typically higher value and itemised assets with a unique serial identifier) given the individual value of these items and proportion that these make up of the overall rental equipment balance.	Our audit work in respect of the existence of fleeted assets included understanding and evaluating management's key controls in this area, confirming the correct recording of fleeted assets movements on the fixed asset register on a sample basis and substantively testing the existence of a sample of assets. For a sample of fleeted asset purchases in the year we agreed to invoice and capitalisation onto the fixed asset register, confirming the value and the appropriateness of capitalisation. We agreed the existence of a sample of fleeted assets out on hire at the year end to rental invoice and cash receipt or despatch note. We attended a sample of year end fleeted asset counts and: • considered the design and implementation of count controls by understanding and observing the count procedures; • counted a sample of assets and reconciled these to both management's count and the fixed asset register; and • tested the movements of these assets between the inspection and year end date in order to confirm their existence at 31 March 2023. We found, based on the results of our testing, that the amounts recorded, and disclosures made in the financial statements were consistent with the supporting evidence obtained.

Independent auditors' report to the members of Vp plc (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of rental equipment (group and parent) Refer to page 50 (Significant accounting issues), page 96 (Significant accounting policies) and note 9 in the financial statements. We focused on this area because there is significant management judgement involved in estimating the useful economic lives, residual values and any impairment of the rental equipment. The utilisation of rental equipment is key to supporting its valuation, so if there were a downturn in the trading performance in a particular market or asset class, this would present an inherent impairment risk. In addition, variations between forecast and actual useful economic lives and/or residual values could result in higher or lower carrying values than may be considered appropriate.	Our audit work in respect of the valuation of rental equipment comprised an assessment of the accuracy of estimates made by management in previous years, testing of utilisation statistics, integrity checks over the underlying rental equipment data and budgeted trading performance to determine the appropriateness of management's estimates. We considered, on a sample basis, the period over which each asset product type would recover its carrying value, using discounted expected future cash flows, and compared that period with the average remaining useful economic life of the asset type. We tested the appropriateness of the useful economic lives and estimated residual values applied through consideration of any profits/losses on disposal of rental equipment and the level of fully written down assets still generating revenue, noting no evidence of systematic over or under depreciation of the assets. We found, based on the results of our testing, that the amounts recorded, and disclosures made in the financial statements were consistent with the supporting evidence obtained.

How we tailored the audit scope

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

The group's accounting process is structured around a group finance function at its head office in Harrogate which is responsible for the group's reporting units. The group is organised into 12 reporting units and the group financial statements are a consolidation of these reporting units. Of the 12 reporting units, we identified three which, in our view, required an audit of their complete financial information. The reporting units over which we performed audit procedures accounted for over 78% of the group's revenues and over 76% of the group's profit before tax, amortisation, impairment of intangible assets and exceptional items (calculated on an absolute value basis).

All of the audit procedures have been performed by the group engagement team. In addition, the group audit team performed analytical review procedures over a number of smaller reporting units. This included an analysis of year on year movements, at a level of disaggregation to enable a focus on higher risk balances and unusual movements. This gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and parent company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. In particular we considered the nature and useful economic lives of the group's and parent company's rental equipment and the potential impact on the group of maintaining/replacing these assets in line with climate targets. Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

Independent auditors' report to the members of Vp plc (continued)

Materiality

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

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

	Financial statements - group	**Financial statements - parent company**
Overall materiality	£2,000,000 (2022: £1,945,000).	£3,000,000 (2022: £3,000,000).
How we determined it	5% of profit before tax, amortisation, impairment of intangible assets and exceptional items	1% of total assets
Rationale for benchmark applied	We have chosen this as our benchmark as it is a key performance measure disclosed to users of the financial statements. This figure takes prominence in the Annual Report, as well as the communications to both the shareholders and the market. The benchmark is consistent with the prior year.	We have used an asset based measure for the parent company, which is a generally accepted auditing benchmark. Where applicable, we have performed our testing to a lower, group allocated, materiality for individual balances that contribute to the consolidated group results.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £316,000 and £1,699,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,500,000 (2022: £1,459,000) for the group financial statements and £2,250,000 (2022: £2,250,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 (group audit) (2022: £95,000) and £150,000 (parent company audit) (2022: £95,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Vp plc (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Annual report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the members of Vp plc (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in key accounting estimates and posting of inappropriate journal entries to improve the group's result for the period. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the valuation of assets;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations. Specifically we tested journal entries which increased the group result for the period with unusual offset entries, and we tested a risk based sample of journal entries impacting revenue with unusual offset entries to detect any potentially fraudulent revenue being recognised; and
- Review of the financial statement disclosures and agreeing to underlying supporting documentation, review of correspondence with regulators and review of correspondence with legal advisors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Independent auditors' report to the members of Vp plc (continued)

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Annual report on remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 15 October 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 March 2015 to 31 March 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
6 June 2023

Consolidated Income Statement

for the Year Ended 31 March 2023

	Note	2023 £000	Restated* 2022 £000
Revenue	2	**371,519**	350,915
Cost of sales		**(284,176)**	(261,876)
Gross profit		**87,343**	89,039
Administrative expenses		**(44,763)**	(43,968)
Impairment losses on trade receivables		**(3,305)**	(2,074)
Operating profit before amortisation, impairment of intangible assets and exceptional items	2	**48,775**	46,299
Amortisation and impairment of intangible assets	10	**(4,490)**	(3,302)
Exceptional items	4	**(5,010)**	-
Operating profit	3	**39,275**	42,997
Net financial expense	7	**(8,569)**	(7,353)
Profit before taxation, amortisation, impairment of intangible assets and exceptional items		**40,206**	38,946
Amortisation and impairment of intangible assets	10	**(4,490)**	(3,302)
Exceptional items	4	**(5,010)**	-
Profit before taxation		**30,706**	35,644
Income tax expense	8	**(7,696)**	(10,109)
Profit after tax		**23,010**	25,535
Basic earnings per share	22	**58.05p**	64.49p
Diluted earnings per share	22	**57.76p**	63.83p
Dividend per share interim paid	21	**11.0p**	10.5p
Dividend per share final paid	21	**25.5p**	25.0p

*In accordance with IASI, impairment losses on trade receivables are required to be presented separately on the face of the Income Statement. Previously such losses were presented within Cost of Sales. This has been corrected in the current year and the comparatives restated accordingly.

Consolidated Statement of Comprehensive Income

for the Year Ended 31 March 2023

	Note	2023 £000	2022 £000
Profit for the year		**23,010**	25,535
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension schemes	25	**(319)**	693
Tax on items taken to other comprehensive income	8	**5**	(183)
Impact of tax rate change	8	**58**	110
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation difference		**502**	361
Effective portion of changes in fair value of cash flow hedges		**-**	221
Total other comprehensive income		**246**	1,202
Total comprehensive income for the year		**23,256**	26,737

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2023

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Foreign Currency Translation £000	Retained Earnings £000	Non-controlling Interest £000	Total Equity £000
At 1 April 2021		**2,008**	**301**	**16,192**	**(221)**	**(1,386)**	**136,196**	**27**	**153,117**
Total comprehensive income for the year		-	-	-	221	366	26,150	-	26,737
Tax movements to equity	8	-	-	-	-	-	90	-	90
Impact of tax rate change	8	-	-	-	-	-	(11)	-	(11)
Share option charge in the year		-	-	-	-	-	1,249	-	1,249
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(516)	-	(516)
Movement in minority interest		-	-	-	-	-	-	(27)	(27)
Dividend to shareholders	21	-	-	-	-	-	(14,054)	-	(14,054)
Total change in equity during the year		-	-	-	221	366	12,908	(27)	13,468
At 31 March 2022 and 1 April 2022		**2,008**	**301**	**16,192**	**-**	**(1,020)**	**149,104**	**-**	**166,585**
Total comprehensive income for the year		-	-	-	-	502	22,754	-	23,256
Tax movements to equity	8	-	-	-	-	-	62	-	62
Impact of tax rate change	8	-	-	-	-	-	16	-	16
Share option charge in the year		-	-	-	-	-	580	-	580
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(1,096)	-	(1,096)
Dividend to shareholders	21	-	-	-	-	-	(14,471)	-	(14,471)
Total change in equity during the year		-	-	-	-	502	7,845	-	8,347
As at 31 March 2023		**2,008**	**301**	**16,192**	**-**	**(518)**	**156,949**	**-**	**174,932**

Consolidated Balance Sheet

at 31 March 2023

NET ASSETS	Note	2023 £000	2022 £000
Non-current assets			
Property, plant and equipment	9	**252,385**	247,526
Intangible assets	10	**57,748**	62,422
Right of use assets	11	**54,637**	54,151
Employee benefits	25	**2,300**	2,738
Total non-current assets		**367,070**	366,837
Current assets			
Inventories	13	**8,915**	7,956
Trade and other receivables	14	**81,513**	76,057
Income tax receivable		**736**	-
Cash and cash equivalents	15	**11,140**	13,617
Total current assets		**102,304**	97,630
Total assets		**469,374**	464,467
Current liabilities			
Lease liabilities	11	**(14,622)**	(14,147)
Income tax payable		**-**	(152)
Trade and other payables	18	**(72,184)**	(80,676)
Total current liabilities		**(86,806)**	(94,975)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(145,508)**	(144,221)
Lease liabilities	11	**(43,896)**	(43,496)
Provisions		**(1,612)**	(1,512)
Deferred tax liabilities	19	**(16,620)**	(13,678)
Total non-current liabilities		**(207,636)**	(202,907)
Total liabilities		**(294,442)**	(297,882)
Net assets		**174,932**	166,585
EQUITY			
Issued share capital	20	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Foreign currency translation reserve		**(518)**	(1,020)
Retained earnings		**156,949**	149,104
Total equity		**174,932**	166,585

The financial statements on pages 82 to 127 were approved and authorised for issue by the Board of Directors on 6 June 2023 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Anna Bielby
Director

Company number: 481833

Consolidated Statement of Cash Flows

for the Year Ended 31 March 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit before taxation		**30,706**	35,644
Adjustments for:			
Share based payment charges		**580**	1,249
Depreciation	9	**46,853**	45,532
Depreciation of right of use assets	11	**16,305**	16,561
Amortisation and impairment of intangible assets	10	**4,490**	3,302
Release of arrangement fees		**287**	314
Financial expense		**8,601**	7,355
Financial income		**(32)**	(2)
Profit on sale of property, plant and equipment		**(9,174)**	(7,045)
Operating cash flow before changes in working capital and provisions		**98,616**	102,910
Increase in inventories		**(959)**	(614)
Increase in trade and other receivables		**(5,452)**	(9,133)
Decrease in trade and other payables		**(11,979)**	(2,781)
Cash generated from operations		**80,226**	90,382
Interest paid		**(5,413)**	(4,456)
Interest element of lease liability payments		**(3,038)**	(2,940)
Interest received		**32**	2
Income taxes paid		**(5,496)**	(6,282)
Net cash generated from operating activities		**66,311**	76,706
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**24,855**	17,819
Purchase of property, plant and equipment		**(63,312)**	(68,679)
Acquisition of businesses and subsidiaries (net of cash acquired)	26	**-**	(2,693)
Net cash used in investing activities		**(38,457)**	(53,553)
Cash flows from financing activities			
Purchase of own shares by Employee Trust		**(1,096)**	(516)
Repayment of borrowings		**(29,000)**	(95,044)
Drawdown of borrowings		**30,000**	102,044
Arrangement fees		**-**	(773)
Capital element of lease liability payments		**(15,921)**	(17,149)
Dividends paid	21	**(14,471)**	(14,054)
Net cash used in financing activities		**(30,488)**	(25,492)
Net decrease in cash and cash equivalents		**(2,634)**	(2,339)
Effect of exchange rate fluctuations on cash held		**157**	39
Cash and cash equivalents net of overdrafts as at the beginning of the year		**13,617**	15,917
Cash and cash equivalents net of overdrafts as at the end of the year	15	**11,140**	13,617

Parent Company Statement of Changes in Equity

for the Year Ended 31 March 2023

	Note	Share Capital £000	Capital Redemption Reserve £000	Share Premium £000	Hedging Reserve £000	Hive Up Reserve £000	Retained Earnings £000	Total Equity £000
At 1 April 2021		**2,008**	**301**	**16,192**	**(221)**	**8,156**	**16,274**	**42,710**
Total comprehensive income for the year		-	-	-	221	-	17,109	17,330
Tax movements to equity		-	-	-	-	-	90	90
Impact of tax rate change		-	-	-	-	-	(11)	(11)
Share option charge in the year		-	-	-	-	-	1,249	1,249
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(516)	(516)
Dividend to shareholders	21	-	-	-	-	-	(14,054)	(14,054)
Total change in equity during the year		-	-	-	221	-	3,867	4,088
At 31 March 2022 and 1 April 2022		**2,008**	**301**	**16,192**	**-**	**8,156**	**20,141**	**46,798**
Total comprehensive income for the year		-	-	-	-	-	17,688	17,688
Tax movements to equity		-	-	-	-	-	62	62
Impact of tax rate change		-	-	-	-	-	16	16
Share option charge in the year		-	-	-	-	-	580	580
Net movement relating to shares held by Vp Employee Trust		-	-	-	-	-	(1,096)	(1,096)
Dividend to shareholders	21	-	-	-	-	-	(14,471)	(14,471)
At 31 March 2023		**2,008**	**301**	**16,192**	**-**	**8,156**	**22,920**	**49,577**

Parent Company Balance Sheet

at 31 March 2023

NET ASSETS	Note	2023 £000	2022 £000
Non-current assets			
Property, plant and equipment	9	**118,308**	114,327
Intangible assets	10	**7,674**	9,188
Investments in subsidiaries	12	**68,775**	68,775
Right of use assets	11	**11,407**	13,361
Employee benefits	25	**2,135**	3,068
Trade and other receivables	14	**61,716**	55,699
Total non-current assets		**270,015**	264,418
Current assets			
Inventories	13	**2,272**	1,893
Trade and other receivables	14	**28,363**	26,141
Income tax receivable		**468**	342
Cash and cash equivalents	15	**1,832**	2,537
Total current assets		**32,935**	30,913
Total assets		**302,950**	295,331
Current liabilities			
Lease liabilities	11	**(3,579)**	(4,004)
Trade and other payables	18	**(64,581)**	(65,493)
Total current liabilities		**(68,160)**	(69,497)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(145,508)**	(144,221)
Deferred tax liabilities	19	**(14,439)**	(12,813)
Provisions		**(54)**	-
Lease liabilities	11	**(8,237)**	(9,754)
Trade and other payables	18	**(16,975)**	(12,248)
Total non-current liabilities		**(185,213)**	(179,036)
Total liabilities		**(253,373)**	(248,533)
Net assets		**49,577**	46,798
EQUITY			
Capital and reserves			
Issued share capital	20	**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Hive up reserve		**8,156**	8,156
Retained earnings			
At the beginning of the year		**20,141**	16,274
Profit for the financial year		**18,294**	16,597
Other changes in retained earnings		**(15,515)**	(12,730)
At the end of the year		**22,920**	20,141
Total equity		**49,577**	46,798

The financial statements on pages 82 to 127 were approved and authorised for issue by the Board of Directors on 6 June 2023 and were signed on its behalf by:

Jeremy Pilkington
Chairman

Anna Bielby
Director

Company number: 481833

Parent Company Statement of Cash Flows

for the Year Ended 31 March 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit before taxation		**21,906**	21,730
Adjustments for:			
Share based payment charges		**580**	1,249
Depreciation	9	**14,093**	13,641
Depreciation of right of use assets	11	**4,863**	4,956
Amortisation and impairment of intangible assets	10	**1,514**	359
Release of arrangement fees		**287**	314
Financial expense		**4,615**	3,963
Financial income		**(10)**	(1)
Profit on sale of property, plant and equipment		**(2,416)**	(1,715)
Operating cash flow before changes in working capital and provisions		**45,432**	44,496
(Increase)/decrease in inventories		**(379)**	365
Increase in trade and other receivables		**(3,384)**	(13,849)
Increase in trade and other payables		**(380)**	1,590
Cash generated from operations		**41,289**	32,602
Interest paid		**(5,413)**	(4,456)
Interest element of lease liability payments		**(712)**	(644)
Interest received		**10**	1
Income taxes paid		**(1,684)**	(1,840)
Net cash generated from operating activities		**33,490**	25,663
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**8,956**	6,252
Purchase of property, plant and equipment		**(23,733)**	(20,887)
Net cash used in investing activities		**(14,777)**	(14,635)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		**(1,096)**	(516)
Repayment of borrowings		**(29,000)**	(95,044)
Drawdown of borrowings		**30,000**	102,044
Arrangement fees		**-**	(773)
Capital element of lease liability payments		**(4,851)**	(5,260)
Dividends paid	21	**(14,471)**	(14,054)
Net cash used in financing activities		**(19,418)**	(13,603)
Net decrease in cash and cash equivalents		**(705)**	(2,575)
Cash and cash equivalents net of overdrafts as at the beginning of the year		**2,537**	5,112
Cash and cash equivalents net of overdraft as at the end of the year	15	**1,832**	2,537

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a public limited company (limited by shares) which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. These consolidated Financial Statements of Vp plc for the year ended 31 March 2023, 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

The consolidated financial statements of the Group and the Parent company financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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.

Going concern

The going concern basis has been adopted in preparation of the consolidated financial statements. The Board has evaluated funding, facilities and covenants on the basis of the budget for 2023/24 (including 2024/25 long term forecast) and has performed sensitivity analysis on them.

The Group and Parent company forecast positive cash inflows through a pipeline of existing and new hire agreements and other services; the Group and Parent company also have sufficient finance facilities available if required, subject to the successful renewal of the revolving credit facility ('RCF'). The assessment included an analysis of the Group's and Parent company's current financial position, ability to trade, principal risks facing the Group, and the effectiveness of its strategies to mitigate the impact of liquidity risks. On the basis of these procedures, the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future.

In making this assessment the Board recognises that one of the borrowing facilities used by the Group, the RCF of £90.0 million, drawn to £53m at the balance sheet date, expires in June 2024. The Board has already held positive preliminary conversations with its lenders and has considered the availability and likelihood of securing replacement facilities on or before the date of expiry as part of their consideration and testing above. Although no facility has been formally agreed at the date of approval of these financial statements, the Board considers it appropriate to continue to assume this facility will be renewed or replaced. However, it recognises that as the Group's (and, inter alia, the Parent company's) committed financing facilities do not extend over the full going concern review period and renewal or replacement is subject to future agreement with lenders. Therefore, the Board is unable to be certain that the required levels of financing will be available throughout the going concern assessment period to enable the Group to meet its liabilities as they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Parent company's ability to continue as a going concern.

Notwithstanding the above, the Board has a reasonable expectation that the Group and Parent company has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these financial statements. The financial statements do not include the adjustments that would result if the Group and Parent company were unable to continue as a going concern.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting policies

The Group's and Company's accounting policies are set out below and the accounting policies 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 2023.

Future standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These standards are as follows:

- IFRS 17 'Insurance Contracts';
- amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction'
- amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities as current or non-current
- amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- amendments to IAS 1 and IFRS Practice Statement 2 – making materiality judgements.

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.

Assets acquired via acquisitions are recorded in the accounting records at fair value.

Depreciation is provided by the Group to write off the cost or deemed cost less estimated residual value (where appropriate) 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	–	20% - 33% straight line
Other - Computers	–	10% - 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.

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.

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 relationships	–	up to 10 years
Supply agreements	–	the initial term of the agreement
Trade names	–	over the estimated initial period of usage, normally 10 years

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 (CGU) 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. Recoverable amount of a CGU is determined either by reference to discounted forecast cash flows from the cash generating unit or an estimate of its fair value less costs of disposal, whichever is higher. A CGU is defined as the smallest identifiable group of assets that generates largely independent cash inflows.

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. For slow-moving or obsolete items, where net realisable value is lower than cost, necessary provision is made.

Raw materials and consumables is held primarily for the repair and maintenance of fleet assets. Goods for resale is inventory held for sale to customers. The basis of expensing stock is on a first-in first-out basis.

Trade and other receivables

Trade and other receivables are stated at their due amounts less impairment losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The loss allowance for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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. The Group has a legal right and an intention to settle these balances net.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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. A tax provision is recognised where there is a probable requirement to settle, in the future, an obligation based on a past event.

Trade and other payables

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

Employee benefits – pensions

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

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

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

Interest rate and exchange rate swaps are only used for economic hedging purposes and not as speculative investments. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The Group determines the hedge effectiveness of its interest and exchange rate swaps at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

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 swaps 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 or other assets as appropriate.

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 accounted for under IFRS 16 - Leases. Revenue is recognised from the start of hire through to the end of the agreed hire period predominantly on a time apportioned basis. Revenue for services and sales of goods are accounted for under IFRS 15 - Revenue from Contracts with Customers. Revenue from providing services is recognised in the accounting period in which the services are rendered. The majority of services provided are short term and only an immaterial proportion bridge a financial year end. Any increases or decreases in estimated revenues or costs arising from changed circumstances are reflected in profit in the period in which they become known by management. Revenue from sale of goods primarily relates to consumables and new machine sales. Revenue is recognised when a Group entity sells a consumable to the customer or when control of the new machine has transferred ownership to the buyer upon delivery. Depending on the type of sale, a receivable is recognised when the goods are delivered or due immediately. 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. Below summarises the disaggregation of revenue from contracts with customers from the total revenue disclosed in the consolidated income statement:

	2023			2022		
	UK	**International**	**Total**	UK	International	Total
	£000	**£000**	**£000**	£000	£000	£000
Equipment hire	**249,126**	**26,131**	**275,257**	243,287	23,508	266,795
Services	**56,967**	**8,078**	**65,045**	52,891	5,820	58,711
Sales of goods	**27,360**	**3,857**	**31,217**	24,025	1,384	25,409
Total revenue	**333,453**	**38,066**	**371,519**	320,203	30,712	350,915

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.

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

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

The Group's results are subject to fluctuations caused by the cash settled share options and national insurance costs on LTIPs and 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. A movement of 10 pence in share price would impact the charge to the Income Statement by £33,000 (2022: £37,000).

Foreign currencies

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

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

Leases

The Group holds leases for various properties, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any incentives receivable, variable lease payments that are based on a specified index or a rate, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. A separate provision for onerous leases is therefore no longer required.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This incremental borrowing rate is the interest rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value over a similar term and with similar security to the right of use asset in a similar economic environment. To determine the incremental borrowing rate, the Group, where possible uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received; adjusts for credit risk as required; and makes adjustments specific to the lease for example to country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Where a lease has ended and we have moved to an ongoing rental with the supplier, no right of use asset or lease liability is recognised until a new contract is signed. Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short term leases are certain leases with a lease term of 12 months or less. Low value assets comprise certain IT equipment and small items of office equipment.

Extension and termination options are included in a number of leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and that is within the control of the Group. This reassessment could result in a recalculation of the lease liability and a material adjustment to the associated balances.

Exceptional items

The business classifies certain events as exceptional items due to their size and nature where it feels that separate disclosure would help understand the underlying performance of the business. Restructuring and transformational costs are considered on a case by case basis as to whether they meet the exceptional criteria. Other items are considered against the exceptional criteria based on the specific circumstances. The presentation is consistent with the way Financial Performance is measured by management and reported to the Board. Further discussion is disclosed in note 4.

Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's and Company's Annual Report and Accounts for the year ended 31 March 2023 have been reviewed and approved by the Board.

Key accounting estimates

The areas of principal accounting uncertainty that could have a significant impact in the next 12 months are estimated useful lives of rental assets, including residual values, the testing for impairment of goodwill and other intangibles which require significant estimates and judgements relating to cash flows, and the valuation of the fair value of acquired assets and liabilities which also requires significant estimates and judgements.

The Group continually reviews depreciation rates and using its judgement adopts a best estimate policy in assessing estimated useful economic lives of fleet assets. The rate of technological and legislative change and impact of climate related risks 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.

Goodwill and other intangible assets are tested for impairment by reference to the higher of expected estimated cash generated by the CGU or fair value less cost to sale. 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 10.

The accounting for acquisitions requires the Group to use its judgement and use estimates to determine the fair value of net assets acquired, particularly intangible assets. Further details are provided in note 26.

Key accounting judgements

The Group has not identified any significant judgements in the preparation of the financial statements.

Notes

2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The Group's reportable segments are the two units, UK and International. This has been determined on the way in which financial information is organised and reported to the Group Board who are responsible for the key operating decisions of the Group, allocating resources and assessing performance and hence are the chief operating decision makers. Total external revenue in 2023 was £371.5 million (2022: £350.9 million). Inter-segment pricing is determined on an arm's length basis. Included within revenue is £31.2 million (2022: £25.4 million) of revenue relating to the sale of goods, the rest of the revenue is service related including hire revenue. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

Revenue is generated mainly within the United Kingdom with no single overseas geographical area accounting for more than 10% of the Group revenue. Total overseas revenue was £63.3 million (2022: £50.9 million), including overseas revenue generated by the UK based divisions.

Business segments

	Revenue						Operating profit before amortisation, impairment of intangible assets and exceptional items	
	2023			2022			**2023**	2022
	External Revenue £000	**Internal Revenue £000**	**Total Revenue £000**	External Revenue £000	Internal Revenue £000	Total Revenue £000	**£000**	£000
UK	**333,453**	**8,217**	**341,670**	320,203	5,576	325,779	**45,564**	44,704
International	**38,066**	**42**	**38,108**	30,712	-	30,712	**3,211**	1,595
	371,519	**8,259**	**379,778**	350,915	5,576	356,491	**48,775**	46,299

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

	Assets		Liabilities		Net Assets	
	2023	2022	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000	**£000**	£000
UK	**427,056**	425,382	**279,951**	286,524	**147,105**	138,858
International	**42,318**	39,085	**14,491**	11,358	**27,827**	27,727
	469,374	464,467	**294,442**	297,882	**174,932**	166,585

	Acquired Assets		Capital Expenditure	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
UK	**-**	1,647	**59,952**	63,011
International	**-**	-	**6,908**	5,023
	-	1,647	**66,860**	68,034

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

Included within segmental assets above is goodwill in relation to the following segments: UK £42.5 million (2022: £42.7 million), International £2.1 million (2022: £2.2 million).

3. OPERATING PROFIT

	2023 £000	2022 £000
Operating profit is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	**4,490**	3,302
Depreciation of property, plant and equipment – owned	**46,853**	45,532
– leased	**16,305**	16,561
Profit on disposal of property, plant and equipment	**(9,174)**	(7,045)
Amounts paid to auditors:		
Audit fees – parent company annual accounts	**515**	500
– other Group companies	**73**	41
– other Group companies in respect of prior year audits	**80**	-
– total Group	**668**	541
Audit related assurance services all within Parent company	**1**	1

4. EXCEPTIONAL ITEMS

During the year, the Group incurred costs which were identified as being exceptional items.

	2023 £000	2022 £000
Costs associated with Formal Sale Process	**1,687**	-
Restructuring and reorganisations	**3,323**	-
Total Exceptional Items	**5,010**	-

Costs associated with the Formal Sale Process were professional fees which were incurred by the Group as part of the procedure. This was a one off process which is deemed to be exceptional.

Costs incurred regarding restructuring and reorganisations relates to various regionalisation projects and the closure of certain branches during the year. Costs cover redundancies, property exit costs and write off of assets which can no longer be used. In all cases, these closures and reorganisations were part of a one off process and were completed by 31 March 2023 and are thus deemed to be exceptional. The goodwill and intangible assets charge of these closures was £1.2 million as shown in Note 10. This is not included in exceptional items.

The exceptional items above result in a reduction of £612,000 in the tax charge.

During the year to 31 March 2022, the Group incurred no exceptional items.

5. 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	
	2023	2022
Operations	**2,052**	2,068
Sales	**344**	323
Administration	**553**	442
	2,949	2,833

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	**109,575**	103,667
Social security costs	**10,125**	9,065
Other pension costs	**3,648**	3,256
Share option costs including associated social security costs - equity settled	**466**	1,343
- cash settled	**(521)**	259
	123,293	117,590

Company

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

	Number of employees	
	2023	2022
Operations	**403**	388
Sales	**123**	118
Administration	**187**	169
	713	675

Company

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	**32,383**	30,449
Social security costs	**3,686**	3,235
Other pension costs	**838**	750
Share option costs including associated social security costs - equity settled	**281**	568
- cash settled	**(521)**	259
	36,667	35,261

6. REMUNERATION OF DIRECTORS

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

	2023	2022
	£000	£000
Basic remuneration including bonus and benefits	**1,886**	2,227
Cash allowances/pension contributions	**174**	192
Share options	**81**	272
	2,141	2,691

Further details of Directors' remuneration, pensions and share options, including the highest paid Director, are given in the Annual Report on Remuneration on page 62 onwards.

7. NET FINANCIAL EXPENSE

	2023	2022
	£000	£000
Financial income:		
Bank and other interest receivable	**32**	2
Financial expenses:		
Bank loans, overdrafts and other interest	**(5,563)**	(4,414)
Finance charges in respect of operating leases under IFRS 16	**(3,038)**	(2,941)
	(8,601)	(7,355)
Net financial expense	**(8,569)**	(7,353)

8. INCOME TAX EXPENSE

	2023	2022
Current tax expense	**£000**	£000
UK Corporation tax charge at 19% (2022: 19%)	**4,909**	6,097
Overseas tax - current year	**724**	764
Adjustments in respect of prior years - UK	**(399)**	13
Adjustments in respect of prior years - Overseas	**(738)**	218
Total current tax	**4,496**	7,092
Deferred tax expense		
Current year deferred tax	**1,336**	489
Impact of tax rate change	**1,151**	2,711
Adjustments to deferred tax in respect of prior years	**713**	(183)
Total deferred tax	**3,200**	3,017
Total tax expense in income statement	**7,696**	10,109

8. INCOME TAX EXPENSE (continued)

Reconciliation of effective tax rate

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

	2023 %	2023 £000	2022 %	2022 £000
Profit before tax		30,706		35,644
Profit multiplied by standard rate of corporation tax	19.0	5,834	19.0	6,772
Effects of:				
Impact of tax rate changes	3.7%	1,151	7.6%	2,711
Expenses not deductible for tax purposes	1.2%	354	0.7%	227
Non-qualifying depreciation and amortisation	1.4%	429	1.0%	367
Gains covered by exemption/losses	(1.6%)	(488)	(0.8%)	(268)
Capital allowances super-deduction	(0.6%)	(195)	(0.4%)	(136)
Unutilised tax losses	0.2%	55	0%	-
Effects of overseas tax rates	2.0%	618	1.1%	388
Share options	1.2%	362	-	-
Adjustments in respect of prior years	(1.4%)	(424)	0.1%	48
Total tax charge for the year	25.1%	7,696	28.3%	10,109

Tax recognised in reserves	2023 £000	2022 £000
Other comprehensive income:		
Tax relating to actuarial (losses)/gains on defined benefit pension schemes	(60)	132
Tax relating to historic asset revaluations	(1)	(1)
Tax relating to foreign exchange translation differences	56	52
Impact of tax rate change	(58)	(110)
	(63)	73
Direct to equity:		
Deferred tax relating to share based payments	(62)	(160)
Current tax relating to share based payments	-	70
Impact of tax rate change	(16)	11
	(78)	(79)
Total	(141)	(6)

The UK corporation tax rate for the year ended 31 March 2023 was 19% (2022: 19%).

The rate of corporation tax has changed from 19% to 25%, effective from 1 April 2023. Therefore, the closing deferred tax assets/liabilities are measured at 25%.

The main reconciling items are:

- Expenses not deductible for tax purposes; primarily related to capital transactions, disallowable expenses and customer entertaining
- Non-qualifying depreciation; mainly relates to depreciation on land and buildings
- Gains covered by exemptions/losses; primarily related to chattels exemptions on the disposal proceeds of fleet items
- Overseas tax rates; which are higher than the UK tax rate, particularly in Australia and Germany
- Adjustments in respect of prior years; reflecting the differences between the tax calculation for accounts purposes and the final tax returns. The main factor this year is a tax credit from the carry back of Australian tax losses. Other factors include disallowed expenses and chargeable gains
- Impact of tax rate change, as noted above

The effective tax rate before any prior year adjustments, tax rate change, impairment of intangible assets and other exceptional items would be expected to be about 2.1% over the standard rate of tax (2022: 1.6%).

The closing unremitted earnings of subsidiaries is approximately £183m (2022: 172m). No deferred tax liability is recognised on investments in subsidiaries, branches, associates and interests in joint arrangements because the Parent company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes

9. 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 2021	41,829	423,774	3,792	36,148	505,543
Additions	3,367	59,809	2,184	2,674	68,034
Acquisitions	630	883	96	38	1,647
Disposals	(503)	(41,904)	(367)	(1,048)	(43,822)
Exchange rate differences	10	351	15	87	463
Transfer between categories	-	(5)	-	5	-
At 31 March 2022	45,333	442,908	5,720	37,904	531,865
Additions	2,532	59,944	714	3,670	66,860
Disposals	(280)	(48,487)	(258)	(407)	(49,432)
Exchange rate differences	(3)	769	69	(82)	753
Transfer between categories	-	(5)	-	5	-
At 31 March 2023	47,582	455,129	6,245	41,090	550,046
Accumulated depreciation and impairment losses					
At 1 April 2021	22,465	217,724	2,179	29,263	271,631
Charge for year	1,935	39,850	742	3,005	45,532
Acquisitions	-	-	-	-	-
On disposals	(357)	(31,428)	(269)	(994)	(33,048)
Exchange rate differences	11	143	11	59	224
Transfer between categories	-	(5)	-	5	-
At 31 March 2022	24,054	226,284	2,663	31,338	284,339
Charge for year	2,093	40,888	876	2,996	46,853
On disposals	(195)	(32,943)	(231)	(383)	(33,752)
Exchange rate differences	(7)	264	11	(47)	221
Transfer between categories	-	(3)	-	3	-
At 31 March 2023	25,945	234,490	3,319	33,907	297,661
Net book value					
At 31 March 2023	**21,637**	**220,639**	**2,926**	**7,183**	**252,385**
At 31 March 2022	21,279	216,624	3,057	6,566	247,526
At 31 March 2021	19,364	206,050	1,613	6,885	233,912

9. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	18,104	185,767	1,960	14,392	220,223
Additions	667	16,123	50	1,435	18,275
Group transfers in	630	2,898	-	-	3,528
Group transfers out	-	(4,198)	-	-	(4,198)
Disposals	(220)	(7,923)	(209)	(920)	(9,272)
At 31 March 2022	19,181	192,667	1,801	14,907	228,556
Additions	823	22,003	236	2,009	25,071
Group transfers in	-	3,443	-	-	3,443
Group transfers out	-	(3,939)	-	-	(3,939)
Disposals	(109)	(14,872)	(195)	(109)	(15,285)
At 31 March 2023	19,895	199,302	1,842	16,807	237,846
Accumulated depreciation and impairment losses					
At 1 April 2021	6,692	89,767	1,147	10,535	108,141
Charge for year	526	11,598	184	1,333	13,641
Group transfers in	-	1,379	-	-	1,379
Group transfers out	-	(2,324)	-	-	(2,324)
On disposals	(158)	(5,366)	(201)	(883)	(6,608)
At 31 March 2022	7,060	95,054	1,130	10,985	114,229
Charge for year	584	11,787	215	1,507	14,093
Group transfers in	-	1,966	-	-	1,966
Group transfers out	-	(2,005)	-	-	(2,005)
On disposals	(93)	(8,382)	(181)	(89)	(8,745)
At 31 March 2023	7,551	98,420	1,164	12,403	119,538
Net book value					
At 31 March 2023	**12,344**	**100,882**	**678**	**4,404**	**118,308**
At 31 March 2022	12,121	97,613	671	3,922	114,327
At 31 March 2021	11,412	96,000	813	3,857	112,082

The cost or deemed cost of land and buildings for the Group and the Company includes £3,204,000 (2022: £3,204,000) of freehold land not subject to depreciation.

The banks that provide the Group's funding facilities have a fixed and floating charge over the assets of the Group as set out in note 16.

10. INTANGIBLE ASSETS

GROUP	Trade Names £000	Customer Relationships £000	Supply Agreements £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2021	14,349	26,383	4,989	72,054	117,775
Acquired through business combinations	-	191	-	1,051	1,242
Exchange rate differences	56	57	-	79	192
At 31 March 2022	14,405	26,631	4,989	73,184	119,209
Exchange rate differences	(92)	(95)	-	(124)	(311)
At 31 March 2023	14,313	26,536	4,989	73,060	118,898
Accumulated amortisation and impairment					
At 1 April 2021	6,610	13,571	4,989	28,239	53,409
Exchange rate differences	40	36	-	-	76
Amortisation	1,221	2,081	-	-	3,302
At 31 March 2022	7,871	15,688	4,989	28,239	56,787
Exchange rate differences	(64)	(63)	-	-	(127)
Amortisation	1,230	2,103	-	-	3,333
Impairment	271	714	-	172	1,157
At 31 March 2023	9,308	18,442	4,989	28,411	61,150
Carrying amount					
At 31 March 2023	**5,005**	**8,094**	**-**	**44,649**	**57,748**
At 31 March 2022	6,534	10,943	-	44,945	62,422
At 31 March 2021	7,739	12,812	-	43,815	64,366

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	
	2023	2022
	£000	£000
Groundforce	**7,465**	7,632
Brandon Hire Station	**25,876**	25,876
ESS	**5,260**	5,260
MEP	**3,981**	3,981
TR	**2,067**	2,196
	44,649	44,945

10. INTANGIBLE ASSETS (continued)

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

The carrying value of intangible assets and goodwill has been assessed for impairment by reference to its recoverable amount, being the higher of its value in use and fair value less costs of disposal. Value in use has been estimated using cash flow projections over a period of 5 years derived from the approved budget for the coming year and subsequent year's long range forecast. 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 based on past experience, market conditions, terminal year growth 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.

In the current year, trading locations associated with Groundforce were closed resulting in some exceptional costs (see note 4). The goodwill and intangible assets attached to these were impaired as there is no longer any recoverable value associated with these. These impairments along with amortisation were charged to cost of sales and are not included in exceptional items, but they are excluded from the Group's adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items as per the Alternative Performance Measures on page 129. The charges relate to the CGUs shown on page 104.

The pre tax discount rate applied to all CGUs was 13% (2022: 11%), an estimate based on the Group's weighted cost of capital, reflective of the required return an investee would expect from each CGU. The same discount rate is used as all CGUs are considered to have similar profiles. A long term growth rate factor of 2% (2022: 2%) was applied when assessing impairment. 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 with the exception of that noted above even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate.

COMPANY	**Trade Names**	**Customer Relationships**	**Supply Agreements**	**Goodwill**	**Total**
Cost or deemed cost	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2021, 31 March 2022 and 31 March 2023	2,482	5,548	394	25,163	33,587
Accumulated amortisation and impairment					
At 1 April 2021	2,123	3,846	394	17,677	24,040
Amortisation charge	72	287	-	-	359
At 31 March 2022	2,195	4,133	394	17,677	24,399
Amortisation charge	2	355	-	-	357
Impairment charge	271	714	-	172	1,157
At 31 March 2023	2,468	5,202	394	17,849	25,913
Carrying amount					
At 31 March 2023	**14**	**346**	**-**	**7,314**	**7,674**
At 31 March 2022	287	1,415	-	7,486	9,188
At 31 March 2021	359	1,702	-	7,486	9,547

The Directors have reviewed the carrying amount of the Company's goodwill and indefinite life intangible assets on the same basis as the Group's goodwill and concluded that there are no additional impairment charges required.

11. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the balance sheet

The recognised right of use assets relate to the following types of assets:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Property	**39,785**	40,497	**5,101**	5,982
Equipment	**5,302**	6,016	**3,735**	5,027
Vehicles	**9,550**	7,638	**2,571**	2,352
Total right of use assets	**54,637**	54,151	**11,407**	13,361

The recognised lease liabilities relate to the following types of assets:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Property	**43,754**	44,067	**5,414**	6,273
Equipment	**5,494**	6,222	**3,910**	5,227
Vehicles	**9,270**	7,354	**2,492**	2,257
Total lease liabilities	**58,518**	57,643	**11,816**	13,757
Of which are:				
Current lease liabilities	**14,622**	14,147	**3,579**	4,004
Non-current lease liabilities	**43,896**	43,496	**8,237**	9,754
	58,518	57,643	**11,816**	13,758

Additions to the right of use assets during the current financial year for the Group was £9.7 million (2022: £13.1 million) and for the Company was £1.8 million (2022: £5.4 million).

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases for the year ended 31 March 2023:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Depreciation charge on right-of-use assets				
Property	**8,556**	7,810	**1,010**	827
Equipment	**3,495**	3,788	**2,494**	2,535
Vehicles	**4,254**	4,963	**1,359**	1,594
	16,305	16,561	**4,863**	4,956
Interest expense (included in finance expenses)	**3,038**	2,941	**701**	634
Expense relating to short-term leases (included in cost of sales and administrative expenses)	**2,051**	2,661	**131**	225
Expenses relating to low-value assets that are not shown above as short-term leases (included in administrative expenses)	**-**	6	**-**	3

The total cash outflow for leases in 2023, including interest, for the Group was £19.0 million (2022: £19.5 million) and for the Company was £5.6 million (2022: £5.5 million).

12. INVESTMENTS IN SUBSIDIARIES

COMPANY

Cost	**£000**
At 1 April 2021	73,571
Strike off of dormant companies	(4,796)
At 31 March 2022 and 31 March 2023	68,775
Impairment	
At 1 April 2021	1,687
Strike off of dormant companies	(1,687)
At 31 March 2022 and 31 March 2023	-
Carrying amount	
At 31 March 2023	**68,775**
At 31 March 2022	68,775
At 31 March 2021	71,884

See note 30 for details of subsidiary undertakings.

13. INVENTORIES

	Group		**Company**	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Raw materials and consumables	**3,599**	3,237	**1,679**	1,389
Goods for resale	**5,316**	4,719	**593**	504
	8,915	7,956	**2,272**	1,893

During the year, as a result of the year end assessment of inventory, there was a £56,000 increase in the Group provision for impairment of inventories (2022: £13,000 increase) and a £104,000 increase for Company (2022: £55,000 increase). The provision reflects the Group's best estimate of potential inventory obsolescence. The cost of goods for resale expensed during the year was £23.9 million (2022: £20.0 million). Inventories are stated after provisions for impairment of £1,870,000 (2022: £1,814,000). Due to the nature of the spares expenditure and the approach to accounting for spares, it is not possible to provide the value of spares inventory expensed.

14. TRADE AND OTHER RECEIVABLES

Current assets	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Gross trade receivables	**77,618**	72,841	**22,643**	21,107
Trade receivables provisions	**(4,646)**	(5,203)	**(1,183)**	(1,221)
Amounts owed by subsidiary undertakings	**-**	-	**3,633**	2,715
Other receivables	**1,732**	2,125	**1,099**	756
Prepayments and accrued income	**6,809**	6,294	**2,171**	2,784
	81,513	76,057	**28,363**	26,141

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 £Nil (2022: £378,000) being the fair value of receivables.

During the year there was a decrease in the provisions for impairment of trade receivables of £557,000 (2022: £2,039,000 decrease). The valuation of the provision reflects the Group's best estimates of likely impairment as a result of the aging of the debt, expected credit losses and its knowledge of the debtors. The Group has a reasonable spread of credit risk with the top 25 customers accounting for significantly less than 50% of gross trade debtors. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	2023	2022
	£000	£000
Not overdue	**59,376**	55,207
0 - 30 days overdue	**6,038**	5,138
31 - 90 days overdue	**3,521**	4,427
More than 90 days overdue	**4,037**	2,866
	72,972	67,638

On this basis there are £13.6 million (2022: £12.4 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 2023 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are unprovided. On this basis there is no material difference between the fair value and the carrying value.

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
At 1 April	**5,203**	7,242	**1,221**	1,277
Impairment provision charged to the Income Statement	**3,305**	2,074	**880**	693
Utilised in the year	**(3,862)**	(4,114)	**(918)**	(749)
At 31 March	**4,646**	5,203	**1,183**	1,221

Non-current assets	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Amounts owed by subsidiary undertakings	**-**	-	**61,716**	55,699

Amounts owed by subsidiary undertakings are unsecured, repayable either on demand or ten years from agreement date and range in interest from 0% to 3.5%.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Bank balances and cash in hand	**14,697**	16,622	**5,389**	5,542
Bank overdraft	**(3,557)**	(3,005)	**(3,557)**	(3,005)
Cash and cash equivalents as per cash flow statement	**11,140**	13,617	**1,832**	2,537

16. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Current liabilities				
Lease liabilities	**14,622**	14,147	**3,579**	4,004
Non-current liabilities				
Secured bank loans	**53,000**	52,000	**53,000**	52,000
Secured private placement loan	**93,000**	93,000	**93,000**	93,000
Arrangement fees	**(492)**	(779)	**(492)**	(779)
Lease liabilities	**43,896**	43,496	**8,237**	9,754
	189,404	187,717	**153,745**	153,975

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

Group	As at 31 Mar 2022	Cash movements	Non-cash movements	**As at 31 Mar 2023**
	£000	£000	£000	**£000**
Secured loans	145,000	1,000	-	**146,000**
Arrangement fees	(779)	-	287	**(492)**
Cash and cash equivalents	(13,617)	2,634	(157)	**(11,140)**
Net debt excluding lease liabilities	130,604	3,634	130	**134,368**
Lease liabilities	57,643	(18,959)	19,834	**58,518**
Net debt including lease liabilities	188,247	(15,325)	19,964	**192,886**

Company	As at 31 Mar 2022	Cash movements	Non-cash movements	**As at 31 Mar 2023**
	£000	£000	£000	**£000**
Secured loans	145,000	1,000	-	**146,000**
Arrangement fees	(779)	-	287	**(492)**
Cash and cash equivalents	(2,537)	705	-	**(1,832)**
Net debt excluding lease liabilities	141,684	1,705	287	**143,676**
Lease liabilities	13,758	(5,563)	3,621	**11,816**
Net debt including lease liabilities	155,442	(3,858)	3,908	**155,492**

The repayment schedule of the carrying amount of the non-current borrowings as at 31 March 2023 is:

	Group		Company	
	2023	2022	**2023**	2022
Due in less than one year:	**£000**	£000	**£000**	£000
Lease liabilities	**14,622**	14,147	**3,579**	4,004
Due in more than one year but not more than two years:				
Secured bank loans	**53,000**	-	**53,000**	-
Lease liabilities	**12,218**	10,898	**2,586**	2,712
Total	**65,218**	10,898	**55,586**	2,712
Due in more than two years but not more than five years:				
Secured bank loans	**-**	52,000	**-**	52,000
Secured private placement loan	**65,000**	65,000	**65,000**	65,000
Lease liabilities	**20,640**	20,365	**4,067**	4,702
Total	**85,640**	137,365	**69,067**	121,702
Due in more than five years:				
Secured private placement loan	**28,000**	28,000	**28,000**	28,000
Lease liabilities	**11,038**	12,233	**1,584**	2,340
Total	**39,038**	40,233	**29,584**	30,340

16. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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 SONIA. The unutilised bank facilities available to the Group as at 31 March 2023 were £37 million (2022: £38 million). In January 2020, the Group refinanced £65.0 million of secured bank loans held with Lloyds Bank plc and HSBC Bank plc with a private placement with PGIM, Inc. at a value of £65.0 million maturing in January 2027 at a fixed interest rate payable semi-annually. In April 2021, the Group drew down a new £28 million seven year private placement under the existing agreement with PGIM, Inc. In June 2021, the Group also refinanced its £135 million committed revolving credit facilities with a new three year £90 million facility. The revolving credit facility agreement also includes a £20 million uncommitted accordion facility.

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 35 to 36, the Risk Management Report on pages 38 to 39 and the Directors' Report within going concern on page 70. The loans are subject to covenants. Interest cover before amortisation was 8.3 times (2022: 10.1 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.44 (2022: 1.43); both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3 times and lower than 2.5 times respectively.

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.

GROUP	Carrying value	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	Over 5 years
31 March 2023	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Secured loans	146,000	172,743	5,797	58,797	80,138	28,011
Lease liabilities	58,518	64,820	16,041	12,946	22,448	13,385
Trade payables, accruals and amounts owed to subsidiary undertakings	64,448	64,448	64,448	-	-	-
	268,966	302,011	86,286	71,743	102,586	41,396
31 March 2022						
Secured loans	145,000	166,438	4,217	4,228	129,205	28,788
Lease liabilities	57,643	68,518	17,650	13,259	23,599	14,010
Trade payables, accruals and amounts owed to subsidiary undertakings (restated)*	71,869	71,869	71,869	-	-	-
	274,512	306,825	93,736	17,487	152,804	42,798

COMPANY	Carrying value	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	Over 5 years
31 March 2023	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Secured loans	146,000	172,743	5,797	58,797	80,138	28,011
Lease liabilities	11,816	18,274	5,083	3,330	5,775	4,086
Trade payables, accruals and amounts owed to subsidiary undertakings	25,658	25,658	8,683	-	-	16,975
	183,474	216,675	19,563	62,127	85,913	49,072
31 March 2022						
Secured loans	145,000	166,438	4,217	4,228	129,205	28,788
Lease liabilities	13,758	16,663	4,826	3,230	5,701	2,906
Trade payables, accruals and amounts owed to subsidiary undertakings (restated)*	25,483	25,483	13,235	-	-	12,248
	184,241	208,584	22,278	7,458	134,906	43,942

*Trade and other payables include trade payables, accruals and, for the parent company, amounts owed to subsidiary undertakings. The comparative figures have been restated to present the restated figures in note 18.

17. FINANCIAL INSTRUMENTS

At the start of the previous year, the Group had seven interest rate swaps to fix interest rates on a proportion of the revolving credit facility. Details are as follows:

Start date	Original finish date	Notional Debt value	Fixed margin
April 2018	April 2021	12,000,000	1.154%
May 2018	May 2021	5,000,000	0.930%
September 2018	September 2021	5,000,000	0.980%
December 2018	December 2021	7,500,000	1.209%
August 2019	August 2022	5,000,000	0.890%
August 2019	August 2022	5,000,000	0.884%
October 2019	October 2022	5,000,000	0.485%

In June 2021, the Group terminated all of these interest rate swaps as part of the refinancing undertaken. At 31 March 2022 and 31 March 2023, the Group has no interest rate swaps.

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 35 and 36 and the Principal Risks and Emerging Risk Areas on pages 39 to 42, as are the risks relating to credit and currency management and the capital management of the Group.

Financial Instrument Sensitivity Analysis

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

	Equity and Profit/(Loss)	
	2023	2022
10% strengthening of Sterling against:	**£000**	£000
US Dollar	**39**	75
Australian Dollar	**17**	(110)
Singapore Dollar	**(2)**	1
Euro	**2**	79
10% weakening of Sterling against:		
US Dollar	**(48)**	(91)
Australian Dollar	**(21)**	135
Singapore Dollar	**2**	(2)
Euro	**(2)**	(96)
10% movement in Sterling interest rates:		
Increase in interest rates	**(22)**	(14)
Decrease in interest rates	**22**	14

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

18. TRADE AND OTHER PAYABLES

Current liabilities	Group		Company	
	2023	2022 Restated*	**2023**	2022 Restated*
	£000	£000	**£000**	£000
Trade payables	**30,568**	30,326	**8,576**	5,705
Amounts owed to subsidiary undertakings	**-**	-	**37,882**	38,551
Other tax and social security	**5,799**	6,779	**2,116**	3,176
Accruals and deferred income	**35,817**	43,571	**16,007**	18,061
	72,184	80,676	**64,581**	65,493

Within accruals is £2.0 million (2022: £2.6 million) in relation to the liability for cash settled share options which are also valued at fair value. All other liabilities are valued at amortised cost. There are no material liabilities in relation to contracts with customers. Amounts owed to subsidiary undertakings are repayable on demand, unsecured and interest free. Payables acquired as part of acquisitions were £nil (2022: £0.1 million) being the fair value of payables.

*To better reflect the substance of the balance amounts previously disclosed within other payables have been combined with accruals. The effect of this adjustment on the comparative figures is to increase accruals and deferred income by £6.8 million (Group) and £0.1 million (Company) and reduce other payables by £6.8 million (Group) and £0.1 million (Company).

Non-current liabilities	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Amounts owed to subsidiary undertakings	**-**	-	**16,975**	12,248

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

GROUP	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2021		8,197	4,349	(671)	(1,481)	10,394
Recognised on acquisition		343	36	-	-	379
Recognised in income statement		3,568	330	7	(888)	3,017
Recognised in reserves		12	-	9	-	21
Recognised in equity	8	-	-	(149)	-	(149)
Foreign exchange		63	12	(14)	(45)	16
At 31 March 2022		12,183	4,727	(818)	(2,414)	13,678
Recognised on acquisition		-	-	-	-	-
Recognised in income statement		2,445	(664)	582	837	3,200
Recognised in reserves		3	-	(122)	-	(119)
Recognised in equity	8	-	-	(78)	-	(78)
Foreign exchange		(94)	(18)	20	31	(61)
At 31 March 2023		**14,537**	**4,045**	**(416)**	**(1,546)**	**16,620**

Of the deferred tax liability above, the amount expected to unwind within 12 months is £3.6 million (2022: £3.2 million).

COMPANY	Note	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2021		9,550	675	(129)	(388)	9,708
Recognised in income statement		3,139	98	(22)	49	3,264
Recognised in reserves		12	-	(22)	-	(10)
Recognised in equity		-	-	(149)	-	(149)
At 31 March 2022		12,701	773	(322)	(339)	12,813
Recognised on acquisition		-	-	-	-	-
Recognised in income statement		1,598	(262)	547	72	1,955
Recognised in reserves		3	-	(254)	-	(251)
Recognised in equity		-	-	(78)	-	(78)
At 31 March 2023		**14,302**	**511**	**(107)**	**(267)**	**14,439**

Of the deferred tax liability above, the amount expected to unwind within 12 months is £2.9 million (2022: £2.6 million).

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.

20. CAPITAL AND RESERVES

Ordinary share capital	2023 £000	2022 £000
Allotted, called up and fully paid		
40,154,253 Ordinary shares of 5 pence each (2022: 40,154,253)	**2,008**	2,008

The company articles authorise 60,000,000 shares (2022: 60,000,000). All shares have the same voting rights.

Reserves
Full details of reserves are provided in the consolidated and Parent company statements of changes in equity on pages 84 and 87.

Own shares held
Deducted from retained earnings (Group and Company) is £5,110,000 (2022: £4,478,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 609,000 shares (2022: 510,000) with a market value at 31 March 2023 of £4,104,000 (2022: £4,285,000).

21. DIVIDENDS

	2023 £000	2022 £000
Amounts recognised as distributions to equity holders of the Parent company in the year:		
Ordinary shares:		
Final paid 25.5p (2022: 25.0p) per share	**10,112**	9,897
Interim paid 11.0p (2022: 10.5p) per share	**4,359**	4,157
	14,471	14,054

The dividend paid in the year is after dividends were waived to the value of £184,000 (2022: £201,000) 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 26.5p per share which will absorb an estimated £10.5 million of shareholders' funds. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in liabilities in the financial statements.

22. EARNINGS PER SHARE

Basic earnings per share
The calculation of basic earnings per share of 58.05 pence (2022: 64.49 pence) was based on the profit after tax of £23,010,000 (2022: £25,535,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2023 of 39,635,000 (2022: 39,597,000), calculated as follows:

	2023 Shares 000s	2022 Shares 000s
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(519)**	(557)
Weighted average number of ordinary shares	**39,635**	39,597

Basic earnings per share before the amortisation of intangibles and exceptional items was 78.41 pence (2022: 71.24 pence) and is based on an after tax add back of £8,067,000 (2022: £2,675,000) in respect of the amortisation of intangibles and exceptional items.

22. EARNINGS PER SHARE (continued)

Diluted earnings per share

The calculation of diluted earnings per share of 57.76 pence (2022: 63.83 pence) was based on profit after tax of £23,010,000 (2022: £25,535,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2023 of 39,835,000 (2022: 40,009,000), calculated as follows:

	2023 Shares 000s	2022 Shares 000s
Weighted average number of ordinary shares	**39,635**	39,597
Effect of share options	**200**	412
Weighted average number of ordinary shares (diluted)	**39,835**	40,009

The calculation of diluted earnings per share in the prior year does not assume conversion, exercise or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Diluted earnings per share before the amortisation of intangibles and exceptional items was 78.01 pence (2022: 70.51 pence).

23. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 410,764 shares were granted under the SAYE scheme at a price of 560 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
July 2019	711p	116,101
July 2020	584p	265,018
July 2021	693p	246,602
December 2022	560p	400,396
		1,028,117

The 2022 scheme was not granted in June because of the ongoing Formal Sale Process and was deferred until December 2022. All the options are exercisable between 3 and 3.5 years. At 31 March 2023 there were 954 employees saving an average £159 per month (2022: 957 employees saving £161 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 253,250 shares were granted during the year at a price of 787 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2013	389.0p	4,000
July 2014	680.0p	9,350
July 2015	770.0p	25,350
July 2016	657.0p	20,150
July 2017	870.0p	51,333
July 2019	860.0p	21,900
July 2020	698.0p	166,400
July 2021	908.0p	91,600
August 2022	787.0p	243,850
		633,933

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2020 to 2022 are subject to achievement of performance targets over a three year period. The awards for 2019 and prior are vested, but not yet exercised.

23. SHARE OPTION SCHEMES (continued)

Unapproved Share Option Scheme

Options over 628,750 shares were granted during the year at a price of 787 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2013	389.0p	24,200
July 2014	680.0p	48,600
July 2015	770.0p	58,250
July 2016	657.0p	139,850
July 2017	870.0p	154,851
July 2019	860.0p	83,700
July 2020	698.0p	469,600
July 2021	908.0p	653,900
August 2022	787.0p	590,150
		2,223,101

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2020 to 2022 are subject to achievement of performance targets over a three year period. The awards for 2019 and prior are vested, but not yet exercised.

Long-Term Incentive Plan

Awards were made during the year in relation to a further 367,100 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2014	72,600
July 2015	69,500
July 2016	86,600
July 2017	62,196
July 2019	42,960
July 2020	384,400
July 2021	278,050
August 2022	330,100
	1,326,406

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2020 to 2022 are subject to achievement of performance targets over a three year period as shown in the Annual Report on Remuneration on page 64. The awards for 2019 and prior are vested, but not yet exercised.

Share Matching

No awards were made during the year in relation to shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
August 2013	1,500
July 2014	2,500
August 2015	2,400
August 2016	2,200
	8,600

These options are exercisable between the third and tenth anniversary of the grant. The awards for 2016 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 2023 was 674 pence (2022: 840 pence), the highest market value in the year to 31 March 2023 was 980 pence (2022: 1060 pence) and the lowest 660 pence (2022: 826 pence). The average share price during the year was 779 pence (2022: 937 pence).

23. SHARE OPTION SCHEMES (continued)

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

	2023		2022	
	Weighted average exercise price	**Number of options 000s**	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	**554p**	**4,658**	553p	4,511
Lapsed during the year	**561p**	**(962)**	681p	(1,035)
Exercised during the year	**484p**	**(136)**	667p	(318)
Granted during the year	**557p**	**1,660**	669p	1,500
Outstanding at the end of the year	**555p**	**5,220**	554p	4,658
Exercisable at the year end	**521p**	**1,100**	484p	905

The options outstanding at 31 March 2023 have an exercise price in the range of 0.0p to 908.0p and have a weighted average life of 2.0 years.

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 probable options granted during the year were in the following ranges:

	2023	2022
Weighted average fair value per share	**184.0p**	298.5p
Share price at date of grant	**700.0p to 787.0p**	866.0p to 908.0p
Exercise price (details provided above)	**0.0p to 787.0p**	0.0p to 908.0p
Expected volatility	**35.7% to 35.9%**	37.4%
Option life	**3 to 10 years**	3 to 10 years
Expected divided yield	**4.6% to 5.1%**	2.8% to 2.9%
Risk free rate	**1.75% to 3.00%**	0.10%

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 5.

The total carrying amount of cash settled transaction liabilities including associated national insurance at the year end was £1,991,000 (2022: £2,550,000). £1,937,000 of this liability had vested at the year end (2022: £2,314,000).

24. 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	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Contracted	**10,715**	14,523	**5,137**	10,764

25. EMPLOYEE BENEFITS

Defined benefit schemes

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

The Group has two defined benefit pension schemes, the main scheme is the Vp pension scheme with a net present value surplus of £2.1 million (2022: £3.1 million). In addition, Torrent Trackside participate in a small section of the Railways Pension Scheme with a net present value surplus of £0.2 million (2022: £0.3 million net present value obligation). The two schemes are considered below.

Vp pension scheme

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

There are two categories of pension scheme member:

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

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for 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 receive increases in deferment linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined benefit obligation as at 31 March 2023 was 11 years (2022: 11 years).

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 March 2021. The valuation revealed a funding surplus of approximately £2,000,000. The Company therefore does not expect to pay any contributions into the Scheme during the accounting year beginning 1 April 2023. The difference between the actuarial valuation and the IAS 19 valuation reflects the different valuation dates, the last actuarial valuation was as at 31 March 2021, and the assumptions adopted. The actuarial valuation uses assumptions determined by the Scheme Trustees to evaluate the Scheme funding requirements on a triannual basis and the IAS 19 valuation uses assumptions that are chosen by the Company, but heavily prescribed by the accounting standard.

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 some of the assets in diversified growth funds. 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 (subject to the appropriate caps in place).
- 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 Investment (LDI) funds in order to control interest rate and inflation risks.

25. EMPLOYEE BENEFITS (continued)

Torrent Railways pension scheme

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

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

- Active members: currently employed by the Company and accruing pension benefits
- Deferred members: former members of the Section not yet in receipt of pension
- Pensioner 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 receive increases linked to the CPI inflation. The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Section's defined obligation as at 31 March 2023 was 20 years.

The Trustee is required to carry out an actuarial valuation every 3 years. As at December 2022 this process was ongoing.

The last actuarial valuation for the Section was performed by the Scheme Actuary for the Trustee as at 31 December 2019. This valuation revealed a surplus in the Section of £33,000 on the Scheme Funding basis. The Company agreed to pay annual contributions of 20.9% pa of members' section pay prior to 30 June 2018, and 21.7% pa of members' pensionable salaries from 1 July 2018; all subject to the Omnibus rate as defined in the Rules. The Company expects to pay around £15,000 to the Section during the accounting year beginning 1 April 2023. The difference between the actuarial valuation and the IAS 19 valuation is due to the same principles as described in the Vp plc details above, albeit the last actuarial valuation was performed at 31 December 2019.

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

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

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

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

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

Present value of net surplus	**Group**		**Company**	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Present value of defined benefit obligation	**(7,201)**	(9,531)	**(6,012)**	(7,706)
Fair value of scheme assets	**9,501**	12,269	**8,147**	10,774
Present value of net surplus	**2,300**	2,738	**2,135**	3,068

25. EMPLOYEE BENEFITS (continued)

The movement in the defined benefit surplus is as follows:

Group	2023 Present value of obligation £000	2023 Fair value of assets £000	2023 Total £000	2022 Present value of obligation £000	2022 Fair value of assets £000	2022 Total £000
At beginning of year	**(9,531)**	**12,269**	**2,738**	(10,600)	12,775	2,175
Service costs	**(34)**	**(173)**	**(207)**	(37)	(145)	(182)
Interest (cost)/income	**(250)**	**322**	**72**	(177)	212	35
Re-measurements						
Actuarial losses: change in demographic assumptions	**-**	**-**	**-**	(108)	-	(108)
Actuarial gains: change in financial assumptions	**2,199**	**-**	**2,199**	911	-	911
Actuarial losses: experience differing from that assumed	**(131)**	**-**	**(131)**	(11)	-	(11)
Actuarial losses: actual return on assets	**-**	**(2,387)**	**(2,387)**	-	(98)	(98)
Contributions: employer	**-**	**16**	**16**	-	16	16
Contributions: employees	**(7)**	**7**	**-**	(7)	7	-
Benefits paid	**553**	**(553)**	**-**	498	(498)	-
	(7,201)	**9,501**	**2,300**	(9,531)	12,269	2,738

Company	2023 Present value of obligation £000	2023 Fair value of assets £000	2023 Total £000	2022 Present value of obligation £000	2022 Fair value of assets £000	2022 Total £000
At beginning of year	**(7,706)**	**10,774**	**3,068**	(8,737)	11,394	2,657
Service costs	**-**	**(158)**	**(158)**	-	(136)	(136)
Interest (cost)/income	**(201)**	**282**	**81**	(145)	189	44
Re-measurements						
Actuarial losses: change in demographic assumptions	**-**	**-**	**-**	(86)	-	(86)
Actuarial gains: change in financial assumptions	**1,507**	**-**	**1,507**	765	-	765
Actuarial gains: experience differing from that assumed	**(113)**	**-**	**(113)**	26	-	26
Actuarial losses: actual return on assets	**-**	**(2,250)**	**(2,250)**	-	(202)	(202)
Benefits paid	**501**	**(501)**	**-**	471	(471)	-
	(6,012)	**8,147**	**2,135**	(7,706)	10,774	3,068

Expense/(income) recognised in the Income Statement	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Service costs	**207**	182	**158**	136
Net interest	**(72)**	(35)	**(81)**	(44)
	135	147	**77**	92

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

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cost of sales	**207**	182	**158**	136
Administrative expenses	**(72)**	(35)	**(81)**	(44)
	135	147	**77**	92

25. EMPLOYEE BENEFITS (continued)

Amount recognised in other comprehensive income	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Actuarial gains/(losses) on defined benefit obligation	**2,068**	792	**1,394**	705
Actual return on assets less interest	**(2,387)**	(99)	**(2,250)**	(202)
Amount recognised in other comprehensive income	**(319)**	693	**(856)**	503

Cumulative actuarial net gains/(losses) reported in the statement of comprehensive income since 1 April 2004, the transition to adopted IFRSs, for the Group are gain of £110,000 (2022: gain of £428,000), Company loss of £710,000 (2022: gain of £146,000).

Scheme assets and returns

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

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Fair value of assets				
Diversified growth funds	**4,043**	4,145	**4,043**	4,145
Equities and other growth assets	**555**	1,088	**-**	-
Bonds and cash	**3,055**	5,385	**2,256**	4,978
Liability driven investments (LDI)	**1,848**	1,651	**1,848**	1,651
	9,501	12,269	**8,147**	10,774
Returns				
Actual return on scheme assets	**(2,065)**	114	**(1,968)**	(13)

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by or other assets used by the Company. The Scheme invests in the "Matching Core" range of LDI funds provided by Legal & General Investment Management (LGIM) (the Scheme's investment manager). These are unit-linked, pooled investment vehicles, with an unquoted unit price. The market value for the purposes of the financial statements was provided by LGIM and was the bid-value of the funds at the accounting date.

Principal actuarial assumptions

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

	Group and Company	
	2023	2022
Inflation	**3.5%**	4.2%
Discount rate at 31 March	**4.8%**	2.7%
Expected future salary increases	**2.0%**	2.1%
Expected future pension increases	**3.4%**	3.9%
Revaluation of deferred pensions	**2.9%**	3.6%

Mortality rate assumptions adopted at 31 March 2023, based on S2PA CMI Model 2019, imply the following life expectations on retirement at age 65 for:

	2023	2022
Male currently aged 45	**23 years**	23 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

25. EMPLOYEE BENEFITS (continued)

History of schemes

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

Group	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Present value of defined benefit obligation	**(7,201)**	(9,531)	(10,600)	(9,812)	(10,187)
Fair value of plan assets	**9,501**	12,269	12,775	12,830	12,919
Present value of net surplus	**2,300**	2,738	2,175	3,018	2,732

Company	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Present value of defined benefit obligation	**(6,012)**	(7,706)	(8,737)	(8,312)	(8,591)
Fair value of plan assets	**8,147**	10,774	11,394	11,665	11,757
Present value of net surplus	**2,135**	3,068	2,657	3,353	3,166

(Losses)/gains recognised in statement of comprehensive income

Group	2023	2022	2021	2020	2019
Difference between expected and actual return on scheme assets:					
Amount (£000)	**(2,387)**	(98)	223	178	468
Percentage of scheme assets	**(25.1%)**	(0.8%)	1.7%	1.4%	3.6%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**(131)**	(11)	15	(8)	205
Percentage of present value of scheme liabilities	**(1.8%)**	(0.1%)	0.1%	(0.1%)	2.0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**2,199**	803	(1,033)	198	(95)
Percentage of present value of scheme liabilities	**30.5%**	8.4%	(9.7%)	2.0%	(0.9%)
Recognition of Railways pension scheme					
Amount (£000)	**-**	-	-	-	-
Percentage of present value of scheme liabilities	**(0.0%)**	(0.0%)	(0.0%)	(0.0%)	(0.0%)
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**(319)**	693	(795)	368	536
Percentage of present value of scheme liabilities	**(4.4%)**	7.3%	(7.5%)	3.8%	5.3%

Company	2023	2022	2021	2020	2019
Difference between expected and actual return on scheme assets:					
Amount (£000)	**(2,250)**	(202)	27	201	426
Percentage of scheme assets	**(27.6%)**	(1.9%)	0.2%	1.7%	3.6%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	**(113)**	26	-	-	192
Percentage of present value of scheme liabilities	**(1.9%)**	0.3%	0.0%	0.0%	2.2%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	**1,507**	679	(708)	33	(30)
Percentage of present value of scheme liabilities	**25.1%**	8.8%	(8.1%)	0.4%	(0.3%)
Total amount recognised in statement of comprehensive income:					
Amount (£000)	**(856)**	503	(681)	234	546
Percentage of present value of scheme liabilities	**(14.2%)**	6.5%	(7.8%)	2.8%	6.4%

25. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

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

Vp plc scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-5%/+6%
RPI inflation	+/- 0.5% pa	+1%/-1%
Assumed life expectancy	+ 1 year	+5%

Torrent Railways scheme

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+/- 0.5% pa	-9%/+10%
CPI inflation	+/- 0.5% pa	+7%/-7%
Assumed life expectancy	+ 1 year	+4%

All of these are consistent with the prior year except Assumed Life Expectancy which was +4% compared to 5%.

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 £2,310,000 (2022: £1,945,000) in the year.

26. BUSINESS COMBINATIONS

During the prior year, the Group acquired the following business:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
M. & S. Hire Limited	16 November 2021	Share purchase (100% equity)	Hire Station Limited

Details of the acquisition are provided below:

	Group
	2022
	Total
	£000
Property, plant and equipment	1,647
Cash	107
Other current assets	387
Tax, trade and other payables	(196)
Deferred tax	(351)
Fair value of net assets	1,594
Fair value adjustments	
Intangibles on acquisition	191
Deferred tax on intangibles	(36)
Fair value of intangible assets acquired	155
Goodwill on acquisition	1,051
Cost of acquisitions	2,800
Satisfied by	
Cash consideration	2,800
Analysis of cash flow for acquisitions	
Cash consideration	2,800
Net cash in acquisitions	(107)
	2,693

The fair value of net assets generally reflect the book value of assets in the acquired company/business. The acquisition was made to grow market share and expand the product range. Intangibles identified in relation to the acquisition relate to customer lists. The amortisation periods for these intangibles are set out in note 1. The goodwill arising on acquisition is primarily attributable to the expected operational synergies within the Group's businesses. The acquisition costs expensed in the year ended 31 March 2023 in relation to the acquisition were £nil (2022: £56,500).

The acquired business' trade and assets were hived up into Hire Station Limited at 1 December 2021. The acquired business contributed revenues of £91,000 and net profit of £37,000 to the Group for the period 16 November 2021 to 30 November 2021.

If the acquisition had occurred on 1 April 2021, consolidated pro-forma revenue and profit for the year ended 31 March 2022 would have been £1,320,000 and £176,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged using the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2021, together with the consequential tax effects.

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 52 to 69 and in note 6 to the Financial Statements.

Trading transactions with subsidiaries – Group

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

Trading transactions with subsidiaries – Parent company

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

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

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

The amount outstanding from subsidiary undertakings to the Company at 31 March 2023 totalled £65,349,000 (2022: £58,414,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2023 totalled £54,857,000 (2022: £50,799,000).

The Company and certain subsidiary undertakings has entered into cross guarantees of bank loans, private placement loans and overdrafts to the Company. The total value of such borrowings at 31 March 2023 was £146.0 million (2022: £145.0 million).

28. CONTINGENT LIABILITIES

In an international Group a variety of claims arise from time to time in the normal course of business. Such claims may arise due to matters concerning suppliers or customers, actions being taken against Group companies as a result of investigations by fiscal authorities or under regulatory requirements. Provision has been made in these consolidated financial statements against any claims which the Directors consider are likely to result in significant liabilities or required under accounting standard IAS 37.

29. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company Limited which is the ultimate Parent company incorporated in United Kingdom and registered at Central House, Beckwith Knowle, Otley Road, Harrogate, HG3 1UD. 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.

Notes

30. SUBSIDIARY UNDERTAKINGS

The investments in trading subsidiary undertakings as at 31 March 2023 and 31 March 2022 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%
Airpac Rentals 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 Rentals (Australia) Pty Limited	Australia	Oilfield services	Australia	Ordinary shares 100%
Vp GmbH	Germany	Equipment hire	Germany	Ordinary shares 100%
Vp Equipment Rental (Ireland) Limited	Ireland	Equipment hire	Ireland	Ordinary shares 100%
Vp Equipment Rental Pty Limited	Australia	Holding company	Australia	Ordinary shares 100%
TR Pty Limited	Australia	Equipment hire	Australia	Ordinary shares 100%
Tech Rentals (Malaysia) SDN BHD	Malaysia	Equipment hire	Malaysia	Ordinary shares 100%
Vidcom New Zealand Limited	New Zealand	Equipment hire	New Zealand	Ordinary shares 100%

30. SUBSIDIARY UNDERTAKINGS (continued)

The full list of the dormant subsidiary undertakings is:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Stoppers Specialists Limited	England	Dormant	n/a	Ordinary shares 100%
Trench Shore Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Investments Limited	England	Dormant	n/a	Ordinary shares 100%
Bukom General Oilfield Services Limited	England	Dormant	n/a	Ordinary shares 100%
Fred Pilkington & Son Limited	England	Dormant	n/a	Ordinary shares 100%
Domindo Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Instant Tool Hire Limited	England	Dormant	n/a	Ordinary shares 100%
The Handi Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Hire & Sales (Canterbury) Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Trustees Limited	England	Dormant	n/a	Ordinary shares 100%
UM (Holdings) 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%
M.E.P. Hire Limited	Scotland	Dormant	n/a	Ordinary shares 100%
Arcotherm (UK) Limited	England	Dormant	n/a	Ordinary shares 100%
Vibroplant Limited	England	Dormant	n/a	Ordinary shares 100%
Mr Cropper Limited	England	Dormant	n/a	Ordinary shares 100%
Direct Instrument Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Test & Measurement Hire Limited	England	Dormant	n/a	Ordinary shares 100%
Higher Access Limited	England	Dormant	n/a	Ordinary shares 100%
Zenith Survey Equipment Limited	England	Dormant	n/a	Ordinary shares 100%
Survey Connection Scotland Limited	England	Dormant	n/a	Ordinary shares 100%
Brandon Hire Group Limited	England	Dormant	n/a	Ordinary shares 100%
Brandon Hire Group Holdings Limited	England	Dormant	n/a	Ordinary shares 100%
Brandon Hire Limited	England	Dormant	n/a	Ordinary shares 100%
FNPR Holdings Limited	England	Dormant	n/a	Ordinary shares 100%
First National Plant Rental Limited	England	Dormant	n/a	Ordinary shares 100%
TPA Portable Roadways Limited	England	Dormant	n/a	Ordinary shares 100%
Sandhurst Limited	England	Dormant	n/a	Ordinary shares 100%
M. & S. Hire Limited	England	Dormant	n/a	Ordinary shares 100%

30. SUBSIDIARY UNDERTAKINGS (continued)

The registered offices of the companies are:

Country of Registration	Registered Office Address
England	Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD
Scotland	Tofthills Avenue, Midmill Business Park, Kintore, Aberdeenshire AB51 0QP
Singapore	9 Pioneer Sector 2, Singapore 628371
Curacao	Brionplein 4, Curacao, Netherlands Antilles
Sharjah	SAIF Office P8-13-10, PO Box 121378, Sharjah, United Arab Emirates
Australia	18 Joseph Street, Blackburn North, Victoria 3130
Germany	Lurgiallee 6-8, 60439 Frankfurt
Ireland	70 Sir John Rogerson's Quay, Dublin 2
Malaysia	Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Dami Ehsan
New Zealand	27 Exmouth Street, Eden Terrace, Auckland 101

The subsidiary companies listed below are exempt from the requirements of Companies' Act 2006 relating to the audit of individual accounts by virtue of section 479A of Companies' Act 2006.

Company	Registered number
Torrent Trackside Limited	01132882

Five Year Summary

	2019 £000	2020 £000	2021 £000	2022 £000	**2023 £000**
Revenue	382,830	362,927	307,997	350,915	**371,519**
Operating profit before amortisation and exceptional items	51,571	55,480	30,928	46,299	**48,775**
Profit before amortisation, taxation and exceptional items	46,829	46,640	23,176	38,946	**40,206**
Profit/(Loss) before taxation	33,581	28,366	(2,269)	35,644	**30,706**
Taxation	(7,759)	(9,779)	(2,332)	(10,109)	**(7,696)**
Profit/(Loss) after taxation	25,822	18,587	(4,601)	25,535	**23,010**
Dividends*	(10,853)	(12,055)	(8,674)	(14,054)	**(14,471)**
Share capital	2,008	2,008	2,008	2,008	**2,008**
Capital redemption reserve	301	301	301	301	**301**
Reserves	166,549	167,585	150,781	164,276	**172,623**
Total equity before non-controlling interest	168,858	169,894	153,090	166,585	**174,932**
Share Statistics					
Asset value	421p	423p	381p	415p	**436p**
Earnings (pre amortisation)	95.14p	90.21p	46.56p	71.24p	**78.41p**
Dividend**	30.20p	30.45p	25.00p	36.0p	**37.5p**
Times covered (pre amortisation)	3.15	3.0	1.9	2.0	**2.1**

* 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. The special dividend of 22.00 pence per share declared on 17 January 2021 is in relation to the financial year ended 31 March 2020.

Alternative Performance Measures

The Board monitors performance principally through adjusted and like-for-like performance measures. Adjusted profit and earnings per share measures exclude certain items including the impact of IFRS16, amortisation of acquired intangible assets and goodwill impairment charges and exceptional items.

The Board believes that such alternative measures are useful as they exclude one-off (amortisation, impairment of intangible assets and exceptional items) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group from one year to the next when making investment and other decisions. Equally, IFRS16 is excluded from measures used by these same stakeholders and so is removed from certain APMs.

The key measures used as APMs are reconciled below.

	2023	2022
	£000	£000
Profit before tax as per Income Statement	**30,706**	35,644
Adjustment to remove IFRS 16 impact	**283**	(41)
Adjusted profit before tax APM	**30,989**	35,603
Amortisation and impairment of intangible assets	**4,490**	3,302
Exceptional items	**5,010**	-
Adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items APM (PBTAE)	**40,489**	38,905
Interest (excluding interest on lease liabilities)	**5,542**	4,431
Adjusted operating profit before tax, amortisation, impairment of intangible assets and exceptional items APM	**46,031**	43,336
Depreciation (excluding depreciation of right of use assets)	**46,853**	45,532
Adjusted EBITDA APM	**92,884**	88,868

	2023			2022		
	UK Segment	**International Segment**	**Total**	UK Segment	International Segment	Total
Operating profit before tax, amortisation, impairment of intangible assets and exceptional items	**45,564**	**3,211**	**48,775**	44,704	1,595	46,299
Adjustment to remove IFRS 16 impact	**(2,622)**	**(122)**	**(2,744)**	(2,872)	(91)	(2,963)
Adjusted operating profit before tax, amortisation, impairment of intangible assets and exceptional items APM	**42,942**	**3,089**	**46,031**	41,832	1,504	43,336

Adjusted operating margin is calculated by dividing adjusted operating profit before tax, amortisation, impairment of intangible assets and exceptional items by revenue.

	2023	2022
	Pence	Pence
Basic earnings per share	**58.1**	64.5
Impact of amortisation, impairment of intangible assets and exceptional items after tax	**20.3**	6.7
Impact of IFRS 16	**0.6**	-
Adjusted basic earnings per share APM	**79.0**	71.2

	2023	2022
	£000	£000
Net debt including lease liabilities	**192,886**	188,247
Lease liabilities	**(58,518)**	(57,643)
Net debt excluding lease liabilities APM	**134,368**	130,604

Return on average capital employed (ROACE) is based on profit before Operating profit before tax, amortisation, impairment of intangible assets and exceptional items as defined above divided by average capital employed on a monthly basis using the management accounts.

Directors and Advisors

Executive Directors

Jeremy F G Pilkington, B.A. Hons. (Chairman)
Neil A Stothard, M.A., F.C.A.
Anna C Bielby, F.C.A. (appointed 1 January 2023)

Non-executive Directors

Stuart Watson, B.A, F.C.A. (appointed 3 January 2023)
Mark Bottomley, B.S.C, F.C.A. (appointed 3 January 2023)
Philip M White, B.Com, F.C.A., CBE

Company Secretary

Anna C Bielby, (appointed 19 January 2023)

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6 Wellington Place, Leeds LS1 4AP

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

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Natwest Bank plc

Investment Bankers

N M Rothschild & Sons Limited

Brokers

Singers Capital Markets
Berenberg

Public Relations

Buchanan Communications

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