

Realising our potential

Speedy Hire Plc
Annual Report and Accounts 2020



Speedy

Who we are

Speedy is the UK's leading provider of tools and equipment hire, and services to the construction, infrastructure and industrial markets. Our hire and services business operates from over 200 locations in the UK and Ireland.

We also operate internationally, providing equipment and manpower primarily for national government clients in the oil and gas markets, on long term framework contracts in the UAE and Kazakhstan.

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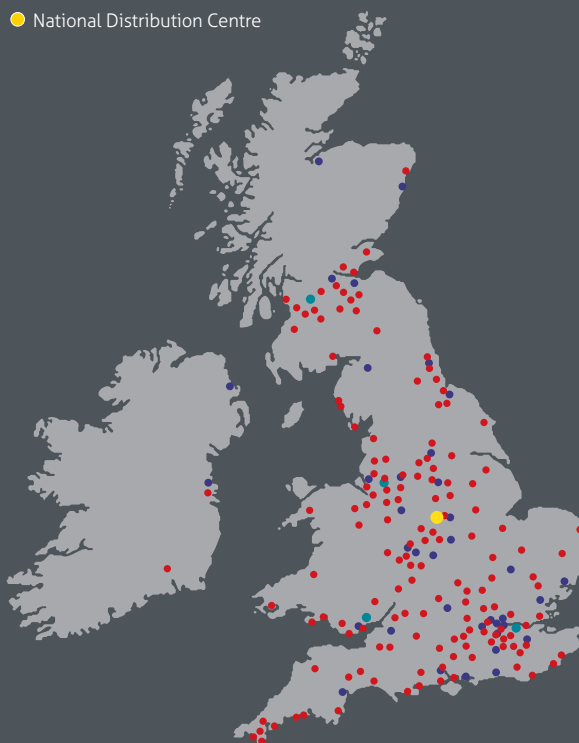
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Our network

- Depots
- Superstores
- Multi Service Centres
- National Distribution Centre







Our vision

Our vision is to become the best company in our sector to do business with and the best to work for.

Our mission

Our mission is to provide safe, reliable hire equipment and services to enable successful delivery of customer projects.

Our values

-  'Safe' the first priority in everything we do
-  'As One' working together to collectively achieve our goals
-  'Innovative' to continuously improve
-  'Driven' to deliver a first class customer experience

Our customer value proposition

We provide our customers with a single destination for the latest, most innovative, safe, and compliant tools and equipment.

As a result we protect our customers against commercial risk, enable the successful delivery of their projects and ensure their people are operating safely on site.

Providing a first class customer experience is core to our service offering.

We achieve this through a combination of our people, nationwide depot network and digital propositions.



Why invest in Speedy?

- We supply large national customers, including 87 of the UK's top 100 contractors, as well as local trades and industries
- Safety is our number one priority and we actively work with our suppliers to deliver award winning, sustainable solutions for customers
- We innovate to make our customers' projects more successful by taking advantage of technological advancements
- We have high levels of customer advocacy, with a 92%* customer satisfaction score
- We provide an industry leading unique national four-hour delivery promise on our most popular products
- We are improving asset availability, which is fundamental to ensuring that we provide great customer service
- We have a strong balance sheet and significant banking facility headroom, which means that we can continue to grow the business organically and through value enhancing acquisitions
- We aim to grow our services businesses faster than hire; this diversification will result in us being more resilient to economic downturn
- We have successful oil and gas businesses in the UAE and Kazakhstan

*Based on average monthly responses to customer surveys

What we do and how we do it



60%
approx. revenue
Hire

Consisting of approximately 2,150 product lines, the hire business encompasses our core tools business, and our specialist businesses which include lifting, survey, power, rail and powered access.

For a full list of hire details refer to page 54



40%
approx. revenue
Services



Services account for approximately 40% of our business and falls into various categories such as training, testing, inspection and certification, powered access for specialist servicing and refurbishment, product and consumable sales, fuel management and rehire.

For a full list of hire details refer to page 54



Making it easy for customers to do business

Our aim is to make it easy for customers to do business with us, through providing a choice of different contact options to suit their needs:



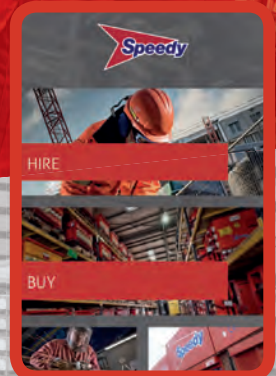
Regional call centres

Through our regional call centres located throughout the country our dedicated staff service our regional customer base



Online

Through our website and mobile app



Depot network

Through c.200 operational centres across the UK and Ireland



Customer Relationship Centre

Through our central Hub in South Wales dedicated to servicing our SME customers



Speedy Direct

Through our central call centre in the North West with dedicated desks for our major customers

Where we operate

The sectors we operate in:

Infrastructure

- 1 Transport (Roads, Rail, Aviation and Ports)
- 2 Power
- 3 Utilities
- 4 Water and waste water

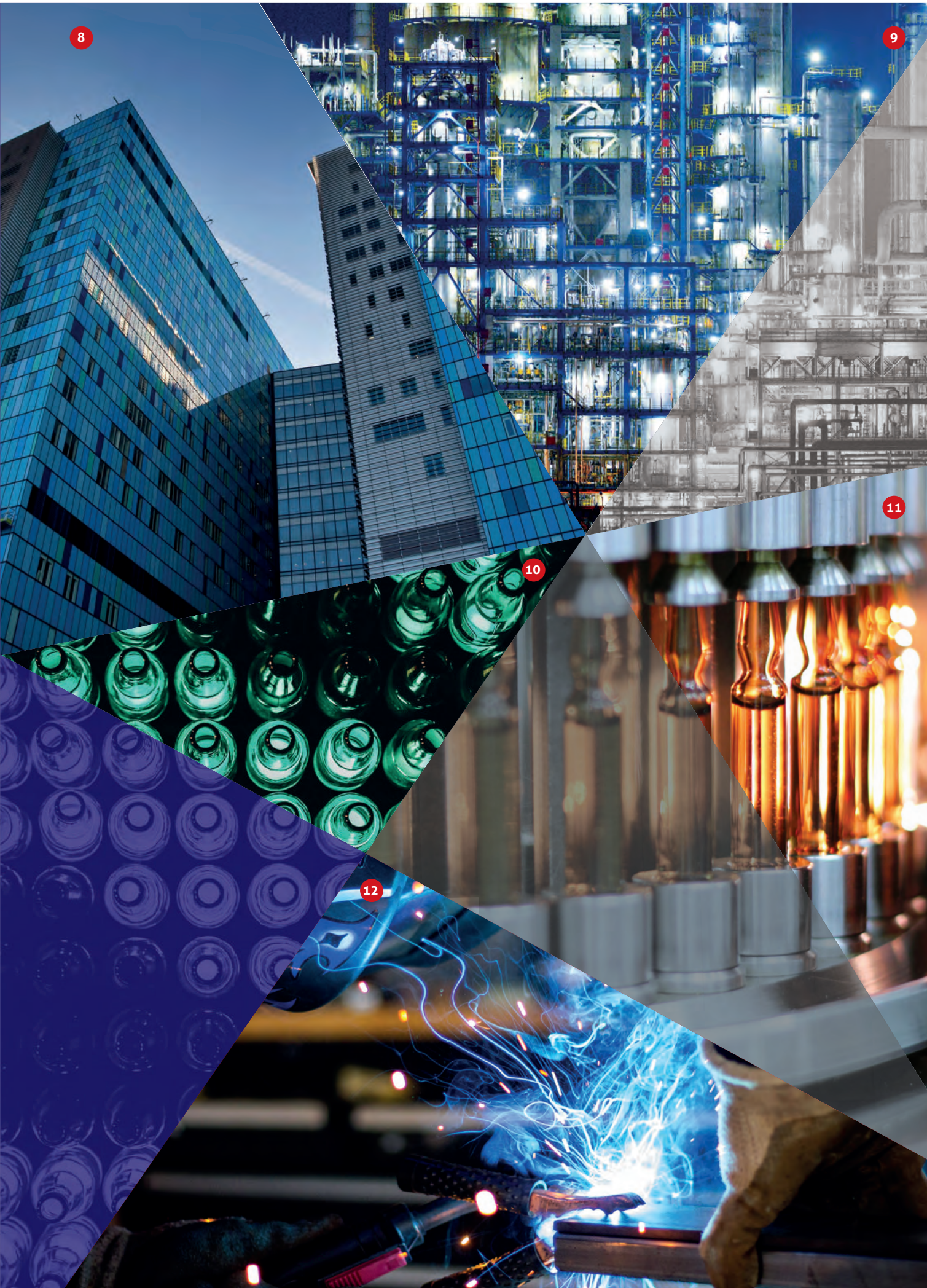
Building

- 5 Housing
- 6 Commercial (Office, Retail, Warehouses and Leisure)
- 7 Education
- 8 Health

Industrial

- 9 Oil, gas and petrochemical
- 10 Food and beverage
- 11 Pharmaceutical
- 12 Manufacturing





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Company facts



c.2,150

Hire product lines and approximately 280,000 itemised assets for hire



4,065

Total employees



1,200

We have over 1,200 pallet trucks in our fleet, with a combined lifting capacity of 3160 tons. That is enough to lift Nelsons Column



36,000

Consumable product lines in our extended range



Scissor lifts

We have enough SJ3219 Scissor Lifts to reach from Buckingham Palace to Tower Bridge and back again



c.54,000

Customers in the UK and Ireland, ranging from large national contractors to local trades

Recognition and achievements during FY2020



Rail Live Network Rail Plant Awards
Best Performing Small Plant Supplier



Network Rail
Route to Gold Silver Award (Speedy Rail Division)



Commercial Fleets Awards
Ground Breaking Safety Initiative



RoSPA
Gold Award for Occupational Health and Safety



HAE Hire Awards of Excellence
Best Sustainability and CSR Initiative



Fleet News Awards
Safe Fleet of the Year



Fleet Operators Recognition Scheme (FORS)
Gold status



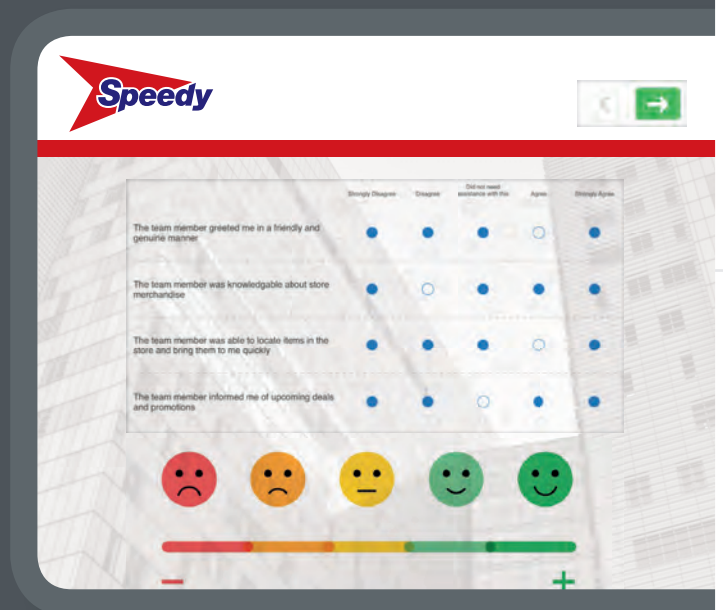
We have enough VB9+ Lighting Towers to light up the whole of New York's Central Park



92%*

We survey our customers at multiple points along the customer journey to measure our performance, and their satisfaction with our service.

Satisfaction scores are consistently high, with up to 92%* of customers rating our service as good or very good.



*Based on average monthly responses to customer surveys

Chairman's Statement

Overview

I am pleased with these results as we have again grown revenue and underlying profitability through our strategy of delivering best in class performance and focusing on the customer experience.

The business has adapted quickly to the challenges of the COVID-19 pandemic and is continuing to trade from a reduced footprint at this time. We have finished the year with excellent customer relationships and remain in a strong financial position from which to build as market conditions return to normal.



COVID-19

The Group reacted quickly to manage its cost base and cash resources following the outbreak of the COVID-19 pandemic in March 2020. Our UK and Ireland operations have remained open, and we have continued to serve our customers nationally, albeit from a reduced depot footprint. Revised health and safety processes have been put in place to protect colleagues and customers and to ensure we are able to continue to support our customers throughout this period.

Our revenues declined initially, but are recovering as we have seen customers returning to work. We have reduced our staff costs through the use of Government support schemes, minimised all other variable costs where possible and frozen all capital expenditure unless specifically needed to meet customer requirements. We continue to apply strict financial discipline to the management of working capital.

The Group is in a strong financial position with substantial unutilised bank facilities and robust plans in place to manage through the anticipated crisis period and adapt our business model as we return to a new normal. We have modelled a range of downturn scenarios and under all of these the Group continues to generate cash and would not breach any of the covenant tests under its banking facilities. The Group has operated with conservative debt levels and consequently at current revenue levels it would be able to operate throughout FY2021 within existing banking facilities and without breaching any covenant tests.

“We have finished the year with excellent customer relationships and remain in a strong financial position from which to build as market conditions return to normal.”

David Shearer
Chairman

Results

Group revenue and underlying profitability has increased reflecting the strategy to acquire specialist businesses and grow higher margin SME customer revenues. Towards the financial year end UK and Ireland revenues were affected by reduced customer demand due to COVID-19, although we have now started to see a return in activity levels. Our Geason Training business has not performed in line with expectations and actions are now in place to address this. Nevertheless services revenues have continued to grow and now amount to over 40% of Group revenues. In the Middle East profitability during the year reduced slightly, due to the revised commercial terms necessary to secure an extension to the contract term. More recently the business has continued to perform well in spite of a reduction in activity levels due to the recent decline in the oil price.

Dividend

As a result of the COVID-19 pandemic the Group has taken advantage of substantial Government support schemes in the UK and implemented cost reduction measures across the business that have affected colleagues and other stakeholders. Whilst the Board recognises the importance of dividend returns and financial discipline to shareholders, in the current exceptional circumstances it has decided not to recommend payment of a final dividend for the year. The Board has not fundamentally changed its dividend policy and will consider whether it is appropriate to recommend payment of an interim dividend for the current financial year at the time of the half year results in November.

Board and people

Rhian Bartlett joined the Board as a Non-Executive Director and member of the Audit & Risk, Remuneration and Nomination Committees on 1 June 2019. I am delighted to welcome her and pleased with the contribution she has already made to the Board.

Chris Morgan will leave the Board on 31 July 2020; I would like to take this opportunity to thank Chris for his efforts over the past four years.

We carried out an external Board evaluation during the year and have decided to make a number of changes to roles and committee structures with the aim of enhancing our existing governance structure and spreading responsibilities more evenly across the Board. I am announcing today that Bob Contreras will step down from his role as Senior Independent Director on 1 August 2020. Bob has undertaken this role for almost five years and I would like to express my personal thanks to him for his significant contribution and wise counsel to the Board throughout that period. He remains as the Chairman of the Audit & Risk Committee while David Garman will take over from him as Senior Independent Director.

We also plan to commence a recruitment exercise to add an additional Non-Executive Director to the Board over the next few months. The objective is to add to the existing complement of skills on the Board in the area of HR and People related matters, enhance Board diversity and plan for future succession.

The past few months have proved challenging for all of my colleagues, whether they have continued to be working or on furlough. I would like to take this opportunity to record my personal appreciation to all of the Speedy family for their dedication and continuing support at this challenging time.

Future

I am pleased with the performance and resilience of the business over the past year and more recently since the advent of the COVID-19 crisis. Our operating environment has changed and we will face challenges and uncertainties in the coming year. However we have a clear plan for managing the business through this period and will react and adapt our plans quickly to respond to changes in market dynamics as we move into a post COVID-19 world. A strong balance sheet and the actions which we have already taken to enhance the resilience of the business will allow us to respond to opportunities which will arise as markets recover.

David Shearer
Chairman

Chief Executive's Review

Overview

I am pleased to report continued momentum over the last financial year in achieving our strategic objectives, notwithstanding the reduction in activity levels we experienced in late March 2020 due to the COVID-19 pandemic.

I am immensely proud of all of my colleagues' efforts and support during these unprecedented times, as we have continued to provide essential services and adapted to new ways of working.



COVID-19

At the end of March 2020, in response to the outbreak of COVID-19 and related Government guidance, we took immediate and decisive action to protect the health and safety of our colleagues and stakeholders whilst maintaining the ability to support our customers, contain costs and preserve cash. We temporarily closed a number of our depots, and furloughed c.1,800 of our colleagues in the UK under the Government's Coronavirus Job Retention Scheme and in Ireland under the Irish Government's Wage Subsidy Scheme.

A recruitment freeze was put in place and the annual salary review that was due on 1 April 2020 has been deferred. All Board directors and the leadership team agreed to reduce salaries and fees by 20% for a period of three months from 1 April 2020. All non-essential spend has been suspended and variable operating costs, including IT and vehicle costs, have been reduced.

In April Group revenues were c.35% below the prior year as we continued to trade through our larger superstores servicing customers who were providing essential services. Recently, we have seen revenue increase as customers in England, Wales and Ireland return to work. In June hire revenue in the UK and Ireland is c.17% below the prior year. Whilst c.30% of colleagues remain on furlough, we have started to re-open depots and un-furlough colleagues at a rate that reflects increases in customer demand.

The young age profile of the Group's hire fleet has allowed us to significantly reduce capital expenditure. In the short term, whilst the uncertainty continues, all non-essential capital expenditure has been suspended with capital expenditure incurred in April and May amounting to c.£0.5m.

"I am immensely proud of all of my colleagues' efforts and support during these unprecedented times, as we have continued to provide essential services and adapted to new ways of working."

Russell Down
Chief Executive

The Group has taken advantage of other Government COVID-19 support, including business rates relief, and a reduction, or deferral, in taxes payable. These support measures combined with other measures we have taken give the Board confidence in the Group's ability to continue to generate cash and operate within its existing debt facilities and covenant tests during a prolonged period of reduced activity. As a result of the measures taken the Group has generated cash for the months of April and May with net debt³ at 31 May 2020 amounting to £67.3m.

As our operations return to normal we will learn from the experiences of the past few months in order to simplify and standardise our operating model. This will allow us to be better placed to address growth opportunities and be more efficient in our day to day operations.

Financing and liquidity

The Group has a committed asset based facility of £175m and an overdraft facility of £5m, available until October 2022. Net debt³, excluding lease liabilities, as at 31 March 2020 was £79.3m, after continued hire fleet investment of c.£55m in the year to support asset availability and our four-hour nationwide service promise. As a result, the Group has significant headroom against its committed banking facilities totalling £180m and, in addition, has an uncommitted accordion facility of £220m. Leverage⁵ at 31 March 2020 was 1.0 times, below the Board's target range through the cycle, which we believe is appropriate in current times.

Results

Group revenue increased by 3.0% to £406.7m (2019: £394.7m). Group revenues, excluding disposals, increased by 3.4% to £402.5m (2019: £389.2m), reflecting prior year acquisitions and growth in SME customer revenues, offset by the impact of reduced activity levels due to COVID-19 towards the year end.

UK and Ireland Services revenue grew by 8.9%, primarily due to the prior year acquisition of Geason Training and growth in our Lloyds British testing business. In the Middle East revenues fell slightly reflecting revised commercial terms negotiated as part of an extension to the term of the main contracts.

Gross margin increased to 55.1% (2019: 54.3%), as a result of increased revenues from higher margin SME customers and an increase in Services revenues. Overheads increased as a result of the acquisitions, however remain tightly controlled and consequently EBITA¹ increased by 6.5% to £39.1m (2019: £36.7m). EBITDA¹ increased by 2.5% to £107.4m (2019: £104.8m).

There were £12.9m of net exceptional expenses incurred during the year (2019: £2.0m) principally in relation to Geason Training. As previously announced Geason Training has not performed in line with expectations and consequently exceptional items include a charge for the impairment of assets, partially offset by a write back of contingent consideration. Further details are included in the Financial Review.

Adjusted profit before tax increased to £34.9m (2019: £31.4m). Adjusted earnings per share² increased to 5.54 pence (2019: 4.96 pence).

The net book value of the Group's hire fleet increased to £227.1m (2019: £216.9m). Capital expenditure supported the expansion of our four-hour delivery service in London to a nationwide promise across the UK, and grew the international fleet in order to diversify our customer base. The investment has enabled us to maintain a low average fleet age of 3.4 years (2019: 3.3 years) which will allow capital expenditure to reduce during FY2021. Asset utilisation in the UK and Ireland pre COVID-19 was 56.6% (2019: 57.0%), reflecting investment to support our four-hour delivery promise.

Dividend

The Group remains in a strong financial position, with substantial headroom, despite the reduction in activity levels as a result of the COVID-19 pandemic. The Group has modelled a range of outcomes from COVID-19 and under all scenarios is projecting to generate cash over the coming financial year as a result of the cost saving measures it has implemented, reductions to planned capital expenditure and the utilisation of Government support. Under the current circumstances the Board has decided it would not be appropriate to recommend payment of a final dividend. The Board will consider whether it is appropriate to recommend payment of an interim dividend at the time of the half year results in November.



Strategy and operational review

Our vision is to be the best company in our sector to do business with and the best to work for. This entails being uniquely customer focused in everything that we do and actively listening and communicating with our people.

UK and Ireland

We serve c.54,000 customers in the UK and Ireland, ranging from large national contractors to local SMEs. We are pleased to have extended our contract with Babcock, and won and renewed a number of significant contracts including with Morgan Sindall, Welsh Water, Sellafield, Persimmon, Crest Nicholson and AmcoGiffen. We have also further grown our SME revenues by over 30% and customer numbers to c.50,000. This has been achieved by proactively managing these customers through our Customer Relationship Centre (CRC) in South Wales, enhancing service levels to this customer base whilst reducing our cost to serve. During the year we expanded the CRC and re-profiled our sales force to enable targeted new customer acquisition and development of existing accounts. In addition we created new specialist teams with technical knowledge to better service our customers' needs.

We have grown our Services businesses faster than our hire business. Services revenues are less capital intensive, have greater visibility and are more recurring in nature than hire revenues. As a result they are ROCE⁴ enhancing for the Group. Our Services categories consist of: rehire; training; testing, inspection and certification; product and consumable sales; and fuel management services. We target our sales force to sell the full range of our Services to customers. 40% of our revenue now comes from Services compared to c.30% three years ago, primarily due to growth in testing and training revenues from the acquisitions of Lloyds British and Geason Training respectively. Geason Training has performed below expectations during the year due to lower than expected learner enrolments, the setup of a number of regional training centres which have yet to reach critical mass and a poor control environment.

More recently the business has been further affected by an assurance visit from a funding agency and market conditions due to COVID-19. All goodwill and contingent consideration payable in relation to the acquisition has been written off and we have provided for amounts which may become repayable as a result of the assurance visit. The strategy remains to grow a profitable training business, and consequently the Group has implemented a number of management changes and is reviewing further initiatives to improve its financial position.

Our customers' key priority is the prompt availability of products for hire. We offer a unique four-hour delivery service on our most popular products. This four-hour promise was originally launched within the M25 in November 2018, and in January 2020 was extended nationally. The success of this service reflects our customer service culture, and the investment we have made in equipment, systems and processes. We will continue to evolve our service offering to ensure that we are able to offer our customers the service that they have come to expect.

We have made further progress in the use of artificial intelligence to optimise our data and identify areas for improving efficiency. We are using machine learning to set depot stocking levels, target sales activity and optimise logistics. During FY2020 we re-launched our online account management service 'MySpeedy' with an improved customer interface and new features.

The enhanced service enables both large and small customers instant secure access to their hire information, together with a range of features including: flexible user access levels for our larger account customers; the ability to view transactions and history including deliveries, collection and off-hires; the ability to download and print documents including invoices, proof of delivery and collection notices, and compliance certificates; and enables customers to on-hire and off-hire directly from their mobile device. All of this makes it easier for our customers to do business with us whether by telephone, in-depot or digitally through our website or mobile app. We have made further progress during the year with our mobile app and are in active discussions with a number of our major customers to fully integrate the app into their ordering process.



International

In the Middle East we provide equipment and manpower to the oil and gas market, principally in Abu Dhabi. We have operated in the region for many years and have worked on our main contracts for in excess of seven years; during the year the contracts were renewed for a further year to 31 May 2020 and have subsequently been extended to 31 August 2020. We are in active discussions with our main customer in relation to longer term opportunities. As a result of regional market conditions, and more recently the declining oil price, the commercial terms of the extensions were less favourable. International revenue decreased by 2.5% due to lower rehire and consumable sales, although hire revenue grew 11.4%. EBITA¹ fell by 3.4% reflecting lower margins negotiated to secure the contract extensions. EBITA¹ margins remained broadly consistent year on year at 16.2% (2019: 16.3%) reflecting continued strong returns from the asset base.

The Group has a 45% share in a joint venture in Kazakhstan serving the oil and gas market. Share of profits increased to £2.8m (2019: £1.9m) reflecting strong asset utilisation due to increased cyclical shutdown activity in the period.

Energise

We launched a new Environmental, Social and Governance (ESG) initiative, Energise, in October 2019. This encompasses a strategy to improve our own environmental and sustainability performance, but also a commitment to continue to invest in the latest innovative technology for the hire fleet. Increasingly alternative options such as hybrid, solar and hydrogen are becoming viable power sources and we are committed to investing in this cleaner technology for our customers. The Energise programme also encompasses our community engagement and I am delighted to see so many of my colleagues participating in volunteering activities during the year.

People

The Group's headcount at 31 March 2020 was consistent with the prior year at 4,065 (2019: 4,063).

During the year we undertook a pulse survey of all colleagues to ascertain progress against the full survey results undertaken the prior year.

I am pleased to report that once again our response rate and engagement scores were strong. Our intention was to perform the full survey in April 2020; however this will now be undertaken once normal working conditions resume. Feedback from prior year surveys has related to communication and during the year we launched a new web and app based communications tool, 'The Hub'. This has proved invaluable for communicating with staff, including those furloughed, at this time. We have also introduced a number of regional employee forums with the Chairpersons meeting myself and the HR Director quarterly in order to address any matters raised.

The Board is committed to maintaining the welfare of our colleagues at this challenging time. We have ensured that there is regular communication with, and support for colleagues who are participating in the long-term success of the business, whether working or on furlough leave. This has included calls with all furloughed staff from the senior management team. I would like to take this opportunity to thank all my colleagues for their ongoing support and dedication during the year, and as we continue to navigate this challenging time.

Guidance

As stated in our announcements on 9 April 2020 and 8 June 2020, the COVID-19 situation is likely to remain uncertain for some time and the Group therefore confirms all guidance remains suspended until the position stabilises.

Summary and outlook

I am pleased to report continued positive momentum across the Group. We have a well invested fleet, diversified customer base and robust balance sheet.

Our priority remains the welfare of our colleagues, customers and the communities we serve. We continue to monitor Government guidance and take action to ensure the safety of our colleagues as we continue to operate to satisfy customer demand. Whilst COVID-19 will have some financial impact on the business, I am reassured by our performance in the last three months. We are well placed to emerge in a position of strength to pursue our strategic objectives as more normal trading levels return.

Russell Down

Chief Executive



Explanatory notes:

¹ Before exceptional items, see Note 11 to the Financial Statements

² See Note 9 to the Financial Statements

³ See Note 20 to the Financial Statements

⁴ Return on Capital Employed: Profit before tax, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt⁵), for the last 12 months

⁵ Leverage: Net debt³ covered by EBITDA¹. This metric excludes the impact of IFRS 16.

DIGITAL BUSINESS

Embracing digital technology

Becoming a more digital business has been a key strategic priority in recent years. Starting in 2016 we undertook a wholesale review of our internal systems and management information.



This has resulted in all our management information now being available to managers on live dashboards. The information is updated at regular intervals from our ERP system and can be interrogated from all our locations based on permissions within the hierarchy. Real time information is readily available and hence decisions can be made based on accurate information in a timely manner.

The business has also embraced the use of artificial intelligence. We have been working with a third party provider for a number of years to optimise our data and identify areas for improving our efficiency. We are currently actively using machine learning to set depot stocking levels, target customer sales and optimise logistics.

During FY2020 we have continued to develop our ability to transact with customers through our website and mobile app by making it easier for customers to do business with us online. We have re-launched our online account management service 'MySpeedy' with an improved customer interface and new features.

The easy to use service gives both large and small customers instant secure access to their hire information, together with a range of useful features including: options for different user access levels for our larger account customers; the ability to view transactions and history including deliveries, collection and off-hires; the ability to download and print documents including invoices, proof of delivery and collection notices, and compliance certificates; and enables customers to on-hire and off-hire directly from their mobile device.

Settlement

I PAY...

- View and download invoice
- Query invoice
- Pay invoice
- View loss/damage paperwork
- View statements

Off-hire

I OFF-HIRE...

- Off-hire equipment
- Receive text collection notifications
- Track collection status
- Access electronic proof of collection
- Leave feedback via customer surveys

Requirements

I WANT TO...

- Apply for an account
- Register for MySpeedy
- Find a depot
- View products
- Place order for delivery or collection

Deliver

I RECEIVE...

- Receive delivery text notifications
- Track delivery status
- Access electronic proof of delivery
- Feedback via customer survey

Get the job done

I USE...

- 'How To' videos
- Leave feedback

Management

I NEED SUPPORT...

- View and download reports
- View account information
- Save and schedule reports

- Check inspection status for hired equipment
- View equipment test certificates (TRIM/Lloyds British)
- Access key contact information
- Email support teams
- Leave feedback

*Functionality may vary between digital platforms

The digital customer journey*

STRATEGY IN ACTION

Enhancing the customer experience through our digital services

Speedy is the core supplier of plant, tools and generators to Siemens across the UK, and partnered with them to help reduce their hire costs through Speedy's new mobile app.

The 'MySpeedy' digital service allows the company's employees to manage on-hire equipment, while enabling them to off-hire products at the click of a button. This removes the need for Siemens employees to contact Speedy to arrange collection of equipment and eliminates the risk of products being held beyond their hire period, enabling the company - which typically has thousands of items on hire at any one time in the UK - to make significant savings. As a result Siemens average hire days have reduced since it began using the app. The new digital service is used by more than 80 users at Siemens

nationwide, including buyers, site managers and other site personnel from across its Mobility, Power and Gas and Wind Power divisions.

"Speedy has been our hire partner for five years and the business has always focused on introducing new services, which have transformed how we can hire the products and equipment we need. The new app has added significant value for us, giving our people a simpler and more flexible solution and helping us deliver new efficiencies." Paul Duncombe, Commodity Manager at Siemens.

Speedy intend to continue working with other areas of the Siemens business to help more of their employees feel the benefits of using Speedy's fully digital hire service.



The new app has added significant value for us, giving our people a simpler and more flexible solution and helping us deliver new efficiencies.

Paul Duncombe
Commodity Manager,
Siemens

SUSTAINABILITY

Innovation driving sustainable solutions

We have a reputation within the industry for working in partnership with our customers and supply chain on introducing new and innovative products to our range. We aim to lead the way in helping our customers deliver their projects more sustainably and becoming a more sustainable business.

ENERGISE
Working together as a responsible business



From reducing our own carbon footprint, to developing low energy and cleaner products and site solutions for our customers, we aim to drive the sustainability agenda.

At the Speedy Expo held in October 2019 we launched our new Corporate Social Responsibility (CSR) programme branded as 'Energise'. The Energise programme has been developed with three principal aims:

- **Commercial Excellence:** being industry leaders in sustainability
- **Environmental Impact:** minimising our impact on the environment
- **Social Responsibility:** creating better people and a better society

The programme is built on these three core pillars, underpinned with a number of supporting activities associated with individual Key Performance Indicators allowing us to measure our progress, address where we need to improve and celebrate our successes.

The programme is sponsored by Chief Executive, Russell Down, the board member responsible for CSR improvements. Our aim is to engage all of our stakeholders on this journey by harnessing the collective power of suppliers, customers and employees to achieve our overall objectives.



STRATEGY IN ACTION

Sustainable fuel solutions

During FY2020 Speedy introduced a second generation fPod[®], a stand-alone site refuelling station. The fPod[®] can be installed at any site, servicing every fuel user working on that project. The station reduces vehicle movements and fuel containers on-site, bringing environmental, safety and cost benefits. Fitted with an intelligent monitoring system and as part of our fuel management service, the fuel level is accurately monitored and refilled to ensure a constant fuel supply to improve productivity on site, and to eradicate unnecessary delivery journeys caused by poor fuel level estimation.

The second generation 'fPod[®] Elite' has been introduced into the fleet during the year. In addition to all of the benefits of its predecessor, the new fPod[®] Elite is capable of billing different users e.g. sub-contractors separately, which further reduces emissions and improves safety by eliminating the need for sub-contractors to bring their own fuel on-site.

During the year Speedy also began supplying new Green D+ Hydrotreated Vegetable Oil (HVO) fuel. HVO is a form of renewable diesel that has been produced from vegetable fats and oils and reduces carbon emissions by up to 90% compared to regular fossil fuel. Unlike regular biodiesel, hydrogen is used as a catalyst in the creation process instead of methanol. This environmentally-friendly alternative to mineral diesel can be used in modern vehicles, generators, construction machinery and industrial power systems.

Green D+ HVO fuel is now provided as Speedy's standard low emission fuel and is the only HVO fuel approved for use in Speedy equipment. For every 350 litres of Green D+ HVO fuel used, 1 tonne of CO² is saved versus fossil fuel. It has been widely adopted in the UK as a drop-in diesel replacement by centrally fuelled fleets, both on and off-road and marine fleets.

CUSTOMER SERVICE

Delivering a first class customer experience

Our customers have come to expect first class service from Speedy with colleagues who 'go the extra mile' for our customers. We aim to deliver the highest level of service at every step of the customer journey; from order and delivery through to collection and invoicing.

We survey our customers at multiple points along the customer journey to measure our performance, and their satisfaction with our service. Satisfaction scores are consistently high, with up to 92%* of customers rating our service as good or very good.

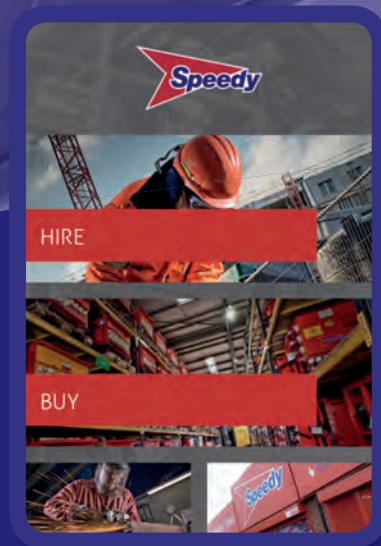
During FY2020 we expanded and rebranded our Customer Excellence Team to deal with general customer enquiries, and also ensure that we 'close the loop' on customer feedback, by ensuring that all comments are addressed to a satisfactory conclusion.

We have recently changed our customer survey provider to improve the output available and assist with making any improvements to our processes. In FY2021 the Customer Excellence Team will be working with our new provider to carry out more detailed customer surveys and gather further intelligence on our service.

National launch of our four-hour delivery promise

In January 2018, we launched our same day service promise on our most popular products within the London area. Since that time we have continued to evolve and improve our service offering. We rolled out the service across all of our depots nationally in March 2018, and subsequently strengthened that service promise further by launching a four-hour delivery promise within the M25 in November of the same year.

In January 2020 we extended this unique service offering, launching the four-hour delivery promise on our most popular products nationally. We are proud to say that the success of delivering this service is due to our people being fully focused on the customer, and working as one team to deliver what is a unique service delivery promise in our industry.



*Based on average monthly responses to customer surveys

STRATEGY IN ACTION

Delivering on our promises

Clipfine provides professional construction support services to a wide range of clients throughout the UK, and has been a Speedy customer for 15 years. Contracted on one of the most iconic buildings in London, 22 Bishopsgate, Clipfine needed an urgent delivery of fuel to keep the power running on site. Clipfine called on Speedy and within 90 minutes Speedy's Central London team had delivered 400 litres of sealed fuel to keep the site running.

Just in time deliveries is an essential part of keeping a site running in London. We knew that when we called Speedy that they would deliver on their unique brand promise.

What we require from our service partners on such an iconic site such as 22 Bishopsgate is a 'can do' attitude.

We can always trust that Speedy can deliver at short notice when required, whilst always maintaining the quality of service they offer.

James Gallagher
Logistics Manager,
Clipfine



BUSINESS DEVELOPMENT

Structured for growth

We are proud to be the UK's leading tools, equipment and plant hire services company, operating nationally across the construction, infrastructure and industrial markets. Our aim is to grow market share by winning customers across our market segments:

- Major contractors
- Regional contractors
- SME customers

During FY2020 we won major contracts with Morgan Sindall, Welsh Water, Sellafield, AmcoGiffen, Persimmon, and Crest Nicholson and have extended our contract with Babcock. Our regional sales teams have business development targets for growing existing and winning new accounts.

Our SME customer base has increased to 50,000 customers from 49,000 in the prior year, and 45,000 in FY2018. This has been achieved, in line with our strategy, through proactive management of these accounts by our Customer Relationship team based in South Wales.

During the year we re-profiled our sales force to further enable them to deliver growth through focusing on acquiring new customers, and growing existing accounts. The new structure clearly defines the role of each sales team, whilst separating out specialist sales teams who have the technical knowledge in specialist categories to better service our customers' needs.



THE SPEEDY EXPO 2019

Building strong relationships with customers is a key objective for our annual event, the Speedy Expo, which is the largest private exhibition of its kind in the UK. At the event held in October 2019, over 1,500 customers, employees and suppliers came together to learn more about the innovative one-stop-shop service we provide to the market.

More than 130 suppliers showcased the latest technology, products and services in the market to a record number of customer visitors, market analysts, and Speedy employees.

Seminars and panel sessions with audience participation were held in a seminar theatre located in the main exhibition hall. Customers, senior Speedy leaders, suppliers and other stakeholders discussed topics such as sustainability, procurement trends and digital technology to enhance the customer experience. The seminars proved very popular and were attended by over 500 delegates.



Russell Down with the Expo host Amanda Stretton

STRATEGY IN ACTION

Developing relationships with Canal and River Trust

Canal and River Trust are a charity who look after and bring to life 2,000 miles of waterways across England and Wales. The Trust works with volunteers and communities to transform canals and rivers into spaces where local people want to spend time, bringing wellbeing opportunities to millions.

Their work involves not only maintaining and improving the waterways, but promoting them widely to the eight million plus people who have waterways on their

doorstep as a free, accessible and local source of wellbeing. On 1 April 2019, Speedy mobilised a two year contract with the Canal and River Trust to initially supply small tools to the organisation in England and Wales.

Following a successful initial period servicing the account, in October 2019 Speedy were able to extend the scope of works through winning a further plant tender with the Trust which was mobilised from 1 November.



The plant tender was awarded to Speedy following a thorough process where Speedy were able to demonstrate its comprehensive ability to offer an extended range of services through its core operation. Speedy has built a trusted reputation and cultivated excellent relationships with our team, and we look forward to working with them throughout the contract period.

Jonathan Telford
Framework Contract Manager
Canal and River Trust

SERVICES

Enabling the successful delivery of customer projects

Our strategy includes an aspiration to grow our services businesses faster than our hire business. Services revenues are less capital intensive and as a result they are ROCE enhancing for the Group.

40% of our revenue now comes from services compared to around 30% three years ago primarily due to growth in testing and training revenues following acquisitions in these areas.

Our services business consists of:

- ▶ Partnered services: rehire of equipment not owned within our core fleet of equipment. Key areas of rehired equipment include large plant, powered access and cranes;
- ▶ Training: providing apprenticeships, NVQs, professional skills and safety training through the acquisition of Geason Training in December 2018;
- ▶ Testing, inspection and certification: undertaken through our Lloyds British brand which ensures our customers remain compliant across a broad range of market sectors;

- ▶ Product and consumable sales: incorporating sales of volume consumables to our major customers, depot consumables incidental to equipment hire and sales of new equipment;
- ▶ Fuel management: a unique proposition as the only UK plant hire company with its own fully integrated fuel division.

The complementary nature of our services enables the entire sales force and depot colleagues to cross sell the full portfolio of products and services to our customers.

STRATEGY IN ACTION

Expanding fuel provision to Keltbray

Keltbray are a leading UK civil engineering group, providing a vast range of services related to engineering and construction.

During 2019, the Keltbray Group consumed four million litres of red diesel. Their Sustainability and Procurement departments joined forces with the objective of streamlining their supply chain, and improving the way they manage the supply of red diesel for their site operations. Having undergone a meticulous process with a range of suppliers, with the two key objectives of selecting a supplier who could deliver on quality of service and cost, they chose Speedy to become the sole supplier of fuel services for their projects.



By expanding our partnership with Speedy, we are streamlining our fuel provision for projects with a supplier we can trust. As well as service, Speedy were also able to demonstrate a unique ability to use telematics to ensure the right amount of fuel is delivered at the right time to site, ensuring the operations never run dry. We're looking forward to working with Speedy in this new capacity going forward.

Kiro Tamer
Group Energy Manager,
Keltbray



People

We are proud of the work our colleagues are undertaking as we have continued to provide essential services and adapted to new ways of working in both the UK and the Middle East.



Staff in the workshop at our Warrington Multi-Service Centre

Keeping people safe – COVID-19 response

From mid-March 2020 the business in the UK and internationally has been affected by the outbreak of the COVID-19 pandemic. Since the outbreak, we took immediate and decisive action to protect the welfare and safety of our colleagues and stakeholders.

Where possible, we have ensured employees are working from home through our secure and robust infrastructure and technology platforms. Our UK and Ireland operations have remained open, and we have continued to serve our customers nationally, albeit from a reduced depot footprint. Revised health and safety processes have been put in place to protect colleagues and customers and to ensure we are able to continue to support our customers at this time.

At the outset we temporarily closed a number of our depots, and furloughed c.1,800 of our colleagues in the UK under the Government's Coronavirus Job Retention Scheme and in Ireland under the Irish Government's Wage Subsidy Scheme. We continued to trade through our larger superstores servicing customers who were providing essential services. Recently, we have seen revenue slowly increasing as a number of larger customers return to work and consequently we have started to re-open depots and un-furlough colleagues at a rate that reflects increases in customer demand.

Throughout this period we have been in close communication with all colleagues through our online intranet portal, 'The Hub' which has provided up to date advice and news on the situation. Our first priority during these unprecedented times has always been to ensure the welfare of our colleagues, suppliers and customers. Having initially closed all our depots to customers, with deliveries and collections being undertaken by our own transport fleet, we are now facilitating customer collections and returns to operating depots through new processes that conform to social distancing guidelines.

We are proud of the work our colleagues are undertaking as we have continued to provide essential services and adapted to new ways of working in both the UK and the Middle East.

People Matters

In order to achieve our vision to become the best company in our sector to work for, we aim to ensure our workforce is engaged with the business. We recognise that we need to identify the issues that affect colleagues while working for Speedy and consequently undertake regular employee surveys.

People Matters employee survey

During FY2020 we undertook a People Matters pulse employee survey focusing on the key areas that are important to our people. We were pleased with both the response rate and the engagement index. The highest scoring questions reflected employees' commitment to helping Speedy achieve its vision.

A number of actions have been introduced this year following feedback from prior year surveys.

We have set up a number of employee forums across the business to allow employees a 'voice'. These forums meet at least quarterly and consist of a representative cross section of colleagues. On a quarterly basis a meeting is held with the Chief Executive, HR Director and the chairperson of each forum to discuss business performance and address any issues raised by each regional forum. Mr Rob Barclay, the designated Non-Executive Director responsible for employee engagement, also periodically attends this meeting. His attendance has helped ensure the employee voice is heard in the main boardroom.

Internal communications have been improved through the launch of a new online communications platform, The Hub. The key objective of introducing The Hub is to ensure that all employees are able to be communicated with regarding specific important company information, as well as more general company news that promotes our values and culture. As a secure, online cloud based platform, the Hub has enabled all Speedy

colleagues, whether office, depot or field based to receive company news and information directly, via their work and/or personal mobile phones, laptops, desktops and tablets. The Hub has quickly become the destination for colleagues to go to on a daily basis to read, watch and share the latest company and people news. The platform offers a level of flexibility which has proved extremely valuable during the COVID-19 outbreak. It has assisted in enabling the business to react and respond quickly to disseminating timely, up to the minute information and provided a feedback channel for employees to utilise. An ongoing communications plan is being undertaken to raise awareness of, and generate engagement with The Hub, with specific emphasis on targeting field based and remote employees.

Through our Learning and Development team we have also developed a training course to enable managers to improve their communication skills. This face-to-face course will be delivered from a number of Speedy locations nationwide. The course gives managers the tools to improve communication with their teams, and will help all team members feel more connected with the business.

Promoting positive mental health

We recognise that mental health and wellbeing is a key issue within the construction industry, particularly at this time, and one that our people feel passionate about. During the year we appointed 53 volunteer Mental Health First Aiders throughout the business. The team have been trained to identify potential mental health issues in the workplace, and proactively promote strategies for positive mental health and wellbeing amongst our colleagues. Further support is available to colleagues through our Employee Assistance Programme.

Under our corporate responsibility brand 'Energise', we have set up a Wellbeing Committee consisting of employees from across the business to consider all aspects of employee welfare. The committee will develop campaigns and initiatives promoting a healthy approach to mind and body.

Positive mental health



53

Mental Health First Aiders throughout the business



Lloyd's on-site training

Training and developing our people

We are committed to developing our skills base, and our internal Training Academy delivers a comprehensive schedule of online, classroom and practical training courses. The training team offers a full range of technical training courses which makes sure our employees are carrying out their roles effectively and safely.

Our learning and development courses are designed to help our employees reach their full potential, and also build the skills and behaviours which will help support Speedy's customer led culture. For our depot based employees, we offer courses to achieve NVQ level 2 and 3 in:

- Hire and Rental Operations
- Management and Team Leadership
- Business Administration
- Customer Service
- Driving Goods and Vehicles

Employees who have been identified as having the potential, ability and aspiration for leadership positions are invited to join our High Potential Programme. The programme consists of three main strands, two of which provide a management qualification accredited by the Institution of Leadership and Management. The three strands ensure employees at all levels, and stages of their career, have access to development which supports our approach to succession planning for all roles. During FY2020 64 employees took part in these programmes.

To develop our senior leaders across the business we partnered with the Henley Business School who offer a comprehensive range of courses which help us implement positive changes to the culture of our business. During FY2020 38 of our leaders attended these courses.

Apprenticeships and graduate schemes

During the year we have continued our graduate recruitment programme and taken on a number of new graduates principally in Head Office based roles. The programme provides a range of training, personal development and experience to develop a thorough understanding of Speedy and our business in its entirety. The aim for our graduates is to develop relevant skills, knowledge and behaviours to develop a successful career over the course of the two year Graduate Development Programme, assisting in effective succession planning for the future growth of the Company. The scheme provides:

- On the job training
- The chance to study for relevant qualifications where necessary
- Completing business experience modules
- A tailored learning and development programme
- The opportunity to complete projects set by the Executive Board
- Integration onto the High Potential Programme in year two to develop first time manager and leadership skills

Additionally, we have 79 colleagues participating in apprenticeship schemes across the business, primarily in engineering based roles.

Training and development



NVQ 2/3

Available to depot based employees



Staff interacting with customers

Performance and recognition

We have a consistent Personal Development Review (PDR) process for all colleagues which measures performance against pre-defined objectives, and identifies areas for training and development. The process includes a formal one-to-one meeting with the colleague’s line manager which supports enhanced individual performance and career aspirations. Our performance related bonus scheme links directly to the PDR process as well as wider performance metrics.

We run an employee recognition scheme ‘Celebrating Excellence’. The scheme empowers all employees to nominate their colleagues for a spot award in recognition of excellent performance. 1,483 employees received an award during FY2020.

We host an annual Excellence Awards event where outstanding teams and individuals are publicly recognised for their performance. The awards are made over a number of categories including Customer Experience, Leader of the Year and Rising Star, and nominations are received from colleagues within the business. During FY2020 we had a record number of colleagues nominated for an award.

Our long service recognition scheme celebrates loyalty for those who have 10, 20 and 25 years’ service with the Company. 129 employees reached these milestones during this financial year.

Rewards and benefits

We aim to provide competitive reward and benefits packages that attract, motivate and retain people in the most efficient manner. During FY2020 we benchmarked and adjusted the salaries of further roles across the business which helped to retain the key skills required to compete in the marketplace.

We run a number of incentive and recognition schemes which span all colleagues, most of which are performance related. We have also reviewed and updated our employee benefits package as we recognise that salary is not the only component that motivates employees.

Under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 we published our third Gender Pay Gap report. We are pleased to report that as a Group we have no significant gender pay bias. We will continue to ensure that employees are rewarded and recognised fairly for their contribution and that they have equal access to opportunities within all areas of the business.

Group headcount



4,065
employees
(31 March 2019: 4,063)

Safety and sustainability report

Safety is our first priority

Safety is Speedy's first priority, and our Health and Safety Policy is constructed with the clear objective of eliminating accidents and injuries at work.

We believe that effective risk management is key to operating a sustainable business. Our strategy for delivering effective risk management and improved performance includes:

- A positive safety culture
- Clear and visible safety leadership
- Commitment to continuous improvement
- Engagement with our workforce
- Awareness of risk at all levels
- A learning organisation

At Speedy we positively encourage the reporting of all incidents, irrespective of severity, and use them as a learning opportunity. Data is continually reviewed to identify any trends in actual incidents or near misses to mitigate against re-occurrence and share any lessons learned.

We have undertaken a number of recent acquisitions which have resulted in the Group entering new sectors and providing a wider specialist service offering. This has resulted in a larger workforce, more locations and exposure to a broader range of risks.

This in turn has, due to the increased diversity and size of the business and improved reporting, seen an increase in RIDDORs and hence a rising Accident Frequency Rate (AFR).

The foundations to safety success lie in excellence in training, the provision of the right equipment, clarity in our communications and the right culture.

In all health and safety matters we emphasise the importance of personal responsibility, to include both the responsibilities that our people have for their own health and safety in the workplace and that of their colleagues. We also focus on the importance of near miss and non-conformance reporting as this gives us the information and knowledge to stop accidents happening, allowing us to address the potential causes of accidents and not the end results.

Commitment to continuous improvement

Having a positive safety culture is crucial to delivering high levels of safety performance. During FY2021 our plan includes a number of key initiatives that, dependent on COVID-19, we will implement:

- A temperature check to measure the maturity level of the safety culture.
- A bespoke industry leading Manual Handling training programme
- Workshops for senior managers covering safety culture, why things go wrong and how to hold a safety conversation

A number of other key improvements were underway pre COVID-19 and will be re-started once conditions permit:

- A new HSE IT platform to collect, collate, analyse and report all data relating to Safety and Environmental Management
- A programme to build on and reinforce Speedy's positive safety culture by engendering the key attributes of positive safety culture
- Restructuring the HSSEQ team to provide positive and proactive safety interventions

Reporting

We have a robust reporting programme in place, which includes regular audits, reviews and monitoring. This includes:

- Setting annual health and safety performance targets
- Providing monthly reports to the Executive Board on safety performance
- Reporting regularly to key stakeholders on safety performance
- Monitoring safety performance standards through safety inspections, audits and reviews
- Recording and investigating accidents, dangerous occurrences and near misses
- Implementing effective measures to prevent re-occurrence of incidents

Key reporting measures



0.31

RIDDOR accidents per 100,000 hours worked
(FY2019: 0.19*)



0.06

Specified Injury Frequency Rate per 100,000 hours worked
(FY2019: 0.06*)

*Restated due to a change in the working hours calculation methodology and late reporting

Awards and accreditations

We are committed to quality, health, safety, the environment and sustainability in every aspect of our business. We have taken a pioneering stance on health and safety in the hire industry and worked hard to improve standards across our business and our market.

We are active members of the major industry accreditation schemes, and are committed to working with them to improve best practice.

We successfully secured ISO 27001 Information Security Management certification for the Speedy businesses, in addition to achieving ISO 50001 certification for the acquired businesses Lifterz and Geason Training.

Speedy's current ISO certifications include:

- **ISO 9001:2015** – Quality Management
- **ISO 14001:2015** – Environmental Management
- **ISO 17020:2012*** – Accreditation for the operation of various types of bodies performing inspection
- **OHSAS 18001:2007** – Health and Safety Management
- **ISO 27001:2013** – Information Security Management
- **ISO 50001:2011** – Energy Management

*Lloyds British National Contracts

We remain accredited to Achilles Building Confidence, FPAL, UVDB, and RISQS in addition to a number of other accreditations and certifications which are essential for us to be able to trade with specific clients.

FY2020 was another successful year for Speedy. For the sixth consecutive year we were awarded a RoSPA Gold Award, for achieving a high level of safety performance and demonstrating well-developed occupational health and safety management systems. We are pleased to have also earned the following awards and recognitions:

- **Ground Breaking Safety Initiative** – Commercial Fleets Awards
- **Safe Fleet of the Year** – Fleet News
- **HAE Hire Awards of Excellence** – Best Sustainability and CSR Initiative
- **Fleet Operators Recognition Scheme (FORS)** – Gold Status

Energise – our new Corporate Social Responsibility (CSR) roadmap

Speedy has been leading the CSR agenda in our industry for many years, and we work closely with our customers and suppliers to ensure we are working together to become a more responsible business. In October 2019 we launched our new CSR programme 'Energise' to reflect our strategic objectives.

Energise – working together as a responsible business

Launched at the Speedy Expo in October 2019, our new CSR brand 'Energise' consists of three main drivers:

- Social Responsibility – Creating better people and a better society
- Commercial Excellence – Being an industry leader in sustainability
- Environmental Impact – Minimising our impact on the environment

The Energise programme is sponsored by Chief Executive, Russell Down, the board member responsible for CSR improvements. We have appointed an Energise committee made up of senior members of several functions within Speedy, who meet regularly to ensure we are making continuous progress with our agenda, and reporting annually on our social and environmental impacts against our targets. Many of the Energise journey KPIs we have committed to is aligned with the ten United Nations Sustainable Development Goals (UNSDG's 2030).

The three principal areas within Energise cover the following:

Social Responsibility:

- Health and Wellbeing
- Diversity and Gender Equality
- Charities and Communities
- Community Engagement

Commercial Excellence:

- Safety as Standard
- Innovation
- Accreditation
- Stakeholder Engagement

Environmental Impact:

- Reducing Environmental Impact
- Recycling and Waste Reduction
- Water and Air Quality
- Transport and Logistics
- Energy

Energise is at the heart of everything we do as a business. We are committed to reducing carbon, increasing efficiencies, trading safely and ethically and helping our customers achieve their own responsibility targets.



Social Responsibility

Health, safety and wellbeing

During FY2020 our staff wellbeing groups have supported those who need help or just a friendly ear. Over the past 12 months we have been training Mental Health First Aiders within the business and currently have 53 throughout the company. We launched eight regional employee forums with up to ten members on each, to encourage communication within the business and enable colleagues to meet, raise issues and prioritise solutions. This encourages ideas that range from small changes that improve everyday processes, to large initiatives that help us operate more efficiently or deliver an improved employee or customer experience. Every suggestion is considered and the forums are sponsored by Chief Executive, Russell Down.

The Speedy Charities Committee

Our Charities Committee oversees contributions to our nominated charities WellChild, The Lighthouse Club, and local charities through the efforts of our people in raising money for causes close to their hearts. Over the past 12 months, Speedy colleagues have raised over £32,000 for charities.

We promoted zero single use plastic at the Speedy Expo in 2019, raising £900 through donations from delegates for re-usable water bottles at the show for Surfers Against Sewage, a UK based charity that clean British beaches. We raised a further £4,000 at the Speedy Expo 2019 dinner for WellChild and The Lighthouse Club. We raised over £1,500 for Macmillian Cancer Support in September 2019. Our Christmas raffle raised over £1,000 for St Rocco's Hospice. In 2019 Speedy and its employees contributed to over 25 different charities through sponsorship, cake sales, donations and raffles. Speedy is donating £10,000 for 20 sports kits during 2020. The initiative is to encourage all sporting enthusiasts to take part in activities to encourage healthy living. We continue to support local charitable events through employee volunteering days and providing equipment.

Prison workshop programme

Speedy has been active in supporting the rehabilitation of prisoners since 2006. We currently operate at HMP Garth in Lancashire running a training workshop for up to 40 inmates at any one time. We have trained in excess of 500 people and over 150 NVQs have been achieved.

Commercial Excellence

Speedy Partnership Programme (SPP)

The Speedy Partnership Programme connects Speedy, our suppliers and customers, to develop a more responsible approach to product development, processes and initiatives that reduce carbon footprint, control dust etc. Our SPP allows attendees and participants to share best practice and learn from each other.

Product Innovation

During the year we invested £2.8 million in lighting towers to help our customers reduce emissions, and fuel costs. The 300 solar-powered products together with 800 VB9 LED+ units, can reduce carbon emissions and fuel costs by 70%. We now have a fleet of 3,500 lighting towers.

During FY2020 Speedy introduced a second generation fPod®, the stand alone site refuelling station. The fPod® can be installed to any site, servicing every fuel user working on that project. The fPod® reduces vehicle movements and fuel containers on site, bringing environmental, safety and cost benefits. The second generation 'fPod® Elite' has been launched into the fleet during the year. It is capable of billing sub-contractors separately, which further reduces emissions and improves safety by eliminating the need for sub-contractors to bring their own fuel on site.

Environmental Impact

Environmental sustainability

Reducing our carbon footprint is a key target and we have measured our carbon footprint for the last eight years and reported to the Carbon Disclosure Project for the last five years. Key achievements include:

- Overall reduction in carbon footprint from 26,606 tonnes in 2015 to 19,500 tonnes in 2019
- Since 2015 we have reduced carbon footprint on a per capita basis from approximately 11 tonnes per capita to under six tonnes per capita in 2019
- Green Option (GO) products grew by 16% to 178 during the year
- Proud holders of the energy management accreditation under the ESOS Government energy savings scheme
- Silver Standard Members of the Supply Chain Sustainability School and working towards Gold Membership

Air quality

We are taking many steps to ensure that we are leading the way with regards to air quality initiatives. We have met with DEFRA to discuss London's 'Low Emission Zone' for non-road mobile machinery (NRMM) and what this means for our suppliers and customers.

During the year we also began supplying new Green D+ Hydrotreated Vegetable Oil (HVO) fuel. HVO is a form of renewable diesel that has been produced from vegetable fats and oils and reduces carbon emissions by up to 90% compared to regular fossil fuel. It can be used in modern vehicles, generators, construction machinery and industrial power systems. Green D+ HVO fuel is now provided as Speedy's standard low emission fuel and is the only HVO fuel approved for use in Speedy equipment. For every 350 litres of Green D+ HVO fuel used, 1 tonne of CO² is saved versus fossil fuel.

Energy usage

The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from activities for which the company is responsible, including the combustion of fuel or the operation of any facility during 2019 was 22,402.55te. This information is reported every four years as required by ESOS. The last submission to report on our energy usage was December 2019. The ISO50001 accreditation was awarded to Speedy during 2019 due to Speedy's robust energy management systems.

The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the company for its own use during 2019 was 21,721.60te. As stated above it is an ESOS requirement to report every four years.

Figures in kWh which is the aggregate of the annual quantity of energy consumed from activities for which the company is responsible involving the combustion of fuel and the operation of any facility is as follows for the regions Speedy operate in:

- UK Mainland: 21,146.49te
- Northern Ireland and Republic of Ireland: 331.26te
- MENA: 76.55te
- Kazakhstan: 167.30te
- Total: 21,721.60te

The methodologies used to calculate the information provided on emissions and energy consumption adopted by Speedy to calculate carbon emissions for 2019 was provided using the DEFRA calculation, which was verified by Stephen Sykes, independent consultancy Collins McHugh LTD.

Speedy is implementing many energy savings initiatives throughout the estate including the introduction of LED lighting and improving the energy efficiency of heating systems in buildings. 'Toolbox talks' are also undertaken with colleagues to ensure they understand the impact of energy usage, waste and savings.

Regular energy audits are conducted on an annual basis as required for the ISO50001 accreditation.

Total CO₂e emissions per employee for 2019 was 5.41te.

Waste management improvements

We work with suppliers to reduce or, in some cases, eliminate consumable packaging which would otherwise be passed on to ourselves or our customers. Hilti, one of our main suppliers deliver all 'Ready for Rent' products in the relevant equipment cases. We are also encouraging our suppliers to introduce reusable packaging.

During the year, as part of our latest cardboard waste sustainability project we worked in conjunction with Stihl to backhaul the cardboard waste created by the delivery of 750 saws. A total of 500kgs of cardboard waste was removed from Speedy due to this initiative.

We also recycle cardboard, wood, metal, plastic, paper, waste oils, food waste, and are introducing new waste reduction campaigns including:

- A project to eliminate waste through working with our suppliers
- Repurposing waste within the business (transporting waste types to depots that require them e.g. pallets)
- Reducing Head Office waste generated through a reduction in printing, and raising recycling awareness. We have significantly reduced the volume of paper printed in our depot network by the use of electronic PDAs and not printing contract paperwork since November 2017

- Speedy has now entered the Circular Economy; plastic waste is now removed from general waste and will be re-granulated to sell as a commodity into the plastic market, thus removing 100 tonnes of waste.
- Backhauling of waste from express depots to MSC's. This will reduce the number of vehicles on the Speedy estate, reduce our carbon footprint and ensure less contamination in recyclates to achieve better costs and increase possible rebates.

Human rights and modern slavery

Our Human Rights Policy and Anti-Slavery Policy applies to all employees and commits Speedy to upholding the provision of basic human rights and eliminate any discriminatory practices. The policies emphasise our commitment to human rights in the way we do business, seeking to create and maintain a work culture which allows equal human rights to all persons whilst prohibiting actions contrary to this, such as forced or child labour.

Equality and diversity

At Speedy we aim to ensure that everyone is rewarded and recognised fairly for their contribution, with equal access to opportunities, no matter what part of our business they work within. We believe in promoting equality and diversity within our workforce and we work hard to encourage inclusivity in all our activities both internally within Speedy and externally with our customer base. Our recruitment team is working to attract applicants from a wide variety of backgrounds, increasing diversity at all levels and in all roles.

A breakdown by gender of the number of people who were Directors of the Company, senior managers and other employees as at the end of the reporting period, is set out as follows:

- Directors – female 14%, male 86%;
- Senior management team – female 18%, male 82%; and
- All Speedy employees (UK and Ireland) – female 19%, male 81%.

Within our head office at Haydock the breakdown by gender is female 56%, male 44%.

Speedy Hire Plc Corporate Greenhouse Gas (GHG) Report

Introduction

This GHG Report has been compiled covering the fuels combusted directly by Speedy operations, fugitive refrigerant gases, energy consumed in our UK Mainland activities, Northern and Republic of Ireland operations and our International businesses and includes the business travel and waste disposal activities of our UK Mainland offices and depots.

Reporting processes were streamlined in 2019 to include recent acquisitions, which were not required in the prior year; 2018 data has not been restated for this change.

Combustion of Fuel and Operation of Facilities

The wider introduction of telematics and fuel management has resulted in improved reporting systems and controls which have led to reduced usage.

Electricity, Heat, Steam and Cooling Purchased for own use

There has been a significant reduction in the use of electricity and gas over the past 12 months. A number of depots have had LED lighting installed resulting in a reduction in usage. Many depots and MSC's are part of the lighting exchange scheme. In addition our Glasgow MSC underwent a complete heating overhaul during the year resulting in an 81% reduction in energy use.

Scope 3 Business Travel – Rail and Air

There has been a significant rise in the use of rail and air travel. We have encouraged colleagues to use rail more frequently as a more sustainable source of travel.

This year's reporting accuracy has improved as we have included usage from all sources including both direct company bookings and expenses claims.

Waste disposal

During 2019 the change in waste services provider resulted in a significant decrease in waste going to landfill. The amount of waste that ended up in landfill reduced to 1.8 tonnes, a 94% reduction. This has had a corresponding effect on carbon tonnage, with carbon attributed to landfill reducing from 18.32 tonnes to 0.04 tonnes.

Waste generated on the Speedy estate is processed as Refuse-Derived Fuel (RDF), therefore zero waste is sent to landfill.

Speedy has now entered the Circular Economy, plastic waste is now removed from general waste and will be re-granulated to sell as a commodity into the plastic market, thus removing 100 tonnes of waste.

The overall CO₂ emitted per employee has reduced to 5.41 tonnes (2018: 6.01 tonnes) in line with our objective of reducing our carbon footprint.

Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013. We do not have any responsibility for any sources that are not included in our consolidated statement except those quoted in the Omissions section.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), Scopes 1, 2 and 3, and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2018. This year's report includes Well to Tank, Transmission and Distribution, and Waste factors also.

Omissions

The combustion of diesel for the testing of equipment/machinery could not be established for this reporting period.

Data confidence

The data used to report the GHG emissions was reviewed and examined and gives a 'High' level of confidence +/- 4.4%. This was established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty', and has been independently verified.

Global GHG emissions

For the year to 31 December 2019 we have seen a reduction in our CO₂ per employee of 10%. A detailed breakdown is provided in the table below compared against the prior year:

	Tonnes of CO ₂ e	
	Current Reporting Year	Comparison Year
Emissions From:	2019	2018
Combustion of Fuel and Operation of Facilities	18,735.62	19,499.79
Electricity, Heat, Steam and Cooling purchased for own use	2,985.95	3,621.73
Total Scope 1 and 2 Emissions	21,721.60	23,121.52
Scope 3 Business Travel – Rail and Air	373.33	153.16
Scope 3 Waste – Recycled / Recovered	40.53	25.43
Scope 3 Waste – Landfill	0.04	18.32
Scope 3 Transmission and Distribution of Electricity	267.05	–
Total Scope 3 Emissions	680.95	196.91
Tonnes CO₂e per employee	5.41	6.01

Financial and non-financial KPIs

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2019 performance*
Revenue £m	A measure of the work we are undertaking.	£406.7m	£394.7m
EBITA ¹ £m	A measure of the profit we generate from our revenue.	£39.1m	£36.7m
EBITA ¹ margin %	Highlights how successful Speedy is in maximising its return from the revenue generated.	9.6%	9.3%
EBITDA ¹ £m	A measure of operating return before depreciation.	£107.4m	£104.8m
EBITDA ¹ margin %	Highlights value generated either through operational efficiency or the quality of the revenue.	26.4%	26.6%
Adjusted profit before tax ¹ £m	A measure of profit we generate from our revenue activity having accounted for all costs before taxation.	£34.9m	£31.4m
Utilisation %	A measure of how many of our assets are on hire to customers by net book value.	56.6%	57.0%
ROCE ² %	A measure of how well Speedy is delivering a return from the capital invested.	12.0%	11.7%

*Restated as a result of the adoption of IFRS 16 - see Note 1 (Accounting policies)

Explanatory notes:

¹ Before exceptional items, see Note 11 to the Financial Statements

² Return on Capital Employed: Profit before tax, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt³), for the last 12 months

³ See Note 20 to the Financial Statements

⁴ See Note 9 to the Financial Statements

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2019 performance*
Net debt ³ £m	A measure of the Company's borrowings.	£79.3m	£89.1m
Net debt ³ to EBITDA ¹ x	A measure of how leveraged the balance sheet is.	1.0x	1.1x
NBV of property, plant and equipment £m	As assets are our core revenue generator, this effectively measures the scale of investment to support revenue.	£257.6m	£249.1m
Adjusted earnings per share ⁴ pence	A measure of the return generated for each holder of our ordinary shares.	5.54p	4.96p

Non-Financial KPIs

KPI	Why this KPI is important to our strategy	Target	How we have done
Keeping people safe (specified injury rate)	We recognise that we and our customers work in some of the UK's most dangerous industry sectors and therefore we have a responsibility towards keeping people safe.	0.1 accidents per 100,000 hours worked.	0.06 accidents per 100,000 hours worked.
Impact on climate change – CO ₂ e per capita	We must play our part in the low carbon economy, create efficiencies within our business and be a responsible business to invest in, do business with, and work for.	7.50 tonnes per capita.	5.41 tonnes per capita.
Customer excellence*	We aim to provide first class customer service, measuring our levels of service (between 1.0 and 5.0) and identifying areas for improvement.	Customer satisfaction score 4.0. Customer sentiment score 4.0.	Customer satisfaction score 4.6. Customer sentiment score 3.7.

*Based on average responses to customer surveys April to September 2019

Financial Review

COVID-19

The UK and Ireland businesses experienced a slowdown as result of COVID-19 from the middle of March 2020. This reduced profitability for the year by c.£2.5m, mainly due to lower core hire revenue and the postponement of profitable planned disposals. As at the end of March 2020, the International businesses were largely unaffected.

Decisive action was swiftly taken to contain costs and preserve cash, and the Board remains confident that the business can operate within its existing debt facilities and covenant tests during a period of reduced trading activity.

Impact of reporting under IFRS 16 Leases

From 1 April 2019 the Group has reported under IFRS 16 Leases for the first time. This has resulted in a material grossing up of the Balance Sheet with the recognition of a right of use asset and corresponding lease liability for all qualifying leased equipment, vehicles and property.

The Income Statement now reflects depreciation on the right of use asset, and interest charged on the lease liability, largely offset by rental charges no longer recognised. With respect to the Cash Flow Statement, there have been no changes in the overall reported net cash flows although operating cash flows and financing cash flows have been adjusted.

The financial impact of IFRS 16 in the period has been to increase EBITA¹ by £5.3m, to increase profit before tax by £1.7m and to increase profit before tax, amortisation and exceptional items by £2.1m. In the Balance Sheet, the right of use asset recognised at 31 March 2020 is £64.7m and the corresponding lease liability recognised is £72.9m. In the Income Statement, an additional £23.8m of depreciation has been charged and an incremental interest charge of £3.2m has been recognised, offset by £29.1m of rental charges no longer recognised.

A reduction in retained earnings of £10.5m was recognised upon transition to IFRS 16 on 1 April 2018.

Group financial performance

Revenue (excluding disposals) for the year to 31 March 2020 increased by 3.4% to £402.5m (2019: £389.2m). Revenue from disposals was £4.2m (2019: £5.5m); total revenue for the period increased by 3.0% to £406.7m (2019: £394.7m).

Gross profit was £224.2m (2019: £214.4m), an increase of 4.6%. The gross margin increased to 55.1% (2019: 54.3%), reflecting the mix impact of training at higher margin, and increased revenue from SME customers at better rates.

EBITA¹ increased by 6.5% to £39.1m (2019: £36.7m) and profit before taxation, amortisation and exceptional costs increased to £34.9m (2019: £31.4m).

The Group incurred net exceptional expenses before taxation of £12.9m (2019: £2.0m). Further details are included below.

After taxation, amortisation and exceptional items, the Group made a profit of £16.8m, compared to a profit of £23.2m in 2019.



“The Board remains confident that the business can operate within its existing debt facilities and covenant tests during a period of reduced trading activity.”

Chris Morgan
Group Finance Director

Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £3.9m (2019: £5.4m), which have reduced 27.8% reflecting continued cost control and lower IT depreciation.

UK and Ireland

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m	Movement %
Revenue (excluding disposals)	367.3	353.1	4.0
EBITDA ^{1,*}	102.7	100.5	2.2
EBITA ^{1,*}	37.3	36.2	3.0

*Restated as a result of the adoption of IFRS 16 – see Note 1 (Basis of preparation)

Excluding disposals, revenue increased by 4.0% to £367.3m (2019: £353.1m) with an increase across both Hire and Services. Revenue for the period benefited from the full year effect of the acquisitions of Geason Training and Lifterz.

Hire revenues increased by 1.4%. Increased telemarketing activity at our Customer Relationship Centre in Newport, South Wales continued to result in significant revenue uplift from SME customers, which grew 32.1%. This growth helped offset less favourable trading conditions, Carillion comparatives and the impact of COVID-19 in March 2020. The addition of Lifterz in March 2019 has complemented Speedy's previous powered access acquisitions, creating a comprehensive national presence. We now have the second largest fleet in the UK.

Services revenues grew by 8.9%. This has been achieved following the acquisition of Geason Training, and testing and rehire growth. Despite this, Geason Training has performed below expectations during the year due to lower than expected learner enrolments and the setup of a number of regional training centres which have yet to reach critical mass. More recently the business has been further impacted by market conditions due to COVID-19 and an assurance visit from a funding agency as described in Note 22. As a consequence the fair value of the contingent consideration has been reduced to £nil (2019: £10.9m), and an impairment charge recognised of £20.1m. The net impact of the impairment and the contingent consideration adjustment is £9.2m.

Gross margins improved from 57.1% to 57.7%. Hire margin increased to 77.0% (2019: 76.7%), and was supported by the growth in the higher margin SME market, which more than offset price deflation. Services margin strengthened to 26.0% (2019: 23.2%) due to the mix benefit of the training growth. Overheads remain under tight control and, excluding acquisitions, were 3.1% lower than the comparative period. Headcount has increased slightly to 3,464, compared to 3,458 at 31 March 2019.

Asset utilisation pre COVID-19 was 56.6% (2019: 57.0%), and reflected investment to support our four-hour delivery promise.

The business continues to perform well in a competitive market despite uncertainty during the year associated with the UK's departure from the European Union, and more recently, COVID-19. A number of decisive actions have been swiftly taken to contain costs and preserve cash, whilst maintaining the capability to support customers, and protect the health and safety of colleagues and stakeholders.

International

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m	Movement %
Revenue	35.2	36.1	(2.5)
EBITDA ^{1,*}	8.2	8.5	(3.5)
EBITA ^{1,*}	5.7	5.9	(3.4)

*Restated as a result of the adoption of IFRS 16 – see Note 1 (Basis of preparation)

International revenue in the United Arab Emirates decreased by 2.5%. This slowdown in growth from previous periods was anticipated due to lower rehire and consumable sales, although hire revenue grew 11.4%. The renegotiation during 2019 to secure the extensions with our principal customer, Abu Dhabi National Oil Corporation (ADNOC), has impacted commercial terms, contributing to a decrease in EBITA¹, which fell by 3.4%. Despite the fall, EBITA¹ margin was 16.2% (2019: 16.3%) reflecting continued strong returns from the asset base.

Our share of profit from the joint venture in Kazakhstan increased to £2.8m (2019: £1.9m) having benefited from further increased cyclical shutdown activity in the period.

Exceptional items

There were £12.9m net exceptional expenses incurred during the year (2019: £2.0m).

	Recognised in distribution and admin expenses £m	Recognised in net financial expenses £m	Total £m
Changes to fair value of contingent consideration	–	10.9	10.9
Impairment of Training CGU	(20.1)	–	(20.1)
Training provision	(3.0)	–	(3.0)
Exceptional items relating to Training CGU	(23.1)	10.9	(12.2)
Sale of surplus land	3.9	–	3.9
Integration costs	(1.7)	–	(1.7)
Property related costs	(2.0)	–	(2.0)
COVID-19 related costs	(0.6)	–	(0.6)
International contract costs	(0.3)	–	(0.3)
	(23.8)	10.9	(12.9)

A £20.1m impairment charge for the Training cash-generating unit (CGU) was recognised in operating profit in the year, offset by an exceptional financial credit of £10.9m (2019: expense £0.8m) in relation to changes in the fair value of contingent consideration payable for the Geason Training acquisition.

Other exceptional items comprised a £3.0m training provision relating to potential funding repayments and associated costs, £1.7m acquisition and integration costs, £2.0m property related costs, £0.6m COVID-19 related expenses and £0.3m in relation to the UAE contract renewal. These were in part offset by a profit on the sale of a plot of surplus land of £3.9m.

Interest

The Group's net financial expense before exceptional items decreased slightly to £7.0m (2019: £7.2m).

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the period, the margin payable over LIBOR on the outstanding debt fluctuated between 1.50% and 2.00% dependent on the Group's performance in relation to leverage and the weighting of borrowings between receivables and plant and machinery. The effective average margin in the period was 1.84% (2019: 1.80%).

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was not material at 31 March 2020 and they have varying maturity dates to October 2022.

Interest on lease liabilities of £3.2m (2019: £3.5m) was incurred during the period, following the implementation of IFRS 16 (see Note 1 Basis of Preparation).

Taxation

The Group seeks to protect its reputation as a responsible taxpayer, and adopts an appropriate attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance.

The tax charge for the period was £3.9m (2019: £5.5m), with an effective tax rate of 18.8% (2019: 19.2%); the decrease in the effective rate includes the impact of exceptional items in the period. The underlying effective tax rate amounts to 17.2% (2019: 17.5%).

Shares, earnings per share and dividends

At 31 March 2020, 526,773,177 Speedy Hire Plc ordinary shares were outstanding, of which 5,472,206 were held in the Employee Benefits Trust.

Adjusted earnings per share² was 5.54 pence (2019: 4.96 pence), an increase of 11.7%. Basic earnings per share was 3.23 pence (2019: 4.47 pence).

An interim dividend of 0.70 pence per share (2019: 0.60 pence per share) was paid on 10 January 2020. In view of the current exceptional circumstances, the Board has not recommended payment of a final dividend (2019: 1.40 pence per share).

Capital expenditure and disposals

Total capital expenditure during the year amounted to £63.2m (2019: £61.8m), of which £55.3m (2019: £55.1m) related to equipment for hire, and £7.9m to other property, plant and equipment (2019: £6.7m), which included investment in IT in order to deliver our digital strategy.

Expenditure in the period reflects further investment in tools, access, generators and lighting to improve availability in these categories, ensuring that the UK and Ireland businesses can continue to execute our four-hour delivery promise. Investment also increased in the UAE, to support hire growth with non ADNOC customers. Since November 2017 the Group has invested over £55m in the powered access market in line with its strategy to build a national presence through in-fill acquisitions and organic capital expenditure, and now has the second largest fleet in the UK.

Capital expenditure has maintained the young average age of the fleet; 3.4 years (2019: 3.3 years). Total disposal proceeds were £11.7m (2019: £17.8m). During the period we further optimised our stockholdings across the network, applying machine learning to inform decisions on returns and asset utilisation, which highlighted those areas requiring investment. The number of product lines has further reduced, and this has enabled us to continually improve the efficiency of our supply chain.

Balance sheet

The Group continues to have a strong balance sheet, which reflects the proactive management of the asset fleet and working capital.

Net assets at 31 March 2020 were £209.9m (2019: £202.0m), equivalent to 39.8 pence per share.

Net property, plant and equipment (excluding IFRS 16 right of use assets) was £257.6m at 31 March 2020 (2019: £249.1m), of which equipment for hire represents 88.2% (2019: 87.1%). Of the equipment for hire, £11.4m related to the International business (2019: £7.1m).

Intangibles decreased to £23.1m (2019: £41.7m), which included the impairment of goodwill and other intangibles associated with the Training CGU (£18.5m), and also acquisition fair value adjustments.

Right of use assets of £64.7m (2019: £72.2m) and corresponding lease liabilities of £72.9m (2019: £82.4m) were recognised at 31 March 2020 following the implementation of IFRS 16.

Gross trade receivables totaled £100.7m at 31 March 2020 (2019: £100.2m). Bad debt provisions were £3.9m at 31 March 2020 (2019: £3.7m), equivalent to 3.9% of gross trade receivables (2019: 3.7%), with an improved trend despite the increased bad debt risk associated with COVID-19. Debtor days were 69.6 (2019: 65.8), of which UK and Ireland were 66.0 (2019: 64.1).

Trade payables were £52.3m (2019: £45.9m). Creditor days were 103.7 (2019: 99.3).

Cash flow and net debt³

Cash generated from operations for the year was £64.5m (2019: £61.2m). Free cash flow (before dividends and financing activities) increased to £45.2m (2019: £13.6m), reflecting the acquisitions made in the prior year.

Net debt³ decreased by £9.8m from £89.1m at the beginning of the period to £79.3m at 31 March 2020. Excluding the impact of IFRS 16, leverage⁵ improved to 1.0x (2019: 1.1x).

The Group's continued strong cash position resulted in substantial headroom within the Group's bank facility.

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE⁴. This investment is expected to include capital expenditure within existing operations, as well as value enhancing acquisitions that fit with the Group's strategy and are returns accretive.

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy in support of this:

- Organic growth: the Board will invest in capital equipment to support demand in our chosen markets. This investment will be in hire fleet and IT systems to better enable us to serve our customers;
- Regular returns to shareholders: the Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle, and a payment in the range of between 33% and 50% adjusted earnings per share²;
- Acquisitions: the Board will continue to explore value enhancing acquisition opportunities in markets adjacent to, and consistent with its existing operations;
- Gearing and treatment of excess capital: the Board is committed to maintaining an efficient balance sheet. The Board has adopted a target gearing in the region of 1.5x net debt³ to EBITDA¹ through the business cycle, although it is prepared to move outside this if circumstances warrant. The Board will continue to review the Group's balance sheet in light of the policy, and medium term investment requirements, and will return excess capital to shareholders if and when appropriate.

Capital structure and treasury

Speedy's long term funding is provided through a combination of shareholders' funds and bank debt.

The Group's £180m asset based finance facility, which was amended and extended in October 2017, runs through to October 2022. The additional uncommitted accordion of £220m remains in place through to October 2022, should further funding requirements be needed.

The average gross borrowings under the facility during the year ended 31 March 2020 increased to £110.2m (2019: £92.9m) reflecting the full year effect of the acquisitions of Geason Training and Lifterz. The facility includes quarterly leverage⁵ and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the period.

Return on capital

ROCE⁴ is a key performance measure for the Group and increased to 12.0% (2019: 11.7%). This remains significantly ahead of the Group's weighted average cost of capital of 9.2%, and continues to reflect the improved profitability and balance sheet discipline.

Chris Morgan

Group Finance Director

Explanatory notes:

¹ Before exceptional items, see Note 11 to the Financial Statements

² See Note 9 to the Financial Statements

³ See Note 20 to the Financial Statements

⁴ Return on Capital Employed: Profit before tax, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt³), for the last 12 months

⁵ Leverage: Net debt³ covered by EBITDA¹. This metric excludes the impact of IFRS 16.

Principal risks and uncertainties


The business strategy in place and the nature of the industry in which we operate expose the Group to a number of risks. As part of the risk management framework in place, the Board considers on an ongoing basis the nature, likelihood and potential impact of each of the significant risks it is willing to accept in achieving its strategic objectives.

The Board has delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. These systems, which ensure

that risk is managed at the appropriate level within the business, can only mitigate risk rather than eliminate it completely.

Direct ownership of risk management within the Group lies with the senior management teams. Each individual is responsible for maintaining a risk register for their area of the business and is required to update this on a regular basis. The key items are consolidated into a Group risk register which has been used by the Board to carry out a robust assessment of the principal risks.

The principal risks and mitigating controls in place are summarised below.

Risk	Description and potential impact	Strategy for mitigation
<p>COVID-19 pandemic</p> 	<p>Trading performance The UK and Ireland imposed lockdown has reduced economic activity and this slowdown has affected Group revenues. The uncertainty of the length of the downturn in revenue leads to difficulty in forecasting.</p> <p>People The COVID-19 pandemic may lead to shortages in the workforce as a direct result of illness, social shielding or isolation measures, along with depot closures. This may result in an inability to effectively service our customers' requirements.</p> <p>Supply chain The supply of goods, services and assets (including the availability of spares) may be disrupted. This may also result in an inability to effectively service our customers' requirements.</p> <p>Middle East With a mainly expat workforce, travel restrictions may result in an inability to operate our offshore activities. The global decline in demand for oil may result in a reduction of the market in which the Group predominantly operates its overseas division.</p>	<p>As a supplier to industries that have continued to operate, the Group has also continued to trade. Entering the new financial year a significant proportion of revenues have been retained, with trading through the Group's digital platform and by telephone. During the lockdown we suspended hire charges for equipment not in use in order that the impact was minimised.</p> <p>We acted quickly to contain costs and preserve cash, including halting all discretionary spend and consolidating our depot network, temporarily closing sites and servicing our clients from alternative locations, thus ensuring we maintain a national coverage.</p> <p>We continue to monitor Government guidance and take action to ensure the safety of our colleagues, as we support customers continuing to operate.</p> <p>We have utilised the Government's coronavirus job retention scheme, furloughing up to 50% of our workforce. This increases the opportunity for our people to remain healthy pending a return to work, whilst also reducing costs. We have followed Government advice, with all employees who can perform duties from home doing so. This involves the utilisation of our secure and robust infrastructure and technology platforms.</p>

Risk

Description and potential impact

Strategy for mitigation

COVID-19 pandemic continued







Despite many colleagues working from home, we have not experienced a noticeable drop in productivity.

Speedy operates one of the youngest hire fleets in the industry and is well placed to provide asset availability as a result of better reliability. The age profile also allows us to optimise capital expenditure management during this period, whilst maintaining customer service. Our planning for Brexit included increasing our stocks of critical spares, and these remain in place to allow us to maintain our fleet effectively if there are short term disruptions to the supply chain.



Based on various revenue downturn scenarios, and the measures outlined above, the Board remains confident that the Group can operate within its existing debt facilities and covenant tests during a prolonged period of reduced trading activity, including in the event of a second lockdown.

In the Middle East we implemented similar measures to those in the UK with remote working where possible from the outset of the pandemic. Employees based offshore have remained in situ and continue to provide service where required by our customers, operating a two-shift rotation pattern for safety where appropriate. Incentives have been used to maintain morale for those not permitted to return home. Should a reduction in the Middle East market become apparent as a result of COVID-19, the cost base will be managed appropriately.

Risk	Description and potential impact	Strategy for mitigation
<p>Safety, health and environment</p> 	<p>Serious injury or death Speedy operates, transports and provides for rental a wide range of machinery. Without rigorous safety regimes in place there is a risk of injury or death to employees, customers or members of the public.</p> <p>Environmental hazard The provision of such machinery includes handling, transport and dispensing of substances, including fuel, that are hazardous to the environment in the event of spillage. The delivery locations for many of our customers require Speedy to operate in designated low emission zones.</p>	<p>The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. The Group's health, safety, and environmental teams measure and promote employee understanding of, and compliance with, procedures that affect safety and protection of the environment. Customer account managers are responsible for addressing service and safety issues.</p> <p>We maintain systems that enable us to hold appropriate industry recognised accreditations.</p> <p>Speedy has incorporated hybrid and fully electric vehicles into the commercial fleet to ensure we meet and in some cases exceed emission requirements.</p> <p>All operatives who handle hazardous substances are trained and provided with appropriate equipment to manage small scale spills. In the case of more serious accidents, we have a contract with a third party specialist who would undertake any clean-up operation as necessary.</p>
<p>Service</p> 	<p>Provision of equipment Speedy is required to provide well maintained equipment to its customers on a consistent and dependable basis.</p> <p>Back office services It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation.</p> <p>In both cases, a failure to provide such service could lead to a failure to attract or retain customers, or to diminish the level of business such customers undertake with Speedy.</p>	<p>During the year we have successfully launched our nationwide four-hour service promise under "Trust Speedy to Deliver". Our use of personal digital assistants (PDAs) and online based customer feedback system are fully embedded into our business and these are used to improve the on-site customer experience.</p> <p>Speedy liaises with its customer base and takes into account feedback where particular issues are noted, to ensure that work on resolving those issues is prioritised accordingly.</p>

Risk	Description and potential impact	Strategy for mitigation
<p>Revenue and trading performance</p> 	<p>Competitive pressure The hire market is fragmented and highly competitive. We are continuing to develop strategic relationships with larger customers and also working hard to grow our local and regional accounts.</p> <p>Reliance on high value customers There is a risk to future revenues should preferred supplier status with larger customers be lost when such agreements may individually represent a material element of our revenues.</p> <p>The International business in the Middle East is dependent on major contracts which are due for renewal in August 2020.</p>	<p>The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its rehire division for specialist equipment. The Group monitors the performance of its major accounts against forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and reacted to where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies.</p> <p>No single customer currently accounts for more than 10% of revenue or receivables. We have been successful in growing our SME customer base, which also helps to mitigate this risk. Investment has been made to diversify our International business in the Middle East.</p>
<p>Project and change management</p> 	<p>Acquisitions Our strategy includes selective acquisitions that complement or extend our existing business in specialised markets. There is a risk that suitable targets are not identified, or that acquired businesses do not perform to expectations.</p>	<p>All potential business combinations are presented to the Board, with an associated business case, for approval.</p> <p>Once a decision in principle is made, a detailed due diligence process covering a range of criteria is undertaken. The results of due diligence are presented to the Board prior to formal approval being granted.</p> <p>The use of a cross functional project team ensures effective integration into the Group. These teams work with a blueprint plan, modified as needed to specifically address any risks identified during the due diligence phase.</p> <p>A Programme Management Office function is established with clearly defined governance in place to oversee all change initiatives.</p>


Risk	Description and potential impact	Strategy for mitigation
<p>People</p> 	<p>Employee excellence</p> <p>In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain and motivate employees who possess the right skills for the Group.</p>	<p>Skill and resource requirements for meeting the Group’s objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focusing on both short and long-term successors for the key roles within the Group.</p> <p>Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group.</p> <p>The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.</p>
<p>Partner and supplier service levels</p> 	<p>Supply chain</p> <p>Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment.</p> <p>Partner reputation</p> <p>A significant amount of our revenues come from our rehire offering, where the delivery or performance is effected through a third party partner.</p> <p>Speedy’s ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy and hence future revenues may be adversely impacted.</p>	<p>A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group’s commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service related KPIs are included within standard contract terms. Regular reviews take place with all supply chain partners.</p>

Risk	Description and potential impact	Strategy for mitigation
<p>Operating costs</p> 	<p>Fixed cost base</p> <p>Speedy has a fixed cost base including people, transport and property. When revenues fluctuate this can have a disproportionate effect on the Group's financial results.</p>	<p>The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team of specialists who manage the estate.</p> <p>We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. Fuel is purchased through agreements controlled by our supply chain processes.</p> <p>The growth of our services offering will help to mitigate this risk as these activities have overheads that are more flexible.</p>
<p>Cyber Security and data integrity</p> 	<p>IT system availability</p> <p>Speedy is increasingly reliant on IT systems to support our business activities. Interruption in availability or a failure to innovate will reduce current and future trading opportunities respectively.</p> <p>Data accuracy</p> <p>The quality of data held has a direct impact on how both strategic and operational decisions are made. If decisions are made based on erroneous data there could be a direct impact on the performance of the Group.</p> <p>Data security</p> <p>Speedy, as with any organisation, holds data that is commercially sensitive and in some cases personal in nature. There is a risk that disclosure or loss of such data is detrimental to the business, either as a reduction in competitive advantage or as a breach of law or regulation.</p>	<p>Annual and more medium-term planning processes are in place; these create future visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval.</p> <p>Management information is provided in all key areas from dashboards that are based on real time data drawn from central systems. We have devised a data management framework and identified data owners across the business who are responsible for putting in place procedures to maintain accuracy of the information.</p> <p>Mitigations for IT data recovery are described below under business continuity as these risks are linked.</p> <p>Speedy's IT systems are protected against external unauthorised access. All mobile devices have access restrictions and, where appropriate, data encryption is applied.</p>

Risk	Description and potential impact	Strategy for mitigation
<p>Funding</p> 	<p>Sufficient capital</p> <p>Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact its ability to command acceptable levels of pricing.</p>	<p>The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.</p> <p>The £180m asset based finance facility including an additional uncommitted accordion of £220m, is available through to October 2022. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support.</p> <p>In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity.</p>

Risk	Description and potential impact	Strategy for mitigation
<p>Economic vulnerability</p> 	<p>Economy</p> <p>Any changes in construction/industrial market conditions could affect activity levels and consequently the prices that the Group can charge for its services. Any reduction in Government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group.</p> <p>Although the COVID-19 pandemic has recently overshadowed Brexit, in common with many UK businesses, Speedy faces uncertainty as to the possible impact of leaving the European Union.</p>	<p>The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast.</p> <p>The main risk in relation to the UK's departure from the European Union is the impact on the overall market in which Speedy operates. In addition, there are limited risks associated with availability of assets and spares, cost price inflation, labour availability and consequences of potential border arrangements in Ireland (the Irish business poses only a limited risk, since turnover is less than 3% of the overall Group's). Risks have been assessed in detail by the Board as part of the overall risk assessment process, and contingency plans established.</p> <p>These plans include the consideration of alternative sources for equipment supply and forward buying of spares stock. Sensitivity analysis has been prepared and reviewed by the Board. Combined with strong progress against strategic goals, the Board believes that these plans will allow Speedy to continue to maximise growth opportunities in whatever scenario transpires. Notwithstanding the impact on the wider economy, no significant impact on the Group is therefore expected at this stage.</p>

Risk	Description and potential impact	Strategy for mitigation
<p>Corporate culture</p> 	<p>Operational empowerment and culture</p> <p>We operate an internal structure that is aligned around separate specialisms to better serve our customer base. Each division is challenged to operate with a degree of empowerment within overriding Group policies.</p> <p>Achievement of corporate objectives is dependent on individuals' behaviours and these are influenced by the corporate culture.</p>	<p>All Speedy employees are expected to abide by our Code of Conduct, which forms a condition of employment. Training is provided, via a combination of online and face-to-face means, to all management grades in areas such as compliance with the Bribery Act 2010 and relevant competition laws. Group policies are in place that both support and oversee key aspects of our operation in particular the areas of treasury, purchasing, asset management, accounting and debt management. Review and exception reporting activities are in place, which are designed to reduce the risk of individuals overriding controls put in place by the Group.</p> <p>All of the above are supported by a well-publicised and robust whistleblowing policy with rigorous follow up of all concerns raised.</p> <p>We have transformed our corporate culture in recent years, however there will be a need for continuous evolution as the Group develops and makes further acquisitions.</p>
<p>Business continuity</p> 	<p>Business interruption</p> <p>Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel based, could adversely impact current and future trading as customers could readily migrate to competitors.</p> <p>This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.</p>	<p>As described in the paragraph above, the Group has continued to operate effectively during the COVID-19 pandemic. Management acted promptly in line with our documented plan to establish a crisis management team which co-ordinated the activities required in a rapidly changing environment.</p> <p>Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.</p>

Risk	Description and potential impact	Strategy for mitigation
<p>Asset holding and integrity</p> 	<p>Asset range and availability</p> <p>Speedy’s business model relies on providing assets for hire to customers, when they want to hire them. In order to maximise profitability and ROCE⁴, demand is balanced with the requirement to hold a range of assets that is optimally utilised.</p>	<p>Our understanding of customer expectation of the relative timescales for delivery across our range of assets allows us to reduce holdings of less time critical assets by centralising the storage locations, whilst at the same time increasing the breadth of holding across our customer trading locations of those assets most likely to be required on a short notice basis.</p> <p>We regularly monitor our asset status information and use this to optimise our asset holdings.</p> <p>We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market, under our Green Option programme.</p>

Viability Statement

The Group operates an annual planning process which includes a five year strategic plan and a one year financial budget. These plans, and risks to their achievement, are reviewed by the Board as part of its strategy review and budget approval processes. The Board has considered the impact of the principal risks, including COVID-19, to the Group's business model, performance, solvency and liquidity as set out above.

The FY2021 budget was completed prior to the recent increased economic uncertainty resulting from COVID-19. The Group responded quickly to assess the potential impact on revenues, costs and cash; actions implemented immediately included restricting discretionary spend, consolidating the depot network, temporarily closing sites and servicing customers from alternative locations. The Board has considered various downturn scenarios during a prolonged period of reduced activity and believes that trading conditions are likely to recover during FY2021.

The Directors have determined that three years is an appropriate period over which to assess the Viability statement. The projections for the first three years of the strategic plan are based on detailed action plans developed by the Group with specific initiatives and accountabilities. There is inherently less certainty in the projections for years four and five. The Group has a £180m asset-based finance facility in place through to October 2022. The strategic plan makes certain assumptions about the adequacy of facilities and expected renewal on broadly similar terms to meet the Group's capital investment and acquisition strategies.

In making this statement, the Directors have considered the resilience of the Group, its current position, the principal risks facing the business in distressed but reasonable scenarios, including various risks associated with COVID-19 as set out above, and the effectiveness of any mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2023.

Board engagement with our stakeholders

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

Each Director and the Board collectively gives careful consideration to the factors set out above and have acted in a way they consider complies in all respects with their Section 172(1) duties. Details of how the Board discharged its duties are set out in the Strategic Report pages 51 to 53 and should be read in conjunction with information disclosed in the Governance section, on pages 57 to 97. To help facilitate this before each scheduled Board meeting all Directors receive appropriate reports addressing key matters concerning its customers, suppliers, investors, employees, regulators and the environment and also information regarding the Group, comprising a financial report and briefings from senior executives. The Chief Executive and Group Finance Director also brief Directors on results, key issues and strategy. During Board meetings, the Non-Executive Directors regularly make further enquiries of the Executive Directors and seek further information which is provided either at the relevant meeting or subsequently. This information and any related reports (provided either before or after meetings) are considered in the Board's discussions and in its decision making process when having regard to Section 172 of the Companies Act 2006.

Stakeholder engagement

Engagement with relevant stakeholders is a key consideration of the Board which varies depending on the subject at hand. Pages 52 and 53 detail Speedy's key stakeholders and how we engage with them.

As mentioned above the Board receives reports from management concerning its customers, suppliers and others in a business relationship with the Company which it takes into account in its discussions and also in the Section 172(1) decision making process. The Board has also received training relating to its obligations under Section 172(1) and the consideration of the Company's stakeholders. Additionally, the annual Board training programme reinforces these obligations.

Employee engagement

In addition to the Board receiving reports from management concerning its employees the Board engages directly with its employees in a variety of ways. This includes via its Employee Forum (attended periodically by Non-Executive Director, Rob Barclay), via its Excellence Awards, the annual Expo and Chief Executive and Group Finance Director 'Up to Speed' and 'The Hub' communications and updates. Further information on employee engagement can be found at pages 24 to 27.

Board decisions and stakeholders

We set out on page 25 an example of how the Directors have had regard to Section 172(1) when discharging their duties and the effect that this regard had on the decisions being made.


Our key stakeholders

Engagement with our key stakeholders plays an essential role throughout the business. It is a multi-layered process with engagement touching all levels of our business from front line operations to the Board and its Committees.

Our key stakeholders and examples of how we engage is detailed in the table below. Relevant information from these interactions informs judgements and decision making.

Board engagement with our stakeholders continued

Key stakeholder	Ways we engage	Areas discussed
<p>Customers</p> 	<ul style="list-style-type: none"> • Face to face meetings and calls • Speedy website and mobile apps • Social media • Tendering and RfP processes • Monitoring of hires, sales and services • Customer services centres • Real time customer satisfaction surveys • Product videos and peer reviews • Advertising campaigns • Speedy Expo 	<ul style="list-style-type: none"> • Availability of products and services (including use of AI) • Improved customer service • Range of products and services • Value for money • Access to good services e.g. Speedy App and tracking • Same day service commitment to customers on our top selling products (including Capital Commitment) • 'One Speedy' for first class customer experience • Sustainability solutions • Product development
<p>Employees</p> 	<ul style="list-style-type: none"> • Employee forums (including NED attendance) • Annual People Matters Survey and pulse surveys • Apprenticeship and graduate programmes • Benchmarking of key roles within the business • Rollout of 'The Hub' communications platform to enhance employee intranet and engagement • 'Up to Speed' e-communications • Roadshows and senior management meetings held at various UK and Ireland locations • Training Academy schedule of online, classroom and practical training courses • Personal Development Reviews • 'Celebrating Excellence' scheme and Excellence Awards • Long service recognition scheme at 10, 20 and 25 years' service • Speedy Expo 	<ul style="list-style-type: none"> • Career opportunities • Wellbeing (including mental health) • Training and development (including safety) • Pay and conditions • Colleague engagement

Key stakeholder	Ways we engage	Areas discussed
<p>Suppliers</p> 	<ul style="list-style-type: none"> • Speedy Expo • Tendering processes • Visits and meetings • Supplier conferences • Partnership Programme engages customers, suppliers and peer groups on key sustainability issues • Pioneering use of electric vans reducing CO² • Industry trade shows • Product innovation days 	<ul style="list-style-type: none"> • Quality management • Cost efficiency • Ethical Trading policy • Long-term relationships • CSR and sustainability • Product development
<p>Investors</p> 	<ul style="list-style-type: none"> • Annual report • Annual General Meeting • RNS announcements • Investor presentations and roadshows • Corporate website • One-on-one meetings • Information requests • Remuneration Policy engagement 	<ul style="list-style-type: none"> • Financial and operating performance • Dividends • Risk information • Access to Management • Future strategy information • Remuneration Policy

What we do



Hire

60% approx. revenue

Consisting of approximately 2,150 product lines, the hire business encompasses our core tools business, and our specialist businesses which include lifting, survey, power, rail and powered access.



Tools

The latest hand tools and accessories including our extensive range of environmental next generation ENERGISE approved products.



Lifting

A broad range of equipment for any lifting requirements, including hoists, winches, hydraulic cylinders and jacks supported by our Lloyds British business.



Survey

Some of the most technologically advanced and accurate instruments from leading manufacturers in the industry, all fully maintained and calibrated by expert teams at our approved service centres.



Power

An industry leading fleet of the latest energy efficient hybrid and solar generators, compressors and pumps for every size of project, combined with our fuel management service.



Rail

RISQS accredited, providing a range of industry compliant assets that are supported by a project management service.



Powered access

Second largest fleet in the UK providing a wide range of equipment including boom lifts, specialist platforms and cherry pickers.

Services

40% approx. revenue

Services revenues fall into the following categories:



Training

Supported by the acquisition of Geason Training, we provide apprenticeships, NVQs, professional skills and safety training along with other progressive end-to-end training courses.



Testing, inspection and certification

Provided through our Lloyds British brand, we ensure our customers remain compliant through providing testing, inspection and certification for a broad range of market sectors.



Powered access specialist servicing and refurbishment

Through our Lifterz, Prolift Access and Platform Sales and Hire businesses we can provide specialist servicing and refurbishment services for powered access equipment.



Product and consumable sales

We offer over 8,000 core product lines and 36,000 in total in our extended range both at a local level and through a centrally managed procurement team.



Fuel Management

Speedy is the only UK plant hire company with its own fully integrated fuel division, providing a competitive fuel supply or a fully managed service including products that can help customers reduce consumption, minimise deliveries and reduce overall costs.



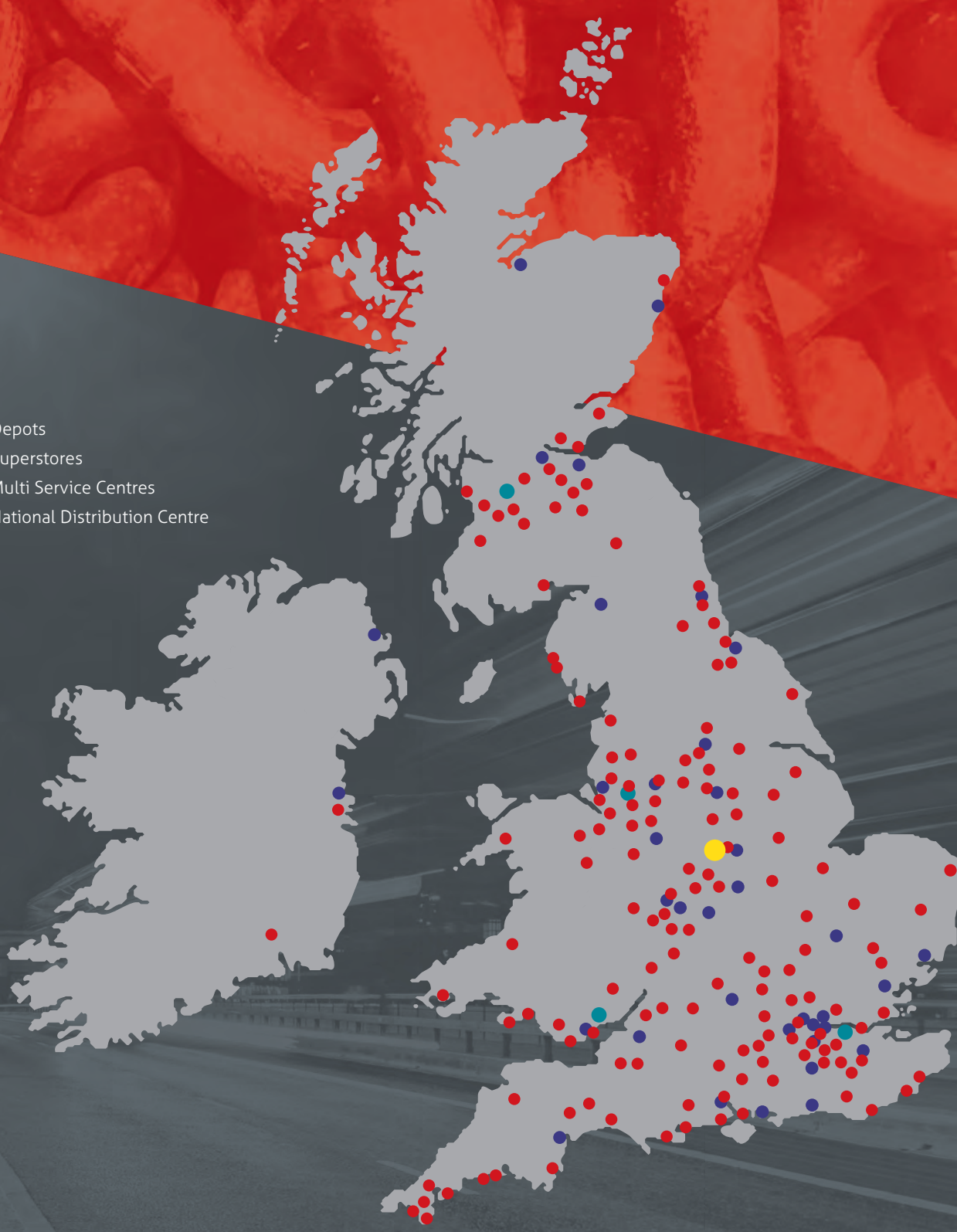
Rehire

We provide a one-stop-shop for customers with a complete plant and equipment range through our partnerships with industry leading suppliers.

Our network

Operational sites across the UK and Ireland providing national coverage, as well as operating internationally in the Middle East and Kazakhstan.

- Depots
- Superstores
- Multi Service Centres
- National Distribution Centre





Governance

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Governance

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Chairman's letter to shareholders

Dear Shareholder

On behalf of the Board I am pleased to present the Governance Report for FY2020. This section of the Annual Report highlights the Company's corporate governance processes (alongside the work of the Board and Board Committees) which are the framework through which we build our business and form our decisions.

During the year a number of new requirements were introduced by the UK Corporate Governance Code 2018 (the 'Code') and other new reporting regulations. These notably place more focus on culture and engagement with the workforce and other stakeholders when making decisions, which are duties that myself and the Board are committed to uphold. More information on how this is carried out is detailed on pages 51 to 53. The Company reports against the Code and I am pleased to confirm, as noted on page 64, that we have been in full compliance with the provisions of the Code throughout the year.

As I reported in my Chairman's letter to shareholders last year, the Nomination Committee recruited Rhian Bartlett as a new Non-Executive Director and a member of the Audit & Risk, Nomination, and Remuneration Committees from 1 June 2019. Rhian was elected at the Annual General Meeting on 11 July 2019. This appointment further strengthened relevant skills and expertise available to the Board and its Committees, along with broadening diversity as a whole.

During the year the Board undertook its triennial externally facilitated Board and Committee evaluation with the assistance of Genius Boards Limited. The evaluation was a comprehensive and forward looking review and I was pleased that the findings indicated that the Board was generally effective. Following that review and the Board discussions which followed around the key recommendations the Board has decided to make a number of changes, which include the appointment of a new Non-Executive Director; separating the common holding of the role of Senior Independent Director and Chair of the Audit & Risk Committee; considering my continuing role as Chair of the Nomination

Committee; and having regard to the current size of the Board, reducing the current membership of the committees to three Non-Executive Directors. The selection process for the new Non-Executive Director will commence later in the year as the changes to the guidance and restrictions in respect of COVID-19 permit. The timings for the other changes are detailed on page 67. The changes provide opportunity to build further on the Board's diversity and promote a better balance of responsibilities across the Board and its Committees. Further detail regarding the evaluation can be found at page 67.

In accordance with the Code and the Company's Articles of Association, all Directors serving at the time of the Annual General Meeting will be submitting to annual re-election.

The Annual General Meeting will be held on 10 September 2020 and further details regarding location and attendance will be announced at the time of issuing the Notice of Meeting, allowing consideration of the UK Government's guidance and restrictions on travel and public gatherings in relation to COVID-19 in place at that time.

David Shearer
Chairman



Directors' Report

Strategic Report

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. This section along with the Chairman's statement on pages 8 and 9, the Strategic Report on pages 1 to 55, the Corporate Governance review on pages 64 to 69 and the reports of the Audit & Risk, Nomination and Remuneration Committees on pages 70 to 97, which are incorporated by reference into this report and are deemed to form part of this report, constitutes the Directors' Report in accordance with the Companies Act 2006.

The Strategic Report was approved by the Board and authorised for issue on 22 June 2020.

Results and dividends

The consolidated profit after taxation for the year was £16.8m (2019: £23.2m). This is after a taxation charge of £3.9m (2019: £5.5m) representing an effective rate of 18.8% (2019: 19.2%). An interim dividend of 0.70 pence per share was paid during the year. As indicated in the Chairman's statement at page 9, the Directors have not proposed a final dividend for FY2020.

Related party transactions

Except for Directors' service contracts, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in the period in which any Director is or was materially interested.

Buy-back of shares

At the Annual General Meeting held on 11 July 2019, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its ordinary shares.

As at 22 June 2020, no shares had been purchased under this authority. Shareholders will be requested to renew this authority at the forthcoming Annual General Meeting on 10 September 2020.

Financial instruments

The Group holds and uses financial instruments to finance its operations and manage its interest rate and liquidity risks. Full details of the Group's arrangements are contained in Note 19 to the Financial Statements.

Going concern

The Directors consider that the Group has adequate financial resources and has access to sufficient borrowing facilities to continue operating for the foreseeable future. The Directors continue to assess the various risks associated with the UK's departure from the European Union and the potential impact of the COVID-19 pandemic, and recognise the uncertainty of any resultant market impact.

The Directors believe that contingency plans against known risks, and strong progress against strategic goals, will allow the Company to continue to maximise growth opportunities. Accordingly, as detailed in Note 1 to the Financial Statements (Accounting policies), the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Substantial shareholders

As at 22 June 2020, the Company had been notified under the Disclosure Guidance and Transparency Rules of the following holders of shares with 3% or more of the total voting rights in the issued share capital of the Company.

Shareholder name	Percentage of voting rights
Schroders plc	13.23
Merian Global Investors (UK) Limited	8.44
Polar Capital LLP	7.38
Standard Life Aberdeen Plc	7.22
Aberforth Partners LLP	3.88
Artemis Investment Management LLP	3.29

Directors

The Directors who served during the year and the interests of Directors in the share capital of the Company are set out on page 95.

In accordance with the Company's Articles of Association, all new Directors submit for election at the first Annual General Meeting following their appointment and all other Directors submit for annual re-election at each Annual General Meeting.

No Director had any interest, either during or at the end of the year, in any disclosable contracts or arrangements, other than a contract of service, with the Company or any subsidiary company. No Director had any interest in the shares of any subsidiary company during the year.

Equal opportunities

The Group employed 3,464 people in the UK and Ireland, and 601 people internationally as at 31 March 2020. The Group has a clear policy that employees are recruited and promoted solely based on aptitude and ability. The Group does not discriminate in any way in respect of race, sex, marital status, age, religion, disability or any other characteristic of a similar nature. In the case of disability, bearing in mind the aptitude of the applicant concerned, all reasonable adjustments are considered to enable employment or continued employment as well as to ensure that any disabled employees receive equal treatment in matters such as career development, promotion and training. Managers at all levels are trained and developed to adhere to and promote this goal, including receiving training specifically on diversity matters. Further information on equal opportunities within the Group is set out on page 32 in the Strategic Report, along with details of the gender balance of those personnel in senior management and their reports.

Employee involvement

The Group actively aims to promote employee involvement in order to achieve a shared commitment from all employees to the success of the businesses in which they are employed. To support this, eight regional employee forums have been established who meet quarterly with the chair of each reporting to a group employee forum, again on a quarterly basis. Rob Barclay in his capacity as the designated Non-Executive Director for employee engagement periodically attends the group employee forum quarterly meetings. His attendance has helped ensure the employee voice is heard in the boardroom. This enables a greater understanding of workforce concerns and their consideration in Board decisions, which is illustrated at pages 51 and 52 along with other methods of engagement with the workforce.

The Board believes in the effectiveness of financial incentives. It is the Group's policy that employees should generally be eligible to participate in some form of incentive scheme as soon as practicable after joining the Group, following the conclusion of any relevant probationary period. Details of annual incentive arrangements for Executive Directors are summarised in the Remuneration Committee's Report on pages 77 to 97.

The Group has a people strategy in place aimed at being an employer of choice, as can be seen on pages 24 to 27 of the Strategic Report. The Group actively makes a number of commitments to its employees, including pay, engagement and development. The Board sees employee engagement as a key part of its success. Further details of how the Board engages with employees can be seen at pages 51 to 52 of the Strategic Report.

Exercise of Board powers

In performing its duty to promote the success of the Company and the wider Group, the Board is committed to effective engagement and the fostering of relationships with all relevant stakeholders which is illustrated at pages 51 to 53. To help facilitate this, monthly management reporting to the Board addresses key matters concerning relevant customers, suppliers, investors, employees, regulators and the environment. These reports are considered in its discussions and influence the Board decision making process allowing regard to the matters within Section 172 of the Companies Act 2006. Further information and a statement on how the Directors have had regard to the matters set out in Section 172 when discharging their duties is disclosed on page 51 of the Strategic Report.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

KPMG LLP was reappointed at the Annual General Meeting of the Company held on 11 July 2019 and its appointment expires at the conclusion of this year's Annual General Meeting. KPMG LLP has expressed its willingness to continue in office. The Board is recommending KPMG LLP be reappointed as auditors and resolutions concerning this and to authorise the Directors to determine the auditors' remuneration will be put to the forthcoming Annual General Meeting on 10 September 2020. Last year's Annual Report indicated that external audit services would be retendered in FY2021, for commencement of services in FY2022. However, the Audit & Risk Committee has decided to extend the timetable by a further 12 months due to COVID-19 and related Government social distancing guidance, which is not conducive to conducting a retender exercise in the immediate short term. External audit services will now be retendered in FY2022, for commencement of services in FY2023.

Takeover Directive information

Where not provided elsewhere in this report, the additional information required for shareholders as a result of the implementation of the Takeover Directive into English law is set out below.

Share capital

As at 31 March 2020, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2020 the issued share capital was £26,338,658.85 comprising 526,773,177 ordinary shares of 5 pence each. There are no special rights or obligations attaching to the ordinary shares.

Restrictions on share transfers

The Company's Articles of Association provide that the Company may refuse to transfer shares in the following customary circumstances:

- where the share is not a fully paid share;
- where the share transfer has not been duly stamped with the correct amount of stamp duty;
- where the transfer is in favour of more than four joint transferees;

- where the share is a certificated share and is not accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor; or
- in certain circumstances where the shareholder in question has been issued with a notice under Section 793 of the Companies Act 2006.

These restrictions are in addition to any which are applicable to all UK listed companies imposed by law or regulation.

Shares with special rights

There are no shares in the Company with special rights with regard to control of the Company.

Restrictions on voting rights

The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the Annual General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

Agreements which may result in restrictions on share transfers

The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities and/or on voting rights.

Appointment and replacement of Directors

The Company's Articles of Association provide that all Directors must stand for election at the first Annual General Meeting after having been appointed by the Board. Thereafter a Director will retire from office at each Annual General Meeting and submit to re-election.

Articles of Association

The Company's Articles of Association may be amended by special resolution of the Company's shareholders.

Directors' powers

At the Annual General Meeting to be held on 10 September 2020, shareholders will be asked to renew the Directors' power to allot shares and buy back shares in the Company and to renew the disapplication of pre-emption rights.

Change of control – significant agreements

There are no significant agreements to which the Company is a party that may take effect, alter or terminate upon a change of control following a takeover bid other than in relation to: (i) employee share schemes; and (ii) the Company's borrowings, which would become repayable on a takeover being completed.

Shares in the Company are held in the Speedy Hire Employee Benefits Trust ('Trust') for the purpose of satisfying awards made under the Company's Performance Share Plan. Unless otherwise directed by the Company, the Trustees of the Trust abstain from voting on any shares held in the Trust in respect of which the beneficial interest has not vested in any beneficiary. In relation to shares held in the Trust where the beneficial interest has vested in a beneficiary, the beneficiary can direct the Trustees how to vote. As at 22 June 2020 the Trust held 5,472,206 shares in the Company (1.04% of the issued share capital).

Compensation for loss of office

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs in the event of a bid for the Company or takeover.

Directors' indemnities

Throughout the financial year and at the date of approval of the Financial Statements, the Company has purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors. As permitted by the Companies Act 2006, it is the Company's policy to indemnify its Directors. Qualifying deeds of indemnity are put in place for all Directors on appointment.

Political contributions

No political donations were made during the year (2019: nil).

Carbon and Energy Reporting

All disclosures concerning the Group's carbon and energy consumption (as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018) are included in the Safety and Sustainability section of the Strategic Report on pages 28 to 33.

Annual General Meeting

The Company's Annual General Meeting will be held on 10 September 2020 and further details regarding location and attendance will be announced at the time of issuing the Notice of Meeting, allowing consideration of the UK Government's guidance and restrictions on travel and public gatherings in relation to COVID-19 in place at that time. A formal Notice of Meeting, an explanatory circular and a form of proxy will be sent separately to shareholders.

This report was approved by the Board and signed on its behalf by Russell Down, Chief Executive. By Order of the Board on 22 June 2020.

Russell Down
Chief Executive

Statement of Directors' Responsibilities

in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with IFRSs as adopted by the European Union ('EU') and applicable law and have elected to prepare the Parent Company Financial Statements on the same basis.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006 and, in respect of the Group Financial Statements, Article 4 of the International Accounting Standards Regulation. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

David Shearer
Chairman

Russell Down
Chief Executive

22 June 2020

Board of Directors

1. David Shearer

Non-Executive Chairman

Appointment to the Board and Committee memberships

Appointed to the Board as Non-Executive Chairman on 1 October 2018. Prior to this appointment David was a Non-Executive Director of Speedy from 9 September 2016. David is also Chairman of the Nomination Committee and has previously been a member of each of Speedy's Audit & Risk, Nomination, and Remuneration Committees.

Skills and experience

David is an experienced independent director, corporate financier and turnaround specialist. He is Non-Executive Chairman of Stobart Group Limited, Socium Group Holdings Limited and the Scottish Edge Fund. David was previously senior partner for Scotland & Northern Ireland and a UK Executive Board member of Deloitte LLP, Co-Chairman of Martin Currie (Holdings) Limited, Chairman of Mouchel Group plc and Crest Nicholson plc and a Non-Executive director of City Inn Limited in each case standing down after completing the successful restructuring of these businesses. He was also Non-Executive Chairman of Aberdeen New Dawn Investment Trust plc, Liberty Living Group Plc and Liberty Living Finance plc: Senior Independent Director of Renold plc, STV Group plc, Superglass Holdings plc and Scottish Financial Enterprise, a Non-Executive director of Mithras Investment Trust plc and a Governor of The Glasgow School of Art.

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2. Russell Down

Chief Executive

Appointment to the Board

Appointed to the Board as Group Finance Director in April 2015 and promoted to Chief Executive in July 2015.

Skills and experience

Russell was formerly Group Finance Director (from 2008 to 2015) at Hyder Consulting Plc ('Hyder'), the multinational design and engineering consultancy. He spent 17 years in total at Hyder in a number of senior roles, including five years as Group Financial Controller and six years as Regional Finance and Commercial Director for the Middle East operations based in Dubai. Russell is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with KPMG LLP, and has previously worked for container leasing company Cronos as Director of Accounting.

3. Chris Morgan

Group Finance Director

Appointment to the Board

Appointed to the Board as Group Finance Director in April 2016.

Skills and experience

Chris was formerly Chief Financial Officer at Go Outdoors, the UK's leading retailer of outdoor equipment and clothing (from 2012 to 2015). He was previously Chief Financial Officer at Focus

DIY, and before that held a number of senior finance positions at Tesco including Group Controller from 1999 to 2004, and more recently as Finance Director for the Czech Republic and Slovakia. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales.

4. Bob Contreras

Senior Independent Director

Appointment to the Board and Committee memberships

Appointed to the Board in December 2015 as Non-Executive Director and Chairman of the Audit & Risk Committee and a member of the Nomination and Remuneration Committees. Appointed as Senior Independent Director on 31 March 2016.

Skills and experience

Bob has been Executive Chairman of Adler & Allan Limited, a private equity backed Environmental Services Company, since December 2017. Bob was formerly Chief Executive at Northgate plc, the FTSE 250 leading light commercial vehicle hire business in both the UK and Spain between June 2010 and January 2017, having joined the business as Finance Director in June 2008. Prior to his appointment at Northgate, Bob was President of the Surgical Division of Mölnlycke Health Care Group, a world-leading manufacturer of products and services for the professional healthcare sector. He was also previously Chief Executive and Finance Director of private equity backed Damovo Group S.A., and Group Finance Director of Azlan Group plc.

A N R

5. Rob Barclay

Independent Non-Executive Director

Appointment to the Board and Committee memberships

Appointed to the Board in April 2016 as Non-Executive Director and Chairman of the Remuneration Committee and a member of the Audit & Risk and Nomination Committees.

Skills and experience

Rob is currently the CEO for the National Timber Group ('NTG'), the UK's leading Independent sawmilling and distribution business. Private equity backed NTG is made up of a number of market leading brands providing valued added solutions to the construction industry. He was formerly the Managing Director UK, Ireland and Middle East of SIG plc, the FTSE 250 market leading supplier of specialist products to the building and construction industry between January 2013 and March 2018. Rob joined SIG in 1997 and held various senior management roles within the business including Managing Director of SIG Distribution, having led its creation by bringing together the Group's UK insulations, interiors, construction accessories and fixings businesses. Prior to joining SIG, Rob was a Regional Manager for a global wood products company based in New Zealand, from where he originates.

A N R



6. Rhian Bartlett

Independent Non-Executive Director

Appointment to the Board and Committee memberships

Appointed to the Board on 1 June 2019 as Non-Executive Director and a member of the Audit & Risk, Nomination and Remuneration Committees.

Skills and experience

Rhian is currently Director of Fresh Foods at J Sainsbury plc. Prior to joining Sainsbury's she worked at Screwfix Direct, a Kingfisher plc Group company, as Customer and Digital Director having previously held the position of Commercial Director. Prior to Screwfix Rhian was Director UK Trading at eBay, held various positions with J Sainsbury plc (including Business Unit Director and Head of On-line Merchandising) and was a Category Manager and Head of Online Marketing at Homebase.

ANR

7. David Garman

Independent Non-Executive Director

Appointment to the Board and Committee memberships

Appointed to the Board in June 2017 as Non-Executive Director and member of the Audit & Risk and Nomination Committees. Appointed a member of the Remuneration Committee from 9 November 2017.

Skills and experience

David is currently Senior Independent Director at John Menzies plc, a Non-Executive Director at Troy Income & Growth Trust plc and a Director of several private companies. David has a broad range of industrial experience and was previously Chief Executive of TDG plc (now TDG Limited), a European contract logistics and supply chain management business, an Executive Director of Associated British Foods plc and held a variety of management roles at United Biscuits. He was also the Senior Independent Director at St Modwen Properties Plc and Phoenix IT plc, and a Non-Executive Director at Kewill plc and Victoria plc.

ANR

Corporate Governance

Governance progress

During the year the Company built upon its review of its governance practices in FY2019 in light of the UK Corporate Governance Code 2018 and implemented relevant changes to ensure reporting compliance for the current financial year. In line with this Rhian Bartlett was appointed as an additional Non-Executive Director and a member of the Audit & Risk, Nomination and Remuneration Committees. This further ensured relevant skills and expertise are available to the Board and its Committees, whilst enhancing diversity at Board level.

During the year the Board undertook its triennial externally facilitated Board and Committee evaluation with the assistance of Genius Boards Limited. Key outputs from the evaluation and subsequent Board discussion resulted in the Board's decision to appoint a new Non-Executive Director and also reorder certain responsibilities across the Board and its Committees. The reordering includes: separating the common holding of the role of Senior Independent Director and Chair of the Audit & Risk Committee; considering the Chair of the Board stepping down as Chair of the Nomination Committee; and having regard to the current size of the Board reducing the membership of each committee to three Non-Executive Directors. The selection process for the new Non-Executive Director will be commenced later in the year as the situation under COVID-19 permits. The timings for the other changes are detailed on page 67. These changes as a whole build upon the Board's diversity and also promote a better balance of responsibilities across the Board and its Committees. Further detail regarding the outputs from the evaluation can be found at page 67.

UK Corporate Governance Code compliance

The Board is committed to maintaining high standards of corporate governance. The Board first reported its compliance with the Combined Code in 2004. Since then, other than as explained in previous annual reports and accounts, it has complied in full with the Combined Code (now the UK Corporate Governance Code) and continued to develop its approach to corporate governance and the effective management of risk in the context of an evolving business. This year the Company is reporting against the UK Corporate Governance Code 2018 (the 'Code'), which applies to financial years beginning on or after 1 January 2019. A copy of the 2018 edition of the Code is available to view on the website of the Financial Reporting Council at www.frc.org.uk.

Throughout the year ended 31 March 2020, the Company has been in full compliance with the provisions set out in the Code.

Directors

The Board

The Board comprises a Non-Executive Chairman, the two Executive Directors and four independent Non-Executive Directors.

In the year ended 31 March 2020, the Board met eight times. The Board also meets as required on an ad hoc basis to deal with urgent business, including the consideration and approval of matters that are reserved to the Board. The table below lists the Directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2020.

Rhian Bartlett was appointed to the Board on 1 June 2019 as a Non-Executive Director and member of the Audit & Risk, Nomination and Remuneration Committees.

Board and Committee attendance

	Board (8)	Audit & Risk Committee (4)	Nomination Committee (2)	Remuneration Committee (5)
Executive Directors				
Russell Down	8/8	–	–	–
Chris Morgan	8/8	–	–	–
Non-Executive Directors				
David Shearer	8/8	2/2	2/2	2/2
Bob Contreras	8/8	4/4	2/2	5/5
Rob Barclay	8/8	4/4	2/2	5/5
Rhian Bartlett ¹	7/7	3/3	1/1	4/4
David Garman	8/8	4/4	2/2	5/5

¹ Rhian Bartlett was appointed as Non-Executive Director and a member of the Audit & Risk, Nomination and Remuneration Committees on 1 June 2019.

Directors who are not a member of a Board Committee may attend meetings at the invitation of the relevant Committee Chair.

The Board has approved a schedule of matters reserved for decision by it. That schedule is available for inspection at the Company's registered office and on the Company's website. The matters reserved for decision by the Board can be subdivided into a number of key areas including, but not limited to:

- financial reporting (including the approval of interim and final Financial Statements, interim management statements and dividends);
- approving the form and content of the Group's Annual Report and Financial Statements (following appropriate recommendations from the Audit & Risk Committee) to ensure that it is fair, balanced and understandable overall and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the Group's finance, banking and capital structure arrangements;
- Group strategy and key transactions (including major acquisitions and disposals);
- Stock Exchange/Listing Authority matters (including the issue of shares, the approval of circulars and communications to the market);

- approval of the policies and framework in relation to remuneration across the Group (following appropriate recommendations from the Remuneration Committee);
- oversight of the Group's risk appetite, risk acceptance and programmes for risk mitigation;
- approval of the Group's risk management and internal control processes (following appropriate recommendations from the Audit & Risk Committee);
- approving the Company's annual Viability Statement;
- the constitution of the Board itself, including its various Committees, and succession planning (following appropriate recommendations from the Nomination Committee); and
- approving the Group's policies in relation to, inter alia, the Group's Code of Conduct and whistleblowing, the Bribery Act, the environment, health and safety and corporate responsibility.

Matters requiring Board or Committee approval are generally the subject of a proposal by the Executive Directors, which is formally submitted to the Board, together with supporting information, as part of the Board or Committee papers made available prior to the relevant meeting. Where practicable, papers are generally made available via an electronic platform at least five days in advance of such meetings, to allow proper time for review and ensure the best use of the Directors' time. The implementation of matters approved by the Board, particularly in relation to matters such as significant acquisitions or other material projects, sometimes includes the establishment of a sub-committee comprising at least one Non-Executive Director, where relevant.

Chairman and Chief Executive

The posts of Chairman and Chief Executive are held by David Shearer and Russell Down, respectively.

A statement as to the division of the responsibilities between the Chairman and Chief Executive is available on the Company's website. The Board considered that the Chairman, on his appointment, met the independence criteria set out in Provision 10 of the Code. The Board has an established policy that the Chief Executive should not go on to become Chairman.

Board balance and independence

The Board currently comprises the Chairman, two Executive Directors and four independent Non-Executive Directors: Bob Contreras, Rob Barclay, Rhian Bartlett and David Garman. The four Non-Executive Directors bring a strong and independent non-executive element to the Board. The Senior Independent Director is Bob Contreras. The independent Non-Executive Directors and their respective experience, details of which are set out on pages 62 and 63, clearly indicates that they are of sufficient calibre and number for their views to carry appropriate weight in the Board's decisions. The Board considers that each of Bob Contreras, Rob Barclay, Rhian Bartlett and David Garman are independent on the basis of the criteria specified in Provision 10 of the Code and, generally, are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Board Committees

The Audit & Risk Committee is chaired by Bob Contreras. Its other members are Rob Barclay, Rhian Bartlett and David Garman. Details of its activities during the year are detailed in the Audit & Risk Committee Report on pages 70 to 74.

The Remuneration Committee is chaired by Rob Barclay. The other members are Bob Contreras, Rhian Bartlett and David Garman. The Committee Chairman's Statement, Directors' Remuneration Policy and Report are on pages 77 to 97.

The Nomination Committee is chaired by David Shearer. The other members are Bob Contreras, Rob Barclay, Rhian Bartlett and David Garman. The Committee therefore satisfies the requirement of Provision 11 of the Code that a majority of its members are to be independent Non-Executive Directors. The report on the activities of the Committee is contained on pages 75 and 76.

The Chairman and other Non-Executive Directors generally meet at least twice a year without the Executive Directors present. In addition, the Chairman regularly briefs the other Non-Executive Directors on relevant developments regarding the Company and Group as necessary. The Senior Independent Director and the other Non-Executive Directors usually meet at least annually without the Chairman present, to appraise the Chairman's performance as part of the Board annual appraisal process.

The minutes of all meetings of the Board and each Committee are taken by the Company Secretary or Assistant Company Secretary. In addition to constituting a record of decisions taken, the minutes reflect questions raised by the Directors relating to the Company's businesses and, in particular, issues raised from the reports included in the Board or Committee papers circulated prior to the relevant meeting. Any unresolved concerns are recorded in the minutes.

On resignation, written concerns (if any) provided by an outgoing Non-Executive Director are circulated by the Chairman to the remaining members of the Board.

Appropriate Directors' and Officers' insurance cover is arranged and maintained via the Company's insurance brokers, Marsh Ltd, and is reviewed annually.

The Companies Act 2006 allows directors of public companies to authorise conflicts, and potential conflicts of interest of directors, where the Articles of Association contain a provision to that effect. The Company's Articles of Association give the Board authority to authorise matters which may otherwise result in the Directors breaching their duty to avoid a conflict of interest. Directors who have an interest in matters under discussion at a Board meeting must declare that interest and abstain from voting. Only Directors who have no interest in the matter being considered are able to approve a conflict of interest and, in taking that decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company. The Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate. Any conflicts considered by the Board and any authorisations given are recorded in the Board minutes and in the register of conflicts which is reviewed annually by the Board. The Board considers that its procedures to approve conflicts of interest and potential conflicts of interest are operating effectively.

The Board is both balanced and diverse in respect of its experience and skills. The Board remains committed to maintaining and building on its diversity and encouraging that within senior management levels as recruitment opportunities arise. Any succession planning for the Board recognises this and diversity, including of gender, is considered where possible in the shortlisting of candidates.

Appointments to the Board

The Board has established a Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website. The Committee meets formally as necessary, but at least twice a year. This is detailed in more depth in the Nomination Committee Report on pages 75 and 76. The principal functions of the Nomination Committee are to consider and review the structure and composition of the Board and membership of Board Committees. It also considers candidates for Board nomination including job description, re-election to the Board for those candidates standing for annual re-election at the Annual General Meeting and succession planning generally, plus ensuring a diverse pipeline.

A specification for the role of Chairman, including anticipated time commitment, is included as part of the written statement of division of responsibilities between the Chairman and Chief Executive. Details of the Chairman's other material commitments are set out on page 62 and are disclosed to the Board in advance and included in a register of the same maintained by the Company Secretary.

The terms and conditions of appointment of all the Non-Executive Directors, and those of the Chairman, are available for inspection at the Company's registered office during normal business hours. Each letter of appointment specifies the anticipated level of time commitment including, where relevant, additional responsibilities derived from involvement with the Audit & Risk, Remuneration or Nomination Committees. Details of other material commitments are disclosed to the Board and a register of the same is maintained by the Company Secretary.

During the year Rhian Bartlett was appointed to the Board as a Non-Executive Director. The appointment process and search and selection activities were reported on in the Company's Annual Report and Accounts 2019.

No Director is a Non-Executive Director or Chairman of a FTSE 100 company.

Diversity

The Board recognises the value of diversity in the boardroom and the benefit to the Group's overall performance that diversity across backgrounds, experience, knowledge, skills and gender can bring. In new appointments, the Nomination Committee seeks to select individuals who are best able to meet the recommended requirements of the role and improve overall diversity of the Board.

Information and professional development

Before each scheduled Board meeting all Directors receive reports from the Chief Executive and Group Finance Director on results, key issues and strategy. Additionally these reports (and where relevant additional reports from senior executives) address key matters concerning the Company's customers, suppliers, investors, employees, regulators and the environment. During Board meetings, the Non-Executive Directors regularly make further enquiries of the Executive Directors and seek further information which is provided either at the relevant meeting or subsequently. This information and any related reports (provided either before or after meetings) are considered in the Board's discussions and in its decision making process when having regard to Section 172 of the Companies Act 2006.

The Board recognises the importance of tailored induction training on joining the Board and ongoing training and education, particularly regarding new laws and regulations which relate to or affect the Group. Such training and education is obtained by the Directors individually through the Company, including briefings from external advisers, through other companies of which they are Directors or through associated professional firms or as members of their professional bodies.

Procedures are in place to enable Directors to take independent professional advice, if necessary, at the Company's expense, in the furtherance of their duties. The procedure to enable such advice to be obtained is available for inspection on the Company's website.

All Directors have access to the advice and services of the Company Secretary, whose role is to ensure that information is received by the Board in a timely manner, all procedures are followed and applicable rules and regulations are complied with. The appointment or removal of the Company Secretary is a matter specifically reserved for decision by the Board.

Performance evaluation

The Board, each director and the Board's committees are reviewed annually, with this year's review of the Board and its Committees being externally supported as part of a triennial programme. After considering a number of external providers, Genius Boards Limited were appointed. Neither Genius Boards nor its appointed evaluator have undertaken any other work for the Company during the year and have no other current connection with the wider Group.

The external evaluation considered the performance of the Board and its Committees. The evaluation process included detailed interviews with each Director, the Company Secretary, Chief Information Officer, Chief Operating Officer and Head of Risk and Assurance. The evaluation included a review of relevant Board papers and attendance at Board and Committee meetings as an observer. Conclusions from the external review were discussed with the Chairman and subsequently discussed with the Board. Individual feedback to Committee Chairs on the performance of each Committee was discussed and reported on. The evaluation concluded that the Board and Committees were generally operating effectively. The principal findings and recommendations of the independent evaluation designed to further enhance Board effectiveness, as subsequently discussed and agreed by the Board for implementation are:

- Appointment of an additional Non-Executive Director. The appointment will provide an opportunity to increase Board diversity, experience and knowledge and particularly within the business transformation, people matters and HR leadership areas. It is anticipated that such skills will both support the business and complement the Board and the Committee's existing skills and knowledge and contribute to greater Board effectiveness. The selection process for the new Non-Executive Director will commence later in FY2021, as the situation under COVID-19 permits.

- Renaming the Audit Committee as the "Audit & Risk Committee". This will better reflect the Committee's intention to expand its focus on risk, including corporate and business risk (for example, in light of the COVID-19 pandemic).
- Division of the role of Senior Independent Director and Chair of Audit & Risk Committee held by Bob Contreras, to facilitate a more even balance of responsibilities and increased focus on each role. This will be effected by the appointment of David Garman as the Senior Independent Director effective from 1 August 2020.
- Increasing the effective allocation of time input for the Chairman of the Board, David Shearer. This will be considered by the potential appointment of a new Chair of the Nomination Committee, following the appointment of the new Non-Executive Director. David Shearer will remain a member of the Nomination Committee following such appointment.
- Having regard to the size of the Board, reducing the Committee membership to three Non-Executive Directors to better balance Director responsibilities and strengthen engagement and challenge between the Committees and the Board. These changes will be implemented on 1 August 2020 by David Garman stepping down from the Audit & Risk Committee, Rob Barclay from the Nominations Committee and Bob Contreras from the Remuneration Committee. Following the appointment of a new Non-Executive Director the Board will review whether Rhian Bartlett continues on the Remuneration Committee or is replaced by the new Non-Executive Director. This would enable Committee responsibilities to continue to be shared across all Non-Executive Directors; and
- Introduction of post meeting reviews amongst the Directors both with and without the Executive Directors and Chairman to provide a regular opportunity to consider the effectiveness of Board meetings.

The Chairman reviewed the performance and development needs of each of the Executive and Non-Executive Directors. The Non-Executive Directors, led by Bob Contreras (the Senior Independent Director) conducted an evaluation of the Chairman, and the Senior Independent Director discussed the results of that assessment with the Chairman. No actions were considered necessary as a result of the evaluation, and the Board is satisfied with the Chairman's commitment and performance.

Re-election

Pursuant to the Code and under the Company's Articles of Association all Directors must submit to annual re-election at each Annual General Meeting. Biographical details of all the Directors are included in this report in order to enable shareholders to take an informed decision on any re-election resolution. The letters of appointment of each of the Non-Executive Directors and the Chairman confirm that appointments are for specified terms and that reappointment is not automatic.

Directors' remuneration

The performance related elements of the remuneration of the Executive Directors form a significant proportion of their potential total remuneration packages. The performance related elements of the schemes in which the Executive Directors are entitled to participate are set out in more detail in the Remuneration Report. The Remuneration Committee, with the advice of the Executive Compensation practice of Aon plc ('Aon'), reviews the Company's Remuneration Policy on a regular basis including for the new Remuneration Policy for the next three years detailed at pages 81 and 86 and the design of performance related remuneration schemes. Such performance related elements have been designed with a view to aligning the interests of the Executive Directors with those of shareholders and to incentivise performance at the highest level.

The service contracts for Russell Down and Chris Morgan provide for termination by the Company on one year's and nine months' notice respectively. It is the Company's current policy that notice periods on termination of Directors' contracts should not exceed 12 months.

The policy of the Board is that the remuneration of the Non-Executive Directors should be consistent with the levels of remuneration paid by companies of a similar size. The levels of remuneration also reflect the time commitment and responsibilities of each role, including Chairmanship of Board Committees. It is the policy of the Board that remuneration for Non-Executive Directors should not include share options or any other share based incentives.

The remuneration of the Non-Executive Chairman is dealt with by the Remuneration Committee. The remuneration of Non-Executive Directors is dealt with by a Committee of the Board specifically established for this purpose, normally comprising the Chief Executive and the Group Finance Director, without the presence of the Non-Executive Directors. The remuneration of all Non-Executive Directors is reviewed annually. The remuneration of Non-Executive Directors was scheduled to be reviewed at the end of FY2020 but due to the outbreak of COVID-19 this review (along with Company's annual salary review) has been deferred. All Directors, including the Non-Executive Directors, agreed to a three month 20% reduction in salaries and fees from 1 April 2020. Further details of the remuneration of Non-Executive Directors are set out on page 91.

Procedure

The Board has constituted a Remuneration Committee which met five times during the year. The terms of reference of the Remuneration Committee are published on the Company's website and are fully compatible with Provision 33 of the Code. The Remuneration Committee members are Rob Barclay, Bob Contreras, Rhian Bartlett and David Garman who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Chief Executive attends by invitation but is not present for discussions relating to his own remuneration. The Remuneration Committee has appointed Aon to advise it in relation to the design of appropriate executive remuneration structures. Aon has no other connection with the Company.

The responsibilities of the Remuneration Committee include setting Remuneration Policy, ensuring that remuneration (including pension rights and compensation payments) and the terms of service of the Executive Directors are appropriate and that Executive Directors are fairly rewarded for the contribution which they make to the Group's overall performance. It is also responsible for the allocation of shares under long-term incentive arrangements approved by shareholders and in accordance with agreed criteria. In addition, it monitors current best practice in remuneration and related issues.

The Board's policy is that all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes should be specifically approved by shareholders, while recognising that the Remuneration Committee must have appropriate flexibility to alter the operation of these arrangements to reflect changing circumstances. The Company's current long-term incentive scheme was approved by shareholders in 2014.

A more detailed summary of the work of the Remuneration Committee during the year and the Group's proposed Remuneration Policy for the next three years is contained on pages 77 to 97.

Accountability and audit

Financial reporting

The Directors' Report and independent auditor's report appear on pages 58 to 60 and pages 98 to 107 respectively and comply with the provisions of Provisions 27 and 30 of the Code.

Audit & Risk Committee and auditors

The Board has established an Audit & Risk Committee which met four times during the year. The terms of reference of the Audit & Risk Committee are published on the Company's website. Such terms of reference are compatible with the provisions of Provision 25 of the Code. The Board is satisfied that the Chairman of the Audit & Risk Committee, Bob Contreras, has appropriate recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which it operates.

In addition to responsibility for the Group's systems of internal control, the Committee is responsible for reviewing the integrity of the Company's accounts, including the half and full-year results, and recommending their approval to the Board.

The Committee meets on a regular basis with the external auditors and internal audit function to review and discuss issues arising from internal and external audits and to agree the scope and planning of future work. The effectiveness of the Group's internal audit function is one of the matters reviewed in conjunction with the external auditors.

The Audit & Risk Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. The policy of the Audit & Risk Committee is to ensure auditor objectivity and independence is safeguarded at all times. As further detailed on page 74, the Audit & Risk Committee considers that the Company's auditors are independent.

A more detailed description of the work of the Audit & Risk Committee during the year is contained in the separate report of the Committee on pages 70 to 74.

Following the year end, the Audit Committee has been renamed the Audit & Risk Committee.

Internal control

The Board is responsible for the Company's internal control procedures and processes and for reviewing the effectiveness of such systems.

The Board, via the Audit & Risk Committee, conducts a review, at least annually, of the Group's systems of internal control. Such a review considers all material controls, including financial, operational and compliance controls and risk management systems, and accords with the recommendations contained in the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting (formerly the Turnbull Guidance). A formal report is prepared by the external auditors, KPMG LLP, highlighting matters identified in the course of its statutory audit work, and is reviewed by the Audit & Risk Committee in the presence of KPMG LLP and, by invitation, the Chief Executive, the Group Finance Director, the Director of Finance and the Head of Risk and Assurance. The Committee also considers formal reports prepared and presented by the internal audit function. The findings and recommendations of the Committee are then formally reported to the Board for detailed consideration.

Relations with shareholders

Dialogue with institutional shareholders

The Chief Executive and Group Finance Director routinely attend brokers' and analysts' presentations, which include the Company's half and full-year results. The Chairman, Chief Executive and Group Finance Director, with assistance from the Company's brokers, collate feedback from such presentations and report the findings to the next meeting of the Board. The Chairman is also available to discuss matters with major shareholders in relation to, inter alia, results, strategy and corporate governance issues. The Senior Independent Director, Bob Contreras, is available to attend meetings with major shareholders in order to understand their issues and concerns should the normal communication channels with the Chairman, Chief Executive or Group Finance Director be considered ineffective or inappropriate.

During February to April 2020 the Chair of the Remuneration Committee and the Company Secretary consulted with a number of the Company's larger shareholders to discuss remuneration policies. The Company approached all of its significant shareholders, representing over 70% of the Company's total voting rights and meetings were held where requested. The comments received were considered by the Remuneration Committee in determining the Group's approach to executive compensation. Relevant content resulting from these meetings were reported to the Board so that all Directors were made aware of shareholder views.

Constructive use of the Annual General Meeting

The Company's Annual General Meeting procedures include, as a matter of course, specifying the level of proxies lodged on each resolution and the balance for and against each resolution and votes withheld after each has been dealt with on a show of hands. It is also the Company's policy to propose a separate resolution at the Annual General Meeting on each substantive separate issue, including in relation to the Annual Report and Accounts and the Directors' Remuneration Report.

All Committee Chairmen will be available for shareholders' questions at the Annual General Meeting subject to the UK Government's guidance and restrictions on travel and public gatherings in relation to COVID-19 in place at the date of the meeting.

The Company's standard procedure is to ensure that the Notice of Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting.

Audit & Risk Committee Report

The Audit & Risk Committee presents its report in relation to the financial year ended 31 March 2020.

Audit & Risk Committee objectives and terms of reference

The Audit & Risk Committee's key objectives are the review of the effectiveness of the Group's financial reporting and internal controls, together with the procedures for identification, evaluation and reporting of key risks. The role of the Audit & Risk Committee in monitoring the integrity of the Group's financial affairs is important to shareholders and other stakeholders, both internal and external. Accordingly we work closely with management and our external and internal auditors to adopt best practice approaches to policies and controls. In addition, a key objective of the Audit & Risk Committee is to ensure all financial reporting is fair, balanced and understandable. The Audit & Risk Committee is satisfied that the Group's internal and external processes are considered to be robust and appropriately aligned to delivering good financial reporting and governance. The Directors confirm that they have carried out a comprehensive assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The terms of reference of the Audit & Risk Committee, which include all matters referred to in the UK Corporate Governance Code, are reviewed annually by the Audit & Risk Committee and proposed changes made to the Board. The current terms of reference can be found at speedyservices.com/investors and are also available in hard copy from the Company Secretary.

Following the year end, the Audit Committee has been renamed the Audit & Risk Committee.

Composition of the Audit & Risk Committee

The Audit & Risk Committee comprises four Non-Executive Directors: Bob Contreras (Chairman), Rob Barclay, Rhian Bartlett and David Garman. All members are considered by the Board to be independent. Biographies of each of the members of the Audit & Risk Committee are set out on pages 62 and 63.

The Audit & Risk Committee is chaired by Bob Contreras, a chartered accountant with over 20 years' experience as a board member at both listed and private companies. His biography is set out on page 62. The Board is satisfied that Bob Contreras has recent and relevant financial experience and that the Committee as a whole has an appropriate balance of skills, experience, qualifications and sector related knowledge.

Attendance

The Audit & Risk Committee's agenda is linked to events in the Group's financial calendar, and the Audit & Risk Committee met on four occasions during the year. Details of the attendance at Audit & Risk Committee meetings are set out below.

Audit & Risk Committee members and meetings attended

Name	Position	Meetings attended
Bob Contreras (Chairman)	Non-Executive Director	4/4
Rob Barclay	Non-Executive Director	4/4
Rhian Bartlett ¹	Non-Executive Director	3/3
David Garman	Non-Executive Director	4/4

¹ Rhian Bartlett was appointed on 1 June 2019 as member of the Audit & Risk Committee.



Bob Contreras

Chairman of the Audit & Risk Committee

Operation and responsibilities of the Audit & Risk Committee

The Chairman, Chief Executive and Group Finance Director, together with representatives from the external auditors, the Director of Finance and the Head of Risk and Assurance, are invited to attend meetings of the Audit & Risk Committee, although the Audit & Risk Committee reserves time for discussions without any invitees being present. The external auditors and the Head of Risk and Assurance meet privately with the Audit & Risk Committee, to advise the Audit & Risk Committee of any matters which they consider should be brought to their attention without the Executive Directors present. The external auditors and the Head of Risk and Assurance may also request a meeting with the Audit & Risk Committee if they consider it necessary. The Risk and Assurance department carries out the Group's internal audit function. The Chairman of the Audit & Risk Committee also holds private meetings both with the Head of Risk and Assurance and the external auditors.

The Company Secretary acts as secretary to the Audit & Risk Committee. The members of the Audit & Risk Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Audit & Risk Committee undertakes its activities in line with an annual programme of business. The Audit & Risk Committee's duties include, inter alia:

Internal controls and risk

- monitoring the effectiveness and appropriateness of internal controls;
- evaluating the Board's process for identifying and managing significant risk in the business;
- considering the effectiveness and resourcing of the internal audit function;
- determining and directing the scope of the internal audit programme;
- appointing or replacing the Head of Risk and Assurance;
- reviewing matters reported through the Group's whistleblowing policy; and
- monitoring performance of the Group's senior finance personnel and ensuring their development.

External auditors

- monitoring the effectiveness of the external audit process including recommending the appointment, re-appointment and remuneration of the external auditors;
- liaising with the external auditors in respect of the rotation of audit partners at appropriate junctures;
- considering and, if thought appropriate, approving the use of the external auditors for non-audit work;

- considering the independence of the external auditors, taking into account: (i) non-audit work undertaken by them; (ii) feedback from various stakeholders; and (iii) the Audit & Risk Committee's own assessment; and
- monitoring and considering the provisions and recommendations of the UK Corporate Governance Code in respect of external auditors. This involves a review of the scope of the audit, the auditor's assessment of risk, appropriateness of materiality and the key findings.

Financial Statements

- monitoring the integrity of the Group's Financial Statements and formal announcements relating to the Group's performance;
- reviewing the Company's Viability Statement, challenging assumptions made with management and, if thought appropriate, recommending this for approval by the Board and inclusion in the Annual Report and Financial Statements;
- considering liquidity risk and the use of the going concern basis for preparing the Group's Financial Statements; and
- evaluating the content of the Annual Report and Financial Statements, to advise the Board as to whether it may reasonably conclude that the Annual Report and Financial Statements is fair, balanced and understandable overall and provides the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

As part of its annual programme of business the Audit & Risk Committee regularly receives updates from the external auditors as to developing accounting standards, and members are expected to participate personally in relevant briefing and training sessions during the year.

Significant areas considered by the Audit & Risk Committee during FY2020

During the year, the Audit & Risk Committee considered and discussed with the external auditors the following items:

- the existence and valuation of hire equipment;
- the going concern basis for the preparation of the Financial Statements;
- the estimation and disclosure of costs and fair values associated with acquired businesses;
- the estimation and disclosure of exceptional items;
- the adoption of IFRS 16 in respect of leases taken by the Group; and
- the valuation of trade receivables.

The role and response of the Audit & Risk Committee to these, along with any corresponding impact on the Group's Financial Statements, are discussed in more detail in this report.

Existence and valuation of hire equipment

The hire fleet comprises several million individual assets, represents the largest asset on the balance sheet, and underpins the Group's key revenue streams.

The control environment surrounding the management of the hire fleet is critical to maintaining an up to date record of the assets and ensuring that they are correctly valued within the Financial Statements. In order to gain assurance that the control environment is operating in a satisfactory manner, the Audit & Risk Committee requires internal audit to review the asset management processes. The findings of these reviews are considered by the Audit & Risk Committee at each meeting.

In addition to considering the appropriateness of the Group's depreciation policies, the Audit & Risk Committee reviews the valuation of hire equipment taking into consideration a consistent track record of the Group in disposing of hire equipment at close to book value. This also incorporates a thorough review of useful economic lives and residual values.

As a result of the work performed, the Audit & Risk Committee is satisfied that hire equipment assets are appropriately valued.

Going concern basis for the preparation of the Financial Statements

The Group has adopted a going concern basis for the preparation of the Financial Statements. Judgement over the future cash flows of the business (for a period of at least 12 months from signing the accounts) and their interaction with the available liquidity from the Group's borrowing facilities must be applied in concluding whether to adopt a going concern basis of preparation. The Audit & Risk Committee has challenged forecast cash flows, the assumptions applied to derive the cash flows and availability of finance from existing facilities. The Audit & Risk Committee has considered the various risks associated with the COVID-19 pandemic and the UK's departure from the European Union, and recognises the uncertainty of the nature of the UK's future trading relationship with the European Union, and resultant market impact.

The Group has a £180m asset based finance facility (the 'facility') and an additional uncommitted accordion (£220m) which mature in October 2022 and have no prior scheduled repayment requirements. Throughout the year, the Group has remained in compliance with its financial covenants under the Group's banking facilities.

Based on the expectations of future cash flows and the continued availability of the banking facilities, the Audit & Risk Committee has concluded that the available borrowing facilities are adequate for both existing and future levels of business activity. The Audit & Risk Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the Financial Statements.

Costs and fair values associated with acquired businesses

An element of the Group's growth strategy is to make value enhancing core hire or services acquisitions.

In December 2018 the Group acquired Geason Holdings Limited ('Geason Training') and in March 2019 the Group acquired Lifterz Holdings Limited ('Lifterz').

The acquisitions of the Geason Training and Lifterz businesses and the subsequent integrations, including the creation of one Speedy Powered Access business, have resulted in a number of costs including property costs (depot consolidations), redundancy, project management and IT related costs which management have considered to be exceptional items.

The Audit & Risk Committee has reviewed the assumptions made by management and is satisfied, in conjunction with the assessment made by the external auditors, that the values and associated disclosures presented in the Financial Statements in respect of acquired businesses are consistent with accounting policies.

Exceptional items

Geason Training has performed below expectations during the year due to lower than expected learner enrolments, the setup of a number of regional training centres which have yet to reach critical mass and a poor control environment. More recently the business has been further affected by an assurance visit from a funding agency and market conditions due to COVID-19. As a consequence, an exceptional impairment charge has been recognised in respect of the Training cash-generating unit.

In April 2020 the Group was notified that a funding agency was suspending payments, and seeking repayment of £2.6m from Geason Training, based on an extrapolation of errors found in a small sample of learner documentation over a three year period from August 2017. The Group has engaged external lawyers who have responded to the agency. At this time it is not possible to make an accurate estimate of the timing or amount that may be repayable from this or other potential claims we may receive. £3.0 million has been provided by management as an exceptional charge including legal and verification costs. The provision is made without any admission of liability. The Group is investigating what mitigations may be available to it in relation to this matter.

The consideration paid for the Geason Training business included a contingent element. Management has undertaken a fair value exercise in relation to this, in addition to the net assets acquired including purchased goodwill, resulting in a credit that management has considered to be exceptional.

During the year the Group sold a plot of surplus land, for which an exceptional profit on disposal has been recognised.

An exceptional provision has been made for specific non-recurring identified repairs required to properties within the depot network as a result of potential landlord claims.

Other exceptional costs have been recognised in the year, including bad debt and staff related costs associated with COVID-19, and costs associated with the renewal of the major contract in the International division.

The Audit & Risk Committee has reviewed the assumptions made by management and is satisfied, in conjunction with the assessment made by the external auditors, that the values and associated disclosures presented in the Financial Statements in respect of these items are consistent with accounting policies.

IFRS 16

From 1 April 2019 the Group has reported under IFRS 16 Leases for the first time. This has resulted in a material grossing up of the Balance Sheet with the recognition of a right of use asset and corresponding lease liability for all qualifying leased equipment, vehicles and property. The Income Statement has also been impacted as the right of use asset has been depreciated and interest charged on the lease liability, largely offset by rental charges no longer recognised. There have been no changes in the reported net cash flows although operating cash flows and financing cash flows have been impacted.

Given the complexity and volume of data involved, this has included the introduction of a specialist software application to undertake the calculations required. The financial impact of IFRS 16 in the period is described in Note 1.

The Audit & Risk Committee has reviewed the calculations made by management and the associated disclosures and is satisfied, in conjunction with the assessment made by the external auditors, that the values presented in the Financial Statements are consistent with accounting policies.

Valuation of trade receivables

The Group trades with a large number of customers across a number of sectors and the carrying amount of receivables from these customers comprises a substantial current asset. Judgement is required in determining the extent to which these current assets will prove irrecoverable, and a provision for this is reflected in the carrying value of those current assets.

The Audit & Risk Committee considers the levels of provisions against receivables and any changes to the provisioning policy recommended by the Directors, taking into account trends within the ageing profile of the receivables balance, levels of non-collectability experienced by the business and the economic climate in which the customers operate including the impact of COVID-19.

As a result of the work performed, the Audit & Risk Committee is satisfied that trade receivables are appropriately valued.

Internal control and risk management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The detailed review of internal controls has been delegated by the Board to the Audit & Risk Committee.

The Risk and Assurance Department incorporates the Group's internal audit function. The Head of Risk and Assurance reports to the Board and to the Audit & Risk Committee. The internal audit function is involved in the assessment of the quality of risk management and internal controls. It helps to promote and develop further effective risk management in all areas of the business, including the embedding of risk registers and risk management procedures within individual business areas. The Audit & Risk Committee receives detailed reports from the Risk and Assurance Department at each meeting.

The Audit & Risk Committee ensured that questionnaires were circulated to senior management requesting they notify internal audit of any significant irregularities in information provided for inclusion in the Financial Statements. None have been reported.

The Audit & Risk Committee has reviewed the effectiveness of internal controls and risk management during the year taking into consideration the framework and risk register maintenance by management, in addition to reports from both internal and external auditors. The Audit & Risk Committee has concluded that the internal controls have operated effectively during FY2020.

Review of internal audit

The Audit & Risk Committee reviews the effectiveness of the Group's internal audit function. This review includes the audit plan and the level of resource devoted to internal audit, as well as the degree to which the function can operate free from management restrictions. The Audit & Risk Committee considered the results of the audits undertaken by the internal audit function and in particular considered the response of management to issues raised by internal audit, including the time taken to resolve matters reported. Although internal audit has raised recommendations for improvement in the normal course of business, the Audit & Risk Committee is satisfied that none of these constituted significant control failings during FY2020.

Attribute Standard 1312 of the Chartered Institute of Internal Auditors ('CIIA') International Professional Practices Framework requires an external quality assessment of internal audit to be undertaken every five years. The review undertaken in FY2017 concluded that the Group's internal audit function 'Generally Conforms' to the CIIA standards (the highest possible rating). In addition to this, the Head of Risk and Assurance is required to undertake an annual self-assessment of adherence to this framework. This self-assessment is considered by the Audit & Risk Committee during its review of internal audit.

On an annual basis the Audit & Risk Committee circulates a questionnaire to Directors and senior management inviting comments on the Risk and Assurance function. The responses are considered by the Audit & Risk Committee and are used in conjunction with the other review processes described to determine whether internal audit is working effectively.

Following the review, the Audit & Risk Committee concluded that the Group's internal audit function remains effective.

The Internal Audit Charter was reviewed by the Audit & Risk Committee during the financial year and it was determined that this remained fit for purpose.

Review of the work, effectiveness and independence of the external auditors

The Audit & Risk Committee reviews annually the relationship between the Group and the external auditors and has responsibility for monitoring the external auditors' independence and objectivity. This work includes an assessment of their performance and cost-effectiveness, a review of the scope of their work, as well as their compliance with ethical, professional and regulatory requirements. The Audit & Risk Committee also reviews any major issues which arise during the course of the audit and their resolution, key accounting and audit judgements, and any recommendations made to the Board by the auditors and the Board's response. The Audit & Risk Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the external auditors.

The policy for the use of the external auditors for non-audit related purposes was reviewed by the Audit & Risk Committee during the financial year and it was determined that this remained appropriate and no changes were made. The policy is designed to control the provision of non-audit services by the external auditors in order to ensure that their objectivity and independence are safeguarded. The policy provides that preference should be given to retaining consultants other than from the external auditors unless strong reasons exist to the contrary, and that non-audit fees paid to the auditor should not exceed 100% of the audit related fees paid in that year, and the three-year average of non-audit fees paid to the auditor should not exceed 50% of the annual audit fees. The policy further requires that the provision of any non-audit services by the external auditors is subject to prior approval by the Audit & Risk Committee. The Audit & Risk Committee closely monitors the amount the Company spends with the external auditors on non-audit services. The only non-audit services provided by the auditors in the year relate to the review of the Company's half-year results which the Audit & Risk Committee accepted was work best undertaken by the external auditors. These fees represented 12.4% of the annual audit fees and the three-year average was 13.2%. Details of the fees, split between audit and non-audit services, payable to the external auditors are given in Note 4 to the Financial Statements.

The Audit & Risk Committee considered the external auditor's performance during the year and reviewed the level of fees charged, which are considered appropriate given the size of the Group.

Appointment of auditors

Having considered the results of the Audit & Risk Committee's work, the Board is recommending the re-appointment of KPMG LLP as auditors of the Group for FY2021. PricewaterhouseCoopers will continue to perform the audit of the Group's Middle Eastern operations. KPMG LLP has expressed its willingness to continue as external auditors of the Group. Separate resolutions proposing its reappointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 10 September 2020.

As noted previously, the Group's external audit contract was last tendered in April 2001. The Audit & Risk Committee recognises the change made by the UK Financial Reporting Council regarding the retendering of audit services at least once every ten years for companies in the FTSE 350 and above. This, alongside the transition arrangements available under the Companies Act 2006, requires that a new auditor be appointed for services to commence for the FY2025 audit at the latest. KPMG LLP's own procedures require the rotation of the lead audit partner after five years, which took place as at the end of FY2016 with Chris Heard appointed as lead partner. The Audit & Risk Committee had intended to retender external audit services in FY2021, for commencement of services in FY2022. However, the Audit & Risk Committee has decided to extend the timetable by a further 12 months due to COVID-19 and related Government social distancing guidance, which is not conducive to conducting a retender exercise in the immediate short term. External audit services will now be retendered in FY2022, for commencement of services in FY2023. In the meantime, the Audit & Risk Committee has recommended that KPMG LLP should remain as auditors, on the basis that the current audit partner from KPMG LLP is a strong and independent partner who the Audit & Risk Committee is satisfied will robustly challenge management appropriately.

Code of Conduct

The Company remains committed to the highest standards of business conduct and expects its Directors, employees, consultants and other stakeholders to act accordingly. The Company has a well-established Code of Conduct which incorporates a whistleblowing policy. These policies are actively promoted within the Group. Code of Conduct training is covered in our induction programme for new employees and where appropriate, this is reinforced on an annual basis via an online training course for existing employees.

Communicating with shareholders

The Company places considerable importance on communication with its shareholders, including both institutions and private shareholders. The Group's Chief Executive and Group Finance Director are closely involved with investor relations. The Group's Chairman also regularly meets with investors. The views of the Company's major shareholders are reported to the Board and are regularly discussed at meetings of the Board and at the various committees of the Board, including, where appropriate, the Audit & Risk Committee.

Approval of Annual Report and Financial Statements

Having reviewed the Annual Report and Financial Statements and verified its contents with key internal stakeholders, the Audit & Risk Committee advised the Board that in its opinion the Annual Report and Financial Statements was fair, balanced and understandable overall and provides all the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

This report was approved by the Board on 22 June 2020.

Bob Contreras

Chairman of the Audit & Risk Committee

Nomination Committee Report

The Nomination Committee presents its report in relation to the financial year ended 31 March 2020. Chaired by David Shearer, the key functions of the Nomination Committee are to review the structure and composition of the Board, to identify and propose to the Board suitable candidates to fill Board vacancies, and to undertake succession planning for Board and senior management positions.

Composition of the Nomination Committee

The Nomination Committee comprises the Chairman, David Shearer, and the four independent Non-Executive Directors, Bob Contreras, Rob Barclay, Rhian Bartlett and David Garman. Appointments and attendance at meetings during the year are set out below. Biographies of the members of the Nomination Committee are set out on pages 62 and 63.

The terms of reference of the Nomination Committee are reviewed annually by the Committee and proposed changes are made to the Board. The current terms are published on the Company's website at speedyservices.com/investors and are also available in hard copy form on application to the Company Secretary.

Attendance

The Nomination Committee met on two occasions during the year. Details of the attendance at Nomination Committee meetings are set out in the table below. At the invitation of the Chairman, the Chief Executive may attend meetings. The Group's HR Director may also be invited to attend, particularly where discussions are taking place around succession planning within the Group.

Nomination Committee members and meetings attended

Name	Position	Meetings attended
David Shearer (Chairman)	Non-Executive Chairman	2/2
Bob Contreras	Non-Executive Director	2/2
Rob Barclay	Non-Executive Director	2/2
Rhian Bartlett ¹	Non-Executive Director	1/1
David Garman	Non-Executive Director	2/2

¹Rhian Bartlett was appointed on 1 June 2019 as member of the Nomination Committee.

Operation of the Nomination Committee

The Nomination Committee generally meets on two occasions during a year, although it can meet more regularly if required. The Company Secretary acts as secretary to the Nomination Committee. The members of the Nomination Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Nomination Committee's duties include, inter alia:

- ensuring that there is a formal and transparent procedure for the appointment of new Executive and Non-Executive Directors to the Board and making recommendations to the Board on such appointments;
- reviewing the size and composition of the Board along with membership of Board Committees;
- evaluating the balance of skills, knowledge and experience on the Board;
- ensuring that succession planning is in place for the Board and senior management;
- ensuring that Non-Executive Directors are able to devote sufficient time to discharge their duties;
- making recommendations to the Board in respect of Directors standing for re-election; and
- overseeing the development of a diverse pipeline for succession to the Board.



David Shearer

Chairman of the Nomination Committee

The Nomination Committee leads the process for all Board appointments, carefully evaluating the skills available on the Board and how these may be best balanced and enhanced by agreeing the person specification, selecting external recruitment consultants, considering all candidates and making recommendations to the Board for appointment. In selecting candidates, the Nomination Committee gives due consideration to the benefits of diversity. All recommendations made are on merit against objective criteria.

During the year the Nomination Committee undertook all of the duties set out above and additionally reviewed the leadership needs of the organisation and succession planning for key individuals, including Executive and Non-Executive Directors. The review included the identification of talented individuals for key management roles and development across the Group, along with the encouragement of exceptional talent and discussion of relevant retention initiatives.

The Nomination Committee recommended the three-year extension of the term of appointment of David Garman to expire at the Company's Annual General Meeting in 2023.

The review of the structure, size, composition and diversity of the Board in FY2019 resulted in the recommendation that an additional Non-Executive Director be appointed. This culminated in the appointment of Rhian Bartlett to the Board, Audit & Risk, Nomination and Remuneration Committees on 1 June 2019. The appointment process and search and selection activities were reported on in the Company's Annual Report and Accounts 2019. In the annual review for FY2020 it was agreed to defer conclusion of the discussion of the size and composition of the Board until after the annual review of the Group strategy and the external Board and Committee evaluations. These subsequently resulted in the Committee recommending to the Board:

- Appointment of an additional Non-Executive Director. The appointment will provide an opportunity to increase Board diversity, experience and knowledge and particularly within the business transformation, people matters and HR leadership areas. It is anticipated that such skills will both support the business and complement the Board and its Committees existing skills and knowledge and contribute to greater Board effectiveness. The selection process for the new Non-Executive Director will be managed by the Committee and commence later in FY2021, as the situation under COVID-19 permits.
- Division of the role of Senior Independent Director and Chair of Audit & Risk Committee held by Bob Contreras, to facilitate a more even balance of responsibilities and increased focus on each role. This would be effected by the appointment of David Garman as the Senior Independent Director effective from 1 August 2020;
- Consideration given to increasing the effective allocation of time input for the Chairman of the Board, David Shearer. This will be considered by the potential appointment of a new Chair

of the Nomination Committee, following the appointment of the new Non-Executive Director. David Shearer would remain a member of the Nomination Committee following such appointment; and

- Having regard to the size of the Board, reducing the membership of its Committees to three Non-Executive Directors to better balance Director responsibilities and strengthen engagement and challenge between the Committees and the Board. These changes would be effected by David Garman stepping down from the Audit & Risk Committee, Rob Barclay from the Nomination Committee and Bob Contreras from the Remuneration Committee, in each case effective from 1 August 2020. Following the appointment of a new Non-Executive Director the Committee will review whether Rhian Bartlett continues on the Remuneration Committee or is replaced by the new Non-Executive Director. This would enable Committee responsibilities to continue to be shared across all Non-Executive Directors.

The Board approved the recommendations on 22 June 2020.

The appointment of an additional Non-Executive Director together with the other changes to be implemented as detailed above, are intended to build further upon the Board's diversity and promote a better balance of responsibilities across the Board and its Committees contributing to increased effectiveness as a whole. An additional Non-Executive Director will also provide additional scope for succession and refreshing the Board in due course.

With regard to the appointment of a new Non-Executive Director the Group continues to recognise the importance of diversity, including gender diversity, at all levels of the organisation and is mindful of the Hampton-Alexander Review recommendations, such that female directors are to comprise 33% of boards. The Committee will continue to have regard to this recommendation when considering future Board appointments.

Diversity

Continuing to develop an increasingly diverse and inclusive workforce is an important factor in supporting the Company's strategy which additionally helps create a sustainable and prosperous business. As detailed above, these principles are supported in the composition of our Board and its future appointments. More generally the Group's approach to equality and diversity can be seen on page 32 of the Strategic Report, along with details of the gender balance of those personnel in senior management and their direct reports.

The Nomination Committee has recommended the re-election of all Directors standing for re-election at the forthcoming Annual General Meeting.

This report was approved by the Board on 22 June 2020.

David Shearer

Chairman of the Nomination Committee

Remuneration Report

Annual Statement

The Remuneration Committee presents its report in relation to the financial year ended 31 March 2020. This year's report has been split into three sections:

- this Annual Chair's Statement summarising major decisions and any relevant changes to remuneration;
- the Remuneration Policy Report, which sets out the Group's proposed policy on the remuneration of the Executive and Non-Executive Directors for the next three years; and
- the Annual Remuneration Report outlining how the Group's Remuneration Policy was implemented in FY2020.

In accordance with the Large and Medium-sized UK companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, (the 'Regulations'), at the 2020 Annual General Meeting ('AGM') the Company will be asking shareholders to vote on two separate resolutions as follows:

- the binding triennial vote on the Directors' Remuneration Policy, which will, subject to shareholder approval, become formally effective as at the date of the AGM; and
- an advisory vote on the Annual Report on Directors' Remuneration, which provides details of the remuneration earned by Directors for performance in the year ended 31 March 2020.

The Committee has undertaken a thorough review of the remuneration structures in place for the Executive Directors, to ensure that the policy remains fit for purpose for the next three year cycle. Some modifications to the policy are being proposed to take account of the new remuneration requirements of the UK Corporate Governance Code, the relevant policies of shareholder representative bodies and the constructive input received from our shareholders during consultation and emerging best practice, while retaining our focus on sustainable performance and delivering long-term shareholder value. Our conclusion is that the current remuneration structure continues to drive the right behaviours which has been endorsed by our shareholders who approved last year's remuneration report with circa 98% vote in favour. The modifications we are proposing are in response to the constructive input of shareholders and emerging best practice.

Performance and reward for FY2020

Speedy has produced an encouraging set of results against volatile market conditions for the financial year ended 31 March 2020; with the final month of the year under the shadow of COVID-19, which reduced annual profit. The performance for FY2020 is reflected in the Executive Directors' variable pay outturns.

The annual bonus was based on challenging financial performance targets assessed against Group PBT (70%) and ROCE (30%), both on a pre-IFRS 16 basis. Threshold levels of performance were not met and no bonus will be payable for FY2020.

Rob Barclay

Chairman of the Remuneration Committee

The Performance Share Plan ('PSP') awards granted in 2017, to the Executive Directors and other participating members of the management team, are due to vest in June 2020. The awards were based fifty percent on an adjusted Earnings Per Share (on a pre-IFRS 16 basis) ('EPS') performance condition and fifty percent on a relative Total Shareholder Return ('TSR') condition, both measured over the three-year performance period to 31 March 2020. Speedy's TSR performance ranked above the upper quartile against the constituent members of the FTSE 250 (excluding investment trusts) and 100% of this element of the award will vest. EPS was 5.21p (on a pre-IFRS 16 basis) which was below threshold of 5.41p and this element of the award will not vest. On the basis of the foregoing, 50% of the total award made is due to vest in June 2020.

The variable pay outcomes are consistent with the outturns against the performance targets. The Committee was satisfied that the short and long-term variable pay outturns accurately reflect the wider performance of the Group and has not exercised discretion to override the calculation of the pay out on the vesting outcomes. The outturn of the TSR element of the share award was additionally considered in the light of the underlying performance of the Company over the three year performance period, with year on year increases in adjusted profit before tax and EPS (both on a pre-IFRS 16 basis). The Committee determined that the vesting of the TSR related element would be reflective of its underlying performance over the performance period.



Proposed amendments to our Directors' Remuneration Policy for FY2021

The current remuneration policy was approved at the 2017 AGM and the remuneration framework has contributed to the success of the Group, focusing on incentivising the management team to continue to deliver value to shareholders and aligning rewards to sustainable performance. The implementation of the current policy has been strongly endorsed by our shareholders with an advisory vote of circa 98% in favour in 2019.

No fundamental changes to the overarching remuneration policy are being proposed. However, a number of modifications are being proposed to take account of the new UK Corporate Governance Code, updated shareholder guidelines and current market practice that will allow flexibility to deliver appropriate rewards and drive performance over the next policy cycle. This year, we consulted with major shareholders and the revisions proposed are in response to the constructive feedback received and emerging best practice.

- Pension allowances for newly appointed Executive Directors will be in line with those available to the majority of the UK workforce; currently 3.0%. For existing Executive Directors, the maximum pension allowance in the policy will be reduced from 20% of salary to 15% immediately on approval of the policy. The pension contribution levels for incumbent Executive Directors will reduce to be fully aligned to the level of the majority of the UK workforce by the end of the policy.
- We are significantly increasing the in-employment shareholding requirement from 100% to 200% of salary, to further align the interests of the Executive Directors with shareholders. New Executive Directors will be required to meet this requirement within five years of appointment to the Board. Incumbent Executive Directors will be expected to reach the increased requirement within a reasonable timeframe of the adoption of the new policy.
- A post-cessation shareholding requirement will be introduced for all Executive Directors for a period of two years post-employment. The requirement will be the same as the in-employment shareholding requirement in year one (or the Executive Director's actual shareholding on departure, if lower), reducing to 50% of the year one holding for the following year.

This will apply to shares acquired (net-of-tax) under awards granted after the date the policy takes effect. Shares purchased from the Executive Directors' own funds would not be included to avoid discouraging the purchase of shares in the future.

- The annual bonus maximum in the policy will be increased from 100% to 125% of salary, at the same time introducing a compulsory deferral into shares, which vest after two years, for any bonus in excess of 100% of salary. We will continue to use the additional headroom conservatively.
- The current exceptional limit of 200% of salary for PSP awards in the current policy, which has not been utilised during the policy period, will be removed in the new policy. The annual policy maximum will remain at 150% of salary.

Application of the Remuneration Policy in FY2021

Base salary

Base salaries for each Executive Director are reviewed annually by the Remuneration Committee, taking account of the Directors' performance, experience and responsibilities with any changes effective from 1 April. When determining Executive Directors' base salaries, the Remuneration Committee has regard to economic factors, remuneration trends and the general level of salary increases awarded throughout the Group.

Due to the outbreak of COVID-19 the Company's annual salary review due on 1 April 2020 has been deferred. All Directors and senior management agreed to a three month 20% reduction in salaries and fees from 1 April 2020.

Annual bonus

For the financial year beginning 1 April 2020, the maximum annual bonus opportunity will be held at 100% of salary, unchanged from the previous financial year. However, while the current COVID-19 landscape remains uncertain, we propose to defer any decision on whether it is appropriate to operate a bonus plan for FY2021 until later in the year. To the extent the bonus plan is operated, threshold, target and stretch targets will be disclosed in the relevant year's remuneration report.

PSP

The annual policy maximum is 150% of salary. Speedy has always used the policy headroom conservatively and will continue to do so. Performance has historically been assessed against relative total shareholder return ('TSR') (50% of the award) and earnings per share ('EPS') growth targets (50% of the award) over three financial years.

In recent years awards under the PSP have been made in late May. However, given current market volatility as a consequence of the COVID-19 pandemic we are proposing to delay PSP awards for FY2021 until we are better able to determine the most appropriate measures and set meaningful performance targets. Should we consider using significantly different metrics to EPS and TSR, we would first consult with major shareholders.

For any awards that may be made in FY2021, the grant levels will not exceed 125% of salary, significantly below the maximum levels permitted in the policy. The Company will continue to set robust and challenging performance targets. The current two year post-vesting holding period will continue to apply to vested PSP awards.

We acknowledge shareholders' preference for dividend equivalents to be delivered in shares, and to vest only to the extent the award vests. This is the approach we have applied historically and will continue to apply going forward.

Pay and practices in the wider Group

When considering the Remuneration Policy for the Executive Directors, the Remuneration Committee takes into account pay and employment conditions across the Company. Every employee in Speedy participates in a discretionary bonus scheme relevant to their role, ensuring all employees are able to share in the success of the organisation. In addition, alongside the Company wide salary review process, investment has also been made during the year to ensure that employees are paid above the National Living Wage and further increases have been given to employees in key roles where recruitment and retention is a priority. Our apprentices are paid well above the relevant apprentice minimum wage during their first year and then at least the relevant minimum or living wage until they transfer off the apprenticeship scheme, at which point they are paid above the National Living Wage.

As required by the Regulations, we have disclosed in this year's report the ratio between the Chief Executive's remuneration and that of the median, lower and upper quartile of UK employees. Further details can be found at page 97.

Shareholder engagement

In addition to the shareholder consultation on the proposed Directors' Remuneration Policy referred to above, the Committee takes an active interest in any shareholder views on the Company's executive remuneration and is mindful of the concerns of shareholders and other stakeholders. We will continue to take into account the views of our shareholders as appropriate. The Committee was pleased by the strong support received from shareholders for the Annual Report on Remuneration at the 2019 AGM. I am grateful for the consideration and constructive feedback from shareholders during the consultation process this year.

Conclusion

Our Directors' Remuneration Policy continues to drive the intended performance from the Executive Directors in challenging market conditions.

I hope you find this report clear and helpful in understanding our remuneration policy and practices, and I look forward to receiving continued shareholder support for the related shareholder resolutions at our AGM.

This report was prepared by the Remuneration Committee and approved by the Board on 22 June 2020.

Rob Barclay

Chairman of the Remuneration Committee

Directors' Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the Remuneration Policy for the Group. This new Remuneration Policy will be put to shareholders for approval in a binding vote at the 2020 AGM and if approved it will be effective from that date. The Remuneration Committee's current intention is that the revised policy will operate for the three year period to the Annual General Meeting in FY2024.

Policy overview

The primary objective of the Remuneration Policy is to promote the long-term success of the Group. In working towards the fulfilment of this objective the Remuneration Committee takes into account a number of factors when setting the Remuneration Policy for the Executive Directors including the following:

- the need to attract, retain and motivate high calibre Executive Directors and senior management;
- internal pay and benefits levels, and practice and employment conditions within the Group as a whole;
- the recommendations set out in the UK Corporate Governance Code and the views of shareholders and their representative bodies; and
- periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance.

Our remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. The main elements of the remuneration package for Executive Directors are a base salary, benefits and pension provision and, subject to stretching performance conditions, an annual bonus plan and shares awarded under a Performance Share Plan ('PSP').

The key principles of the policy are:

- **Clarity:** maintain transparency of our competitive total remuneration structure that is driven by our business strategy and model, focuses on sustained long-term value creation and is aligned with the interests of shareholders;
- **Predictability:** to ensure that targets set each year result in stretching ambitions and that the scale of the reward is proportionate;
- **Simplicity:** ensure the remuneration structure avoids unnecessary complexity, with a reward package that balances short and long-term performance, rewarding Company and personal performance;
- **Risk is appropriately managed.** The remuneration of Executive Directors provides an appropriate balance between fixed and performance related pay elements: restraint on fixed pay, with a substantial proportion of total remuneration based on variable pay linked to performance;

- **Alignment to culture:** the remuneration principles encourage behaviour that the Committee expects; and
- **Proportionality:** the link between individual awards, the delivery of strategy and the long-term performance of the Group is clear.

As a result, the Remuneration Committee has determined that the remuneration of Executive Directors will provide an appropriate balance between fixed and performance related pay elements. The Remuneration Committee will continue to review the Remuneration Policy to ensure it takes due account of remuneration best practice and that it remains aligned with shareholders' interests.

Directors' Remuneration Policy table

The table below summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and the links to the corporate strategy. If approved, the policy will be effective from the date of the Company's 2020 AGM.

This policy report in full can also be found on the Company website (www.speedyhire.com); it has been prepared in accordance with the provisions of the Companies Act 2006 ("the Act") and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Regulations") as amended, the UK Corporate Governance Code, the Financial Conduct Authority's Listing Rules and the Disclosure and Transparency Rules. It also takes into account the accompanying Directors' Remuneration Reporting Guidance.

The proposed policy has been determined after reviewing the impact of the previous policy, considering the Company's strategy, remuneration philosophy and business model. The new Corporate Governance Code and updated shareholder and proxy guidelines and wider best practice have also been taken into account in the proposed policy being formally submitted for approval in the required triennial vote at the 2020 AGM.

The overall approach to remuneration remains consistent, with modest adjustments to ensure the policy continues to underpin the performance of the business and addresses the requirements of the revised UK Corporate Governance Code. The Committee's overall policy continues to deliver a balanced remuneration package to executives that is focused on total remuneration, rather than the individual market positioning of each element of pay; with a significant proportion of the package based on performance related variable pay.

The Remuneration Report will note how the Remuneration Policy has been implemented over the previous year and how it will be implemented in the following year.

Directors' Remuneration Policy table

Salary

<p>Purpose and link to strategy</p>	<p>Recognises the knowledge, skills and experience, as well as the size and scope of the role.</p> <p>Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.</p>
<p>Operation</p>	<p>Normally reviewed annually with changes typically effective 1 April.</p> <p>Paid in cash on a monthly basis.</p> <p>Pensionable.</p> <p>Comparison against companies with similar characteristics and sector peers are taken into account in review.</p> <p>Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account.</p>
<p>Maximum</p>	<p>There is no prescribed maximum annual basic salary or salary increase. Details of the current salary levels are set out in the Annual Remuneration Report.</p> <p>Salary increases are awarded at the discretion of the Committee. Salary increases (in percentage of salary terms) will ordinarily be considered in relation to those applied to the broader employee population.</p> <p>The Committee retains discretion to award a lower or a higher increase to recognise, for example, the performance and contribution of an individual; an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements.</p> <p>Where an Executive Director's salary is set below market levels at appointment, a series of increases may be given (in addition to the factors listed above) in order to achieve the desired salary positioning, subject to satisfactory individual performance.</p>
<p>Performance targets</p>	<p>None, although the overall performance of the individual is considered as part of the review process alongside the factors described in how we operate the salary policy.</p>

Directors' Remuneration Policy table

Benefits

<p>Purpose and link to strategy</p>	<p>To provide a competitive benefits package. To promote recruitment and retention.</p>
<p>Operation</p>	<p>Benefits may include a car or car allowance, health benefits including permanent incapacity and life insurance.</p> <p>Other benefits including relocation allowances may be offered if considered appropriate and reasonable by the Committee. Executive Directors may be eligible for other benefits which are introduced for the wider workforce on broadly similar terms.</p> <p>Any reasonable business related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit).</p> <p>Executive Directors are also eligible to participate in any all employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees.</p> <p>Defined contribution and/or pension allowance.</p>
<p>Maximum</p>	<p>There is no maximum limit, but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. The value of benefits is based on the cost to the Company and varies according to individual circumstances.</p> <p>The maximum level of participation is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Company).</p>
<p>Performance targets</p>	<p>n/a</p>

Pension

<p>Purpose and link to strategy</p>	<p>Provide market competitive retirement benefits, to reward sustained contribution.</p>
<p>Operation</p>	<p>Defined contribution and/or pension allowance.</p>
<p>Maximum</p>	<p>For new Executive Directors appointed after the 2020 AGM, Company contribution levels will be aligned to those available to the majority of the UK workforce, from time to time, currently 3.0% of salary.</p> <p>For incumbent Executive Directors an immediate reduction of maximum in policy on 1 April 2020 to 15% of basic salary p.a. The pension contribution levels for incumbent Executive Directors will be further reduced to be fully aligned to the level of the majority of the UK workforce by the end of the policy.</p>
<p>Performance targets</p>	<p>n/a</p>

Directors' Remuneration Policy table

Bonus

<p>Purpose and link to strategy</p>	<p>Incentivise delivery of specific strategic objectives, including financial performance and personal annual goals.</p> <p>Maximum bonus only payable for achieving demanding targets.</p>
<p>Operation</p>	<p>Annual awards based on targets set by the Committee normally at the beginning of each financial year.</p> <p>The extent to which the performance measures have been achieved is determined by the Committee after the end of the performance period. The level of bonus for each measure is determined by reference to the actual performance relative to that measure's performance targets, on a pro-rata basis.</p> <p>All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year when determining the final bonus amount to be awarded.</p> <p>Annual bonus awards up to 100% of salary are normally payable in cash (although the Committee reserves the right to deliver some or all of the bonus in shares which may be deferred).</p> <p>For financial years commencing after the policy is approved, the portion of any bonus paid, in excess of 100% of salary, will normally be compulsorily deferred into shares, for two years.</p> <p>Malus and clawback provisions apply to allow recoupment of bonus (including as to any deferred portion) for three years from the bonus payment date in the event of material misstatement of performance, a significant failure of risk management, serious misconduct, corporate failure or reputational damage.</p> <p>Participants may also be entitled to receive dividend equivalents on vested shares. Any dividend equivalents would normally be delivered in shares.</p>
<p>Maximum</p>	<p>The annual bonus policy maximum is 125% of salary in any financial year.</p>
<p>Performance targets</p>	<p>Performance metrics will be set for each financial year by the Committee aligned to the Company's key strategic objectives.</p> <p>Group financial measures (e.g. profit before tax) will apply.</p> <p>Personal and/or strategic KPIs may apply for a minority of the bonus.</p> <p>The performance metrics and targets are reviewed annually to ensure they remain appropriate. The Committee retains the discretion to set alternative metrics as appropriate.</p> <p>Performance measured over one financial year.</p> <p>No more than 50% of the maximum opportunity will be payable for on-target performance.</p>

Directors' Remuneration Policy table

Performance Share Plan

<p>Purpose and link to strategy</p>	<p>Aligned to main strategic objectives of delivering long term value creation.</p> <p>Align Executive Directors' interests with those of shareholders.</p> <p>To recruit and retain Executive Directors.</p>
<p>Operation</p>	<p>Discretionary conditional awards or nil or nominal cost options are normally granted annually.</p> <p>The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures.</p> <p>Awards vest subject to performance conditions normally measured over three financial years.</p> <p>A two-year post vesting holding period requirement, which continues to apply post employment for shares that vest, net of sales to settle tax or other withholding due on the vesting or exercise of awards.</p> <p>Malus and clawback provisions apply to allow recoupment for a period of three years following the vesting of an award, in the event that the value of a vested award is subsequently found to have been overstated as a result of a material misstatement of performance, a significant failure of risk management, serious misconduct, corporate failure, reputational damage, or any other matter which the Committee deems relevant.</p> <p>Participants may also be entitled to receive dividend equivalents on shares which vest.</p> <p>Any dividend equivalents accrued will normally be delivered in shares.</p> <p>All awards are subject to the discretions contained in the relevant plan rules.</p>
<p>Maximum</p>	<p>Maximum annual awards of 150% of salary in any financial year may be granted.</p>
<p>Performance targets</p>	<p>Performance normally measured over three years.</p> <p>Awards currently vest based on performance against stretching relative Total Shareholder Return targets and/or absolute Earnings Per Share targets set and assessed by the Committee. However, different measures may be set for future award cycles, as appropriate, to reflect the strategic priorities of the business at that time.</p> <p>Performance underpins may also apply.</p> <p>A maximum of 25% vests at threshold increasing to 100% vesting at maximum on a straight line basis.</p> <p>The Committee retains discretion to override formulaic outcomes in deciding the level of vesting to reflect wider Company performance. Any exercise of discretion will be fully disclosed to shareholders.</p>

Directors' Remuneration Policy table

Shareholding requirements

Purpose and link to strategy	To strengthen the alignment between the interests of the Executive Directors and those of shareholders.
Operation	<p>In accordance with best practice, share ownership requirements apply during and after employment.</p> <p>In-employment shareholding requirement</p> <p>Executive Directors will normally be required to retain at least 50% of the shares acquired on the vesting of share awards, net of tax, until the required level of shareholding is achieved.</p> <p>Deferred bonus shares, vested PSP shares, shares subject to a holding period and open market purchase shares, including shares held by a spouse or children under 18 count towards this limit, on a net of tax basis.</p> <p>Newly appointed Executive Directors would normally be expected to achieve the required shareholding within five years of the date of appointment.</p> <p>Existing Executive Directors would normally be expected to achieve the increased requirement within a reasonable timeframe of the adoption of the policy.</p> <p>Post-employment shareholding requirement</p> <p>Executive Directors will normally be required to retain a shareholding until the second anniversary of the date they ceased to be an Executive Director.</p> <p>The post-cessation shareholding requirement will apply to shares acquired (net-of-tax) under awards granted under this policy. Shares acquired under all employee share plans or purchased from the Executive Directors' own funds would not be included.</p>
Maximum	<p>Executive Directors are required to build up and maintain an in employment shareholding worth at least 200% of base salary.</p> <p>Executive Directors will normally be required to retain a shareholding at the level of the in employment shareholding requirement, or the actual shareholding on cessation if lower, for a period of 12 months post employment; reducing to 50% of the year one holding for the subsequent 12 months.</p>
Performance targets	n/a

Directors' Remuneration Policy table

Non-Executive Directors

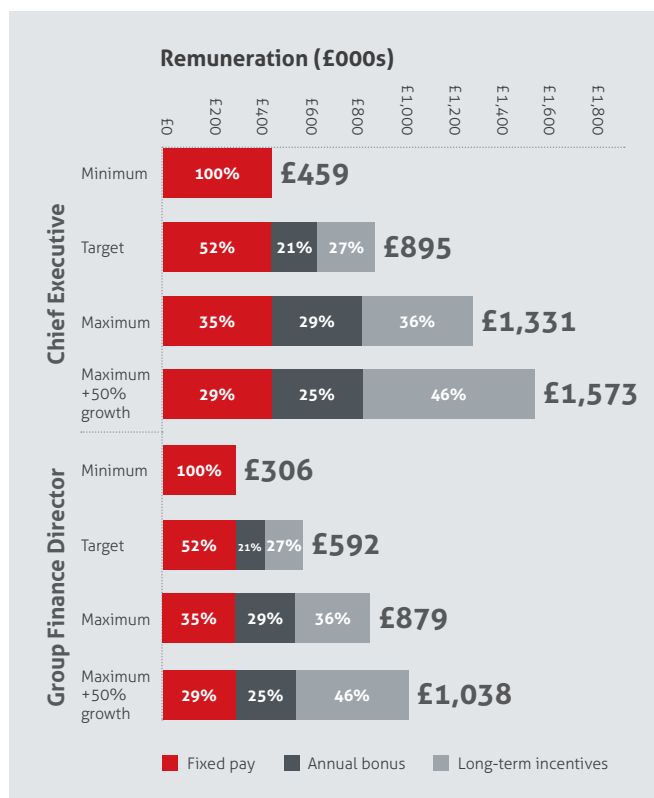
<p>Purpose and link to strategy</p>	<p>To attract and retain high calibre Non-Executive Directors.</p>
<p>Operation</p>	<p>The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration.</p> <p>The fees are set taking into account the time commitment and responsibilities of the role. Additional fees may be payable in relation to extra responsibilities undertaken such as chairing a Board Committee and/or a Senior Independent Director or other designated role or being a member of a committee.</p> <p>If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload.</p> <p>Fees are normally paid monthly in cash and are normally reviewed annually.</p> <p>Expectation that individuals build and maintain a shareholding equal to 100% of fees.</p> <p>Non-Executive Directors can be reimbursed for any reasonable business related expenses (including the tax thereon, if determined to be a taxable benefit).</p> <p>Non-Executive Directors do not participate in incentive or pension plans and are not eligible to receive benefits.</p>
<p>Maximum</p>	<p>There is no prescribed maximum fee or fee increase. Total fees for the Non-Executive Directors are subject to the overall limit set out in the Company's Articles of Association.</p> <p>Any increase will be guided by changes in market rates, time commitments and responsibility levels.</p>
<p>Performance targets</p>	<p>n/a</p>

Notes:

- ¹ The choice of the performance metrics applicable to the annual bonus scheme reflect the Remuneration Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of key financial targets and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Remuneration Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.
- ² The performance conditions applicable to the PSP awards were selected by the Remuneration Committee on the basis that a combination of relative TSR and key financial objectives provides strong alignment with the delivery of long-term returns to shareholders and incentivises strong Group financial performance – consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The Remuneration Committee has retained flexibility on the measures which will be used for future award cycles to ensure that the measures are fully aligned with the strategy prevailing at the time the awards are granted. Notwithstanding this, the Remuneration Committee would seek to consult with major shareholders in advance of any material change to the choice or weighting of the PSP performance measures.
- ³ The Remuneration Committee operates the annual bonus, PSP and all employee share plans in accordance with the relevant plan rules and where appropriate, the Listing Rules and HMRC legislation. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, selecting the participants, the timing and quantum of awards and setting performance criteria each year, determining "good leaver" status, determining the extent of vesting based on the assessment of performance, form of payment, discretion to retrospectively amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.
- ⁴ Consistent with HMRC legislation, the all employee Sharesave scheme does not have performance conditions.
- ⁵ Directors are eligible to receive payment, and any existing award may vest, in accordance with the terms of any such award made prior to the approval of the Remuneration Policy detailed in this report, and in accordance with the provisions of the Remuneration Policy in force at the time such award or right to receive payment was made or granted.

Remuneration scenarios for Executive Directors

The remuneration package comprises core fixed pay (base salary, pension and benefits) and performance based variable pay (annual bonus and the PSP). The chart below illustrates the composition of the Executive Directors' remuneration packages under the proposed policy for threshold, on-target and stretch performance.



Notes:

- salary levels effective 1 April 2020 have not changed from the prior year. Due to the impact of COVID-19, the 1 April 2020 salary review has been deferred. All Directors agreed to a three month 20% reduction in salaries and fees from 1 April 2020 which is not accounted for in the graph;
- an approximated annual value of benefits based on FY2020 figures;
- an annualised pension contribution (as at 15% of salary) based upon FY2020 figures. Note there will be a reduction over the policy period to align with rest of workforce;
- below threshold performance comprises salary, benefits and pension only, with no bonus awarded and no PSP awards vested;
- whilst the decision to operate a bonus and PSP awards for FY2021 has been deferred, it has been assumed on-target performance comprises annual bonus, based on maximum award levels of 100% of salary, with on-target bonus of 50% of the maximum, and for the PSP, maximum award levels of 125% of salary and an assumption that 50% of the performance shares will vest;
- stretch performance comprises annual bonus awarded at the maximum level of 100% of salary, and for the PSP, an assumption that 100% of the performance shares will vest; and
- stretch performance plus 50% share price appreciation illustrates the effect of a 50% growth in the Company's share price on the value of the PSP awards.

How employees' pay is taken into account

The Remuneration Committee does not directly consult with employees regarding the remuneration of Executive Directors. However, the Chairman of the Committee is the designated employee Non-Executive Director and is involved in employee forum meetings and matters concerning employees across the UK. Pay and conditions across the Group are considered when designing the policy for Executive Directors and continue to be considered in relation to implementation of the policy. The Remuneration Committee regularly interacts with the HR function and senior operational executives and monitors pay trends across the workforce. Salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. The requirement to consider wider pay and employment conditions elsewhere in the Group is considered by the Remuneration Committee to be a key objective and is embedded in the Remuneration Committee's terms of reference.

By the end of the Remuneration Policy, if approved, pension allowance levels for Executive Directors will have been fully aligned to those of the majority of the UK workforce. Speedy is disclosing the pay ratio for the Chief Executive, compared to that of UK employees at the median, lower and upper quartile. This will be calculated annually going forward and the year-on-year trends considered in the wider context of employee pay at Speedy.

How the Executive Directors' Remuneration Policy relates to the wider Group

The Remuneration Policy described above provides an overview of the structure that operates for the most senior executives in the Group. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's strategic direction, earnings growth and share price performance.

Consistent with the Group's approach of recognising the contribution of its employees at all levels in the business, the Group operates bonus incentives throughout the Group, a long-term service award scheme under which employees serving 10, 20 and 25 years receive a range of additional benefits, including additional days of annual holiday entitlement. These benefits are popular amongst employees and the Group believes that they fulfil a business need by encouraging and rewarding the loyalty and motivation of long serving employees and by rewarding those employees with higher levels of experience.

How shareholders' views are taken into account

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and shareholder views on our executive remuneration policy more generally. The Committee consulted proactively with our major shareholders on the proposed new Remuneration Policy and revisions were made to take account of the feedback received where appropriate. Outside of this, the Remuneration Committee seeks to engage with its major shareholders when any significant changes to the Remuneration Policy are proposed. The Remuneration Committee will consider shareholder feedback received in relation to the Directors' Remuneration Report each year. The Remuneration Committee also has regard to additional feedback received from time to time, and closely monitors developments in institutional investors' best practice expectations.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the approved Remuneration Policy prevailing at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

The overarching principles applied by the Remuneration Committee in developing the remuneration package will be to set an appropriate base salary together with benefits and short and long-term variable pay that takes into account the complexity of the role. Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below market level on the basis that it may progress towards a competitive market level once expertise and performance have been proven and sustained. Salary will be considered in the context of the total remuneration package.

The maximum level of variable pay which may be awarded to new Executive Directors, excluding the value of any buy-out arrangements, will be in line with the policy set above. In addition, the Remuneration Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer when it considers these to be in the best interests of the Company and its shareholders. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of the form of award, vesting periods and expected value. Such elements, may be made under Section 9.4.2 of the Listing Rules where necessary. Shareholders will be informed of any such arrangements at the time of appointment.

The Remuneration Committee may apply different performance measures, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or long-term incentive arrangements, subject to the rules of the plan, if it determines that the circumstances of the recruitment merit such alteration. A PSP award can be made shortly following an appointment (assuming the Company is not in a closed period).

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms, adjusted, if appropriate to take account of the new appointment.

For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

The fee structure and quantum for Non-Executive Director appointments will be based on the prevailing Non-Executive Director fee policy taking into account the experience and calibre of the individual.

The Board evaluation and succession planning processes in place are designed to ensure there is the correct balance of skills, experience and knowledge on the Board. The activities of the Nomination Committee overseeing these matters are disclosed in the Nomination Committee Report.

Service contracts and approach to leavers

The Company's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party. The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

The relevant dates of service contracts and notice periods for the current Executive Directors are set out as follows:

Executive Director	Date of contract	Notice period
Russell Down	8 January 2015	12 months
Chris Morgan	13 January 2016	9 months

No Executive Director has the benefit of provisions in his or her service contract for the payment of pre-determined compensation in the event of termination of employment. It is the Remuneration Committee's policy that the service contracts of Executive Directors will provide for termination of employment by giving notice or by making a payment of an amount equal to the monthly basic salary and pension contributions in lieu of notice.

The policy also provides that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract and in determining amounts payable on termination, the Remuneration Committee will take into consideration the Executive Director's duty to mitigate his or her loss when determining the amount of compensation.

Annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time and paid at the normal pay out date. Different performance targets may be set for the remainder of this bonus period to reflect the Directors' specific responsibilities. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain prescribed circumstances, such as death, ill health, disability or other circumstances at the discretion of the Remuneration Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date. PSPs vesting will also be subject to the satisfaction of the relevant performance conditions at that time (including an overall performance underpin attached to the award) and pro-rata reduction to reflect the proportion of the vesting period actually served. However, under the plan rules, the Remuneration Committee has discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating requirement if it considers it appropriate to do so.

In relation to a termination of employment, the Remuneration Committee may make payments in relation to any statutory entitlements or payments to settle or compromise claims as necessary. The Remuneration Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional or outplacement costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

Relevant appointment letter and term dates of Non-Executive Directors are set out as follows:

Non-Executive Director	Appointment letter date	Month of last election	Expected month of expiry of current term ¹
David Shearer²	18 July 2018	July 2019	July 2021
Bob Contreras	9 December 2015	July 2019	December 2021
Rob Barclay	30 March 2016	July 2019	April 2022
Rhian Bartlett	1 June 2019	July 2019	July 2022
David Garman	25 May 2017	July 2019	July 2023

¹ Subject to annual re-election by shareholders at the AGM.

² Details relate to appointment as Non-Executive Chairman, original appointment as Non-Executive Director was September 2016.

There is no provision for additional compensation on a change of control. In the event of a change of control, the PSP awards will normally vest on (or shortly before) the change of control subject to the satisfaction of the relevant performance conditions at that time and, unless the Remuneration Committee determines otherwise, reduced pro-rata to reflect the proportion of the vesting period served. Outstanding awards under any all-employee share plans will vest in accordance with the relevant scheme plan. Bonuses may become payable, subject to performance and, unless the Remuneration Committee determines otherwise, subject to a pro-rata reduction to reflect the curtailed performance period.

External appointments

The Board allows Executive Directors to accept appropriate outside commercial non-executive director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. No Non-Executive Directorships in a listed company were held by the Executive Directors during the year.

Non-Executive Directors

The Chairman and Non-Executive Directors do not have contracts of service, but their terms are set out in letters of appointment. Appointments are subject to annual re-election by shareholders at the AGM and may be terminated by three months' notice on either side. The letters of appointment of the Non-Executive Directors, copies of which are available for inspection at the Company's registered office during normal business hours, specify an anticipated time commitment of 50 days per annum in relation to David Shearer and 15 days in relation to Bob Contreras, Rob Barclay, Rhian Bartlett and David Garman.

Annual Remuneration Report

Remuneration Committee role and membership

The Remuneration Committee comprises four members: Rob Barclay (Chairman), Bob Contreras, Rhian Bartlett and David Garman, all of whom are considered by the Board to be independent Non-Executive Directors. Biographies of the members of the Remuneration Committee are set out on pages 62 and 63. Details of the attendance at Remuneration Committee meetings are set out below.

Remuneration Committee members and meetings attended

Name	Position	Meetings attended
Rob Barclay (Chairman)	Non-Executive Director	5/5
Bob Contreras	Non-Executive Director	5/5
Rhian Bartlett¹	Non-Executive Director	4/4
David Garman	Non-Executive Director	5/5

¹ Rhian Bartlett was appointed on 1 June 2019 as member of the Remuneration Committee.

At the invitation of the Remuneration Committee Chairman, other members of the Board and senior management may attend meetings of the Remuneration Committee, except when their own remuneration is under consideration. No Directors are involved in determining their own remuneration. The Company Secretary acts as the secretary to the Remuneration Committee. The members of the Remuneration Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Group's expense.

The Remuneration Committee's duties include:

- to make recommendations to the Board on the Group's framework and policy for the remuneration of the Executive Directors, Company Secretary and senior executives;
- to review and determine, on behalf of the Board, executive remuneration and incentive packages to ensure such packages are fair and reasonable;
- to review Directors' expenses;
- to review Executive and Non-Executive Director shareholding guidelines;
- to determine the basis on which the employment of executives is terminated;
- to design the Group's share incentive schemes and other performance related pay schemes, and to operate and administer such schemes;
- to determine whether awards made under performance related and share incentive schemes should be made, the overall amount of the awards, the individual awards to executives and the performance targets to be used;
- to ensure that no Director is involved in any decisions as to his/her own remuneration; and
- to review regularly the ongoing appropriateness and effectiveness of all remuneration policies.

During FY2020, the Remuneration Committee reviewed the following matters at its meetings:

- determination of FY2019 bonuses for the Executive Directors and senior managers;
- Directors' Remuneration Policy for FY2021 to FY2023;
- determination of executive remuneration structure and application of the policy for FY2020 and FY2021;
- Executive Director post-employment shareholding requirement;
- interim and final progress of employee share plan performance measures against targets and consequent approval of any vesting of awards;
- grant of awards to be made under the performance share plan;
- progress of bonus achievement for FY2020 executive bonuses;
- approval of 25-year long service awards for eligible employees and consideration of other awards based on long-service;
- terms of reference for, and effectiveness of, the Remuneration Committee;
- ongoing appropriateness and effectiveness of remuneration and benefits policies for Executive Directors and employees generally;
- performance of external remuneration advisers;
- use of equity for employee share plans in relation to dilution headroom limits;
- review of the Non-Executive Chairman's fee; and
- determining remuneration arrangements for senior management joiners and leavers.

The Remuneration Committee's terms of reference are published on the Company's website at speedyservices.com/investors and are also available in hard copy on application to the Company Secretary.

Advisers

During the year, the Remuneration Committee received independent advice from the Executive Compensation practice of Aon plc, in connection with remuneration matters including the provision of general guidance on market and best practice, the preparation of the Directors' Remuneration Policy at pages 81 to 86 and the production of this report. Aon plc has no other connection or relationship with the Group and provided no other services to the Group during FY2020. Aon is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Fees paid to Aon for FY2020 totalled £58,745 (excluding VAT) in respect of advice provided to the Remuneration Committee and for related matters. The Remuneration Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the 2014 Performance Share Plan and the all employee share scheme ('SAYE').

Implementation of the Remuneration Policy for FY2021

The sections of the Annual Remuneration Report that have been audited by KPMG LLP are page 91 from 'Non-Executive Directors' to page 95 up to and including 'Directors' interests in the share capital of the Company', but excluding paragraphs concerning 'Details of long-term incentive plan awards outstanding', 'Dilution', and 'Shareholder voting at AGM'; and also including 'Pay ratio of the Chief Executive to average employee' on page 97.

Base salary

The salary for Russell Down and Chris Morgan will be held at £387,700 and £254,700 respectively. As a result of the COVID-19 outbreak, the Company's annual salary review normally due on 1 April has been deferred. In addition, all Directors have agreed to a 20% reduction in salary and fees for a three-month period commencing 1 April 2020.

Non-Executive Directors

Current annual fee levels for Non-Executive Directors are as follows:

	Role	Committee chair role	1 April 2020 ¹	1 April 2019
David Shearer	Non-Executive Chairman	Nomination	£132,500	£132,500
Bob Contreras	Non-Executive Director	Audit & Risk	£54,500	£54,500
Rob Barclay	Non-Executive Director	Remuneration	£49,500	£49,500
Rhian Bartlett²	Non-Executive Director	–	£42,500	–
David Garman	Non-Executive Director	–	£42,500	£42,500

¹ The policy reflects a base Board fee of £42,500; additional fees for the Chairman of the Audit & Risk and Remuneration Committees of £7,000 and an additional fee for the Senior Independent Director of £5,000. Annual review of salary and fees normally effective 1 April has been deferred. All Directors, including the Non-Executive Directors, agreed to a three month 20% reduction in salaries and fees from 1 April 2020 due to the outbreak of COVID-19.

² Rhian Bartlett's annual fee on appointment as Non-Executive Director with effect from 1 June 2019 was £42,500 p.a.

Pension

The Company pension allowance level for new Executive Director appointments will be aligned to those available to the majority of the UK workforce, from time to time, currently 3.0% of base salary.

The maximum pension allowance in policy for incumbent Executive Directors will be reduced immediately on approval of the new Remuneration Policy, to 15% of base salary. The pension contribution levels for incumbent Executive Directors will further reduce to be fully aligned to the level of the majority of the UK workforce by the end of the policy.

Performance related annual bonus

The decision on whether to operate the annual bonus plan for Executive Directors for FY2021, will be deferred, until there is some greater clarity on the current COVID-19 pandemic and the wider implications for the Group. In any event, the maximum bonus opportunity for FY2021 will be held at the level for the previous financial year: 100% of salary. Performance measures and targets will be disclosed in the Directors' Remuneration Report for the relevant year.

Long-term incentive plans

The 2014 Performance Share Plan ('PSP') will continue to operate as the Company's primary long-term incentive arrangement, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance. Awards have historically been made in May however, the decision as to whether any awards will be made, and if so, the level of award and the relevant performance metrics and targets will be delayed, in response to the current market volatility as a direct result of the global COVID-19 pandemic.

To the extent awards are made for FY2021, the award levels will not exceed 125% of salary.

Directors' remuneration for FY2020

The emoluments of the Directors of the Company for the year under review were as follows:

Executive Directors	Financial year	Fees/basic salary £'000s	Benefits £'000s ¹	Pension £'000s ²	Annual bonus £'000s ³	Value of long-term incentives £'000s ⁴	Total remuneration £'000s
Russell Down	2020	388	13	58	–	224	683
	2019	380	14	57	209	618	1,278
Chris Morgan	2020	255	13	38	–	154	460
	2019	250	14	37	137	372	810
Non-Executive Directors							
David Shearer	2020	133	–	–	–	–	133
	2019	86	–	–	–	–	86
Bob Contreras	2020	55	–	–	–	–	55
	2019	53	–	–	–	–	53
Rob Barclay	2020	50	–	–	–	–	50
	2019	48	–	–	–	–	48
Rhian Bartlett⁵	2020	35	–	–	–	–	35
	2019	–	–	–	–	–	–
David Garman	2020	43	–	–	–	–	43
	2019	41	–	–	–	–	41
Totals	2020	959	26	96	–	378	1,459
	2019	858	28	94	346	990	2,316

¹ Taxable benefits comprise a car or cash alternative, health insurance, and life insurance, including 0.48 pence per share for the SAYE 2019 awards granted in December 2019 (being the value of the discount under the scheme).

² Russell Down and Chris Morgan received £58,155 and £38,208 respectively in lieu of pension contributions which are included in the Pension column above together with any actual pension contributions made.

³ For FY2020 the maximum bonus opportunity for the Executive Directors was 100% of salary, with 70% of the opportunity based on Group adjusted profit before tax and 30% based on ROCE, both on a pre-IFRS 16 basis. Details of actual performance against targets is set out below.

⁴ For FY2019 this reflects the TSR element of the 2015 award cycle of £75,000, the share price on the date of vesting was 59.40p. It also includes both the EPS and TSR elements of the 2016 award cycle of £915,000.

⁵ Rhian Bartlett was appointed as Non-Executive Director on 1 June 2019.

Annual bonuses awarded in respect of FY2020 performance

Russell Down and Chris Morgan were eligible to receive bonuses with a maximum opportunity of 100% of salary in respect of financial and operational performance in FY2020. Details of the performance targets and resulting bonus outcome are set out in the table below:

Measure	Weighting	Threshold/Target	Stretch	Result
Group adjusted profit before tax ('adjusted PBT') before impact of IFRS 16	70%	£37.70m	£41.47m	0% of salary (based upon adjusted PBT before impact of IFRS 16 of £32.8m)
Return on capital employed ('ROCE') before impact of IFRS 16	30%	13.50%	14.18%	0% of salary (based upon ROCE of 12.0% before impact of IFRS 16)
	100%	Bonus achieved for FY2020		0% of salary

In addition to the above financial measures, when assessing the extent to which any bonus should become payable, the Committee is also able to take into account the impact of major health, safety and environmental incidents during the year (there were none) and the performance of the individual Director.

Performance share awards granted in 2017 and vesting in 2020

The performance share awards granted in 2017 are due to vest in June 2020. Details of the performance targets set for the award and actual/estimated achievement against them are set out in the table below. No discretion to override the formulaic calculation of outcomes or share price movement was exercised:

Performance measure	Weighting	Performance period end	Threshold performance hurdle (25% vesting)	Stretch performance hurdle (100% vesting)	Actual	% vesting for this part of the award
Adjusted earnings per share before the impact of IFRS 16	50%	31 March 2020	5.41p	6.95p	5.21p	0%
Total shareholder return	50%	31 March 2020	Median	Upper Quartile	Upper Quartile	100%

Earnings per share performance for FY2020 was 5.21 pence on a pre-IFRS 16 basis and therefore this part of the award will not vest. Relative Total Shareholder Return ('TSR') performance was upper quartile and therefore this part of the award will vest in full. The TSR condition is based on the Company's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points.

The value of the shares included in the Directors' remuneration for FY2020 table for the Executive Directors is based on the vesting level set out above and has been valued using the average share price over the period 1 January 2020 to 31 March 2020 (71.3p). The estimated value of the shares at vesting is £378,000 of which approximately £89,000 is attributable to share price growth.

Long-term incentive plan awards granted in the year

Russell Down and Chris Morgan were granted the following awards under the 2014 Performance Share Plan on 24 May 2019 as set out below:

Executive Director	Date of grant	Basis of award	Maximum shares under award	Face value of awards ¹	Performance period ²	Vesting period	% vesting at threshold
Russell Down	24/05/2019	100% of salary	617,947	£387,700	Three years ending 31 March 2022	Three years from grant	25% of an award
Chris Morgan	24/05/2019	100% of salary	405,961	£254,700	Three years ending 31 March 2022	Three years from grant	25% of an award

¹ Determined using the average mid-market closing share price of the Company for the 5 days preceding the date of grant.

² 50% of the award is subject to an EPS condition. 25% of this part of the award vests for EPS (before amortisation and exceptional costs) of 6.82 pence on a pre-IFRS 16 basis, with full vesting of this part of the award for EPS of 8.34 pence on a pre-IFRS 16 basis or better. A sliding scale operates between these points. 50% of the award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) measured over three financial years ending 31 March 2022. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the preceding performance conditions, the number of shares which may vest under an award may be reduced (including to zero) where the Remuneration Committee determines that exceptional circumstances exist which mean that the vesting would be inappropriate taking into account such factors as it considers relevant (including, but not limited to, the overall performance of the Company, any Group member or the relevant Executive Director).

Details of long-term incentive plan awards outstanding

Details of the Executive Directors' interests in share-based awards are as follows:

Executive Director	Interest at 1 April 2019	Options/ awards granted during the year	Options/ awards exercised during the year	Options/ awards lapsed during the year	Interest at 31 March 2020	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
Russell Down							
PSP 2015 ^{1,2}	226,130	–	–	–	226,130	nil	Aug 2018 – Aug 2025
PSP 2016 ^{1,2}	978,336	–	–	(35,221)	943,115	nil	Jun 2019 – Jun 2026
PSP 2017 ^{1,2}	628,482	–	–	(314,241)	314,241	nil	Jun 2020 – Jun 2027
PSP 2018 ^{1,2}	638,608	–	–	–	638,608	nil	May 2021 – May 2028
PSP 2019 ^{1,2,3}	–	617,947	–	–	617,947	nil	May 2024 – May 2031
SAYE 2016 ⁴	9,653	–	–	–	9,653	33.936	Feb 2020 – Jul 2020
SAYE 2017 ⁴	5,040	–	–	–	5,040	44.280	Feb 2021 – Jul 2021
SAYE 2018 ⁴	6,406	–	–	–	6,406	46.080	Feb 2022 – Jul 2022
SAYE 2019 ⁴	–	6,000	–	–	6,000	48.000	Feb 2023 – Jul 2023
Total	2,492,655	623,947	–	(349,462)	2,767,140	–	–
Chris Morgan							
PSP 2016 ^{1,2}	670,859	–	–	(24,151)	646,708	nil	Jun 2019 – Jun 2026
PSP 2017 ^{1,2}	430,959	–	–	(215,480)	215,479	nil	Jun 2020 – Jun 2027
PSP 2018 ^{1,2}	419,522	–	–	–	419,522	nil	May 2021 – May 2028
PSP 2019 ^{1,2,3}	–	405,961	–	–	405,961	nil	May 2024 – May 2031
SAYE 2016 ⁴	13,260	–	–	–	13,260	33.936	Feb 2020 – Jul 2020
SAYE 2017 ⁴	7,073	–	–	–	7,073	44.280	Feb 2021 – Jul 2021
SAYE 2018 ⁴	2,578	–	–	–	2,578	46.080	Feb 2022 – Jul 2022
SAYE 2019 ⁴	–	7,350	–	–	7,350	48.000	Feb 2023 – Jul 2023
Total	1,544,251	413,311	–	(239,631)	1,717,931	–	–

¹ The 2015, 2016, 2017, 2018 and 2019 Performance Share Plan awards, made under the 2014 Performance Share Plan, were granted as nil-cost options. No consideration was paid for the grant of these options.

² 50% of each 2015, 2016, 2017, 2018 and 2019 Performance Share Plan award is subject to an EPS condition. All EPS measures referenced in this footnote are quoted on a pre-IFRS 16 basis. 25% of this part of the award vests in respect of the 2015 award: for EPS (before amortisation and exceptional costs) of 4.00 pence, with full vesting of this part of the award for EPS of 4.70 pence or better; in respect of the 2016: award for EPS (before amortisation and exceptional costs) of 2.92 pence, with full vesting of this part of the award for EPS of 5.11 pence or better; and in respect of the 2017: award for EPS (before amortisation and exceptional costs) of 5.41 pence, with full vesting of this part of the award for EPS of 6.95 pence or better; and in respect of the 2018: award for EPS (before amortisation and exceptional costs) of 6.13 pence, with full vesting of this part of the award for EPS of 7.67 pence or better. A sliding scale operates between the points. 50% of each 2015, 2016, 2017 and 2018 Performance Share Plan award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the Company's TSR performance, no portion of the part of the award which is subject to TSR performance may vest unless the Committee is also satisfied that the Company's TSR performance is reflective of its underlying performance over the performance period.

³ The performance conditions for the 2019 Performance Share Plan awards are set out in Note 2 under 'Long-term incentive plan awards granted in the year' on page 93.

⁴ All-employee scheme giving employees the opportunity to acquire shares at a discount of 20% of the market value of the shares at the time the invitation is issued. The maximum monthly contribution is £250.

The mid-market closing price of Speedy Hire Plc ordinary shares at 31 March 2020 was 49.2 pence and the range during the year was 34.6 pence to 88.0 pence per share.

Dilution

The Performance Share Plan and SAYE share option schemes provide that overall dilution through the issuance of new shares for employee share schemes should not exceed an amount equivalent to 10% of the Company's issued share capital over a rolling ten-year period. Within this 10% limit, dilution through the Performance Share Plan is limited to an amount equivalent to 5% of the Company's issued share capital over a ten year period. Both limits are in line with The Investment Association Principles of Remuneration.

The Committee monitors the position prior to making awards under these schemes to ensure that the Company remains within these limits. As at the date of this report, 2.46% of the 5% limit and 5.31% of the 10% limit have been used.

Termination payments

No Executive Director left in the year and no compensation for loss of office was paid. The principles governing compensation for loss of office payments are set out on pages 88 and 89.

Shareholder voting at AGM

At the 2019 AGM, the Directors' Remuneration Report received the following votes from shareholders:

Remuneration Report	Total number of votes	% of votes cast
For	417,446,410	97.98
Against	8,600,045	2.02
Total votes cast (for and against)	426,046,455	100
Votes withheld ¹	56,820	n/a
Total votes cast (including withheld votes)	426,103,275	

¹ A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

The Policy Report was approved by shareholders at the 2017 AGM and received the following votes.

Policy Report	Total number of votes	% of votes cast
For	420,503,951	98.45
Against	6,606,428	1.55
Total votes cast (for and against)	427,110,379	100
Votes withheld ¹	2,866,453	n/a
Total votes cast (including withheld votes)	429,976,832	

¹ A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Directors' interests in the share capital of the Company

The interests of the Directors (all of which were beneficial) who held office during FY2020, are set out in the table below:

	Legally owned		PSP Awards		Sharesave	Total	Shareholding requirement ¹	% of salary/fee of requirement met
	31 March 2019	31 March 2020	Unvested	Vested	Unvested	31 March 2020		
Russell Down	304,493	304,493	1,570,796	1,169,245	17,446	1,473,738	100	>100
Chris Morgan	250,713	250,713	1,040,962	646,708	17,001	897,421	100	>100
David Shearer	250,000	450,000	–	–	–	450,000	100	>100
Bob Contreras	40,000	40,000	–	–	–	40,000	100	52
Rob Barclay	48,000	48,000	–	–	–	48,000	100	69
Rhian Bartlett	–	74,744	–	–	–	74,744	100	>100
David Garman	75,000	75,000	–	–	–	75,000	100	>100

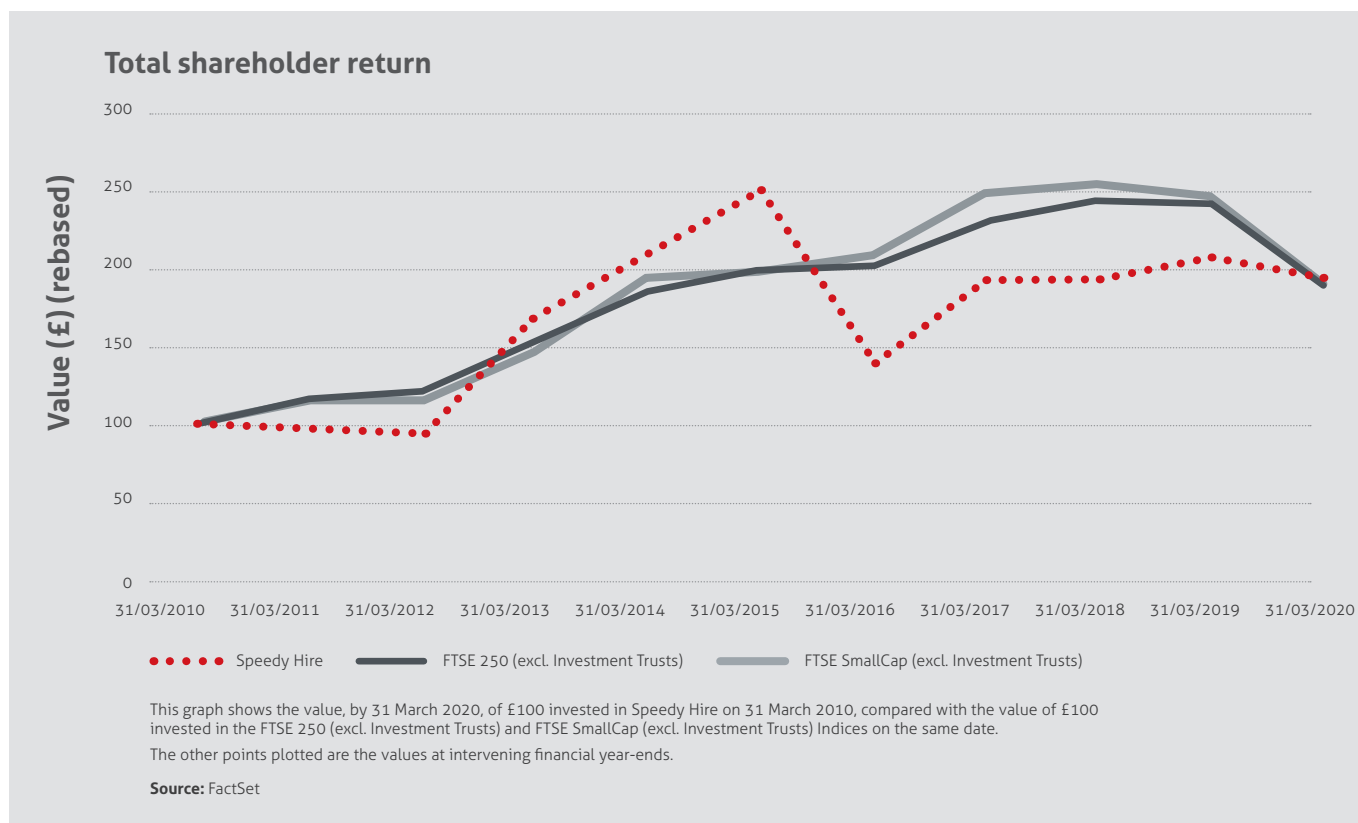
Note that only legally owned shares and vested but unexercised PSP awards during the two-year post vesting holding period only (on a net of tax basis) count towards the shareholding requirement. Shareholdings are valued on the basis of the average daily closing share price (of the three months prior to the 31 March and tested against the Directors' base salary/fee at 31 March).

¹ The shareholding requirement for Executive Directors increased to 200% of salary on 1 April 2020 to reflect the requirements proposed in the new Directors' Remuneration Policy. Shares contributing to the shareholding percentage will include vested PSP shares, deferred bonus shares, shares subject to a holding period.

There have been no changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2020 and the date of this report.

Comparison of overall performance and pay

The chart below presents the total shareholder return for Speedy Hire Plc compared to that of the FTSE 250 and FTSE SmallCap (both excluding investment trusts). The values indicated in the graph show the share price growth plus reinvested dividends over a ten-year period from a £100 hypothetical holding of ordinary shares in Speedy Hire Plc and in the index.



The total remuneration figures for the Chief Executive during each of the last ten financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance (FY2011 to FY2020) and PSP awards based on three-year performance periods ending just after the relevant year end. The annual bonus pay-out and PSP vesting level, as a percentage of the maximum opportunity, are also shown for each of these years.

	Steve Corcoran				Mark Rogerson			Russell Down				FY 2020
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	
Single Total Figure of remuneration (£'000s)	423	421	553	707	115	593	107	409	757	667 ¹	1,278 ¹	683
Annual bonus (% of max)	–	–	37.0%	–	–	60.0%	–	–	97.4%	54.8%	54.9%	–
PSP vesting (% of max)	–	–	–	82.0%	–	–	–	–	–	33.0% ²	96.4% ²	50.0%

Steve Corcoran stepped down and Mark Rogerson was appointed as Chief Executive during FY2014. Mark Rogerson stepped down and Russell Down was appointed as Chief Executive during FY2016.

¹ Total remuneration for 2018 includes the EPS element of the 2015 PSP grant (of which 15% of the maximum vested). Total remuneration for 2019 includes the TSR element of 2015 PSP grant (of which 18.51% of the maximum vested) and both the EPS and TSR element of the 2016 PSP grant (of which 96.41% vested).

² The vesting percentage for 2018 shows the vesting of the 2015 PSP grant (EPS and TSR elements). The vesting percentage for 2019 shows the vesting of the 2016 PSP grant only.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's total remuneration (excluding the value of any long-term incentives and pension benefits receivable in the year) between FY2019 and FY2020 compared to that of the average for all UK and Ireland based employees of the Group.

	% change from FY2019 to FY2020		
	Salary	Benefits	Bonus
Chief Executive	2.1%	(7.1)%	(100.0)%
Average employees	5.4%	0.0%	(55.2)%

Pay ratio of the Chief Executive to average employee

The following table compares the ratio of Chief Executive's pay at the 25th, median and 75th percentile as at 31 March 2020, and the pay details for the individuals at each percentile:

Year	Method of calculation adopted	25 th percentile pay ratio (Chief Executive : UK employees)	Median pay ratio (Chief Executive : UK employees)	75 th percentile pay ratio (Chief Executive : UK employees)
2020	Option B	30 : 1	29 : 1	22 : 1

The median, 25th percentile and 75th percentile figures used to determine the above ratios were calculated by reference to option 'B' methodology prescribed under the UK Companies (Miscellaneous Reporting) Regulations 2018. This methodology uses the Company's most recent data compiled from our gender pay gap reporting. The Committee selected this calculation methodology as it was felt to produce the most statistically accurate result.

A significant proportion of the Chief Executive's pay is delivered in long term investment awards, which are linked to the Group's performance and share price movement. The Committee considers that the median pay ratio disclosed above is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

Pay details for the individuals whose 2019/20 remuneration is at the median, 25th percentile and 75th percentile amongst UK based employees are as follows:

	Chief Executive	25 th percentile	Median	75 th percentile
Salary	£387,700	£22,000 ¹	£22,000 ¹	£28,050
Total pay and benefits	£683,155	£23,141	£23,167	£30,514

¹ Whilst base salaries are the same for these comparator employees, their position in the percentile ranking is defined on the basis of hourly pay, which includes items in addition to base salary.

Relative importance of spend on pay

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

	2019	2020	% change
Staff costs (£'m)	108.2	117.0	8.1%
Dividends (£'m)	9.1	10.9	19.8%

£1.3m of the staff costs figures relate to pay for the Executive Directors. This is different from the aggregate of the single figures for the year under review due to the way in which the share-based awards are accounted for. The dividend figures relate to amounts paid in respect of the relevant financial year.

This report was approved by the Board on 22 June 2020.

Rob Barclay

Chairman of the Remuneration Committee

Independent auditor's report

to the members of Speedy Hire Plc

1. Our opinion is unmodified

We have audited the financial statements of Speedy Hire Plc ("the Company") for the year ended 31 March 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity, company cash flow statement and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors in October 2000. The period of total uninterrupted engagement is for the 20 financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: £1.6m (2019:£1.4m)
Group financial statements as a whole 4.8% (2019: 4.6%) of Profit before tax normalised to exclude exceptional items

Coverage 86% (2019: 92%) of Group profit before tax

Key audit matters

vs 2019

Recurring risks	Group	vs 2019
	Group – Carrying amount and existence of hire equipment	◀▶
	Group – Recoverability of trade receivables	▲
	Parent - Recoverability of parent's debt due from Group entities	◀▶
Event driven risks	Group	vs 2019
	Group – Brexit	◀▶
	Group – Going concern	▲
	Group – Geason: contingent consideration, impairment (increase) and claim provision (new)	▲ new

2. Key audit matters: including our assessment of risks of material misstatement (continued)

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<p>The impact of uncertainties due to the UK exiting the European Union on our audit</p> <p><i>Refer to page 47 (principal risks), page 50 (viability statement) and page 72 (Audit Committee Report).</i></p>	<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in carrying amount of and existence of hire equipment; recoverability of trade receivables; Geason: contingent consideration and impairment and related disclosures; and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent company's position and performance, business model and strategy.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> — Our Brexit knowledge: We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. — Sensitivity analysis: When addressing Geason: contingent consideration and impairment, going concern and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. — Assessing transparency: As well as assessing individual disclosures as part of our procedures on carrying amount of and existence of hire equipment; recoverability of trade receivables; Geason: contingent consideration and impairment; and going concern we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. <p>Our results</p> <ul style="list-style-type: none"> — As reported under carrying amount of and existence of hire equipment; recoverability of trade receivables; Geason: contingent consideration and impairment, we found the resulting estimates and related disclosures of the above key audit matters and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit (2019: acceptable).

2. Key audit matters: our assessment of risks of material misstatement

	The risk	Our response
<p>Going concern</p> <p>Refer to page 40 (principal risks), page 50 (viability statement), page 72 (Audit Committee Report and page 114 (financial disclosures).</p>	<p>Disclosure quality</p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p>The risk most likely to adversely affect the Group's and Company's available financial resources over this period was the impact of Coronavirus on the economy as a whole leading to a significant decrease in revenue and cash inflows.</p> <p>There are also less predictable but realistic second order impacts, such as the impact of Brexit on the supply of assets, demand for products and cost price inflation, which could result in a reduction of available financial resources.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Funding assessment: Assessed whether the directors' view of the availability of borrowings and covenant terms is consistent with our understanding of the facility agreement and remains appropriate for the Group's requirements. — Test of detail: Evaluated the models the directors used in their assessment and whether the assumptions used are realistic, achievable and consistent with external information such as the latest Coronavirus government initiatives and industry and economic forecasts. Also assessed assumptions against post period end actual performance, our understanding of the business as well as any other matters identified in the audit. — Historical comparisons: Evaluated the reliability of the Group's cash flow forecasts and growth rates by assessing previous forecasts made by the Group against actual performance. — Sensitivity analysis: We considered sensitivities over the level of available financial resources and headroom over debt covenants indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from the rapidly changing and uncertain Coronavirus situation. — Assessing transparency: Assessed the completeness and accuracy of the matters covered in the going concern disclosure with reference to the outcome of the procedures detailed above. <p>Our results</p> <ul style="list-style-type: none"> — We found the going concern disclosure without any material uncertainty to be acceptable (2019: acceptable).

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<p>Carrying amount of and existence of hire equipment (£227.1million; 2019: £216.9 million)</p> <p><i>Refer to page 71 (Audit Committee Report), page 118 (accounting policy) and page 136 (financial disclosures).</i></p>	<p>Physical quantities</p> <p>The Group has a large number of items of hire equipment, and a high frequency of movement in assets, through asset purchases, physical hires and disposals. As such there is inherent difficulty in maintaining an accurate register of the Group's hire equipment.</p> <p>Subjective estimate</p> <p>Judgement is applied by the Group in the estimation of useful economic lives and residual values. These judgment are based on historical experience, industry regulation, an assessment of the nature of the assets involved and the future expected usage and market for the sale of assets. The judgements made are profit impacting and therefore there is an incentive for management to manipulate the judgements made.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the estimation of useful economic lives and residual values have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control design and re-performance: Testing the design and operating effectiveness of key controls including authorisation of asset purchases. — Control operation: Testing the design of controls operating over hire equipment asset counts. Testing the operating effectiveness of these controls by performing counts to test the accuracy of the counting for a sample of hire equipment assets. — Test of details: Agreeing a statistical sample of assets acquired and disposed of during the year to third party evidence and bank proceeds where applicable. Comparing the hire equipment register for the current year to prior year to determine any changes made to useful economic lives and residual values and challenging any changes to assess whether they are consistent with accounting policies and reflective of the planned usage for those assets. Reviewing profit or loss on disposal of hire equipment to support the reasonableness of the useful economic lives and residual values applied. — Test of details: Comparing the hire equipment register to hire revenue information to identify the quantity and net book value of assets not recently hired to customers. Identifying from this analysis those assets we consider to be at highest risk of obsolescence, challenging the management team to provide evidence over the existence and carrying amount of these assets and inspecting this evidence. — Assessing transparency: Assessing the adequacy of the Group's disclosures in respect of the judgements and estimates involved in arriving at the carrying amount of hire equipment. <p>Our results</p> <ul style="list-style-type: none"> — As a result of our work we found that the carrying amount of hire equipment was acceptable (2019: acceptable).

2. Key audit matters: our assessment of risks of material misstatement (continued)

The risk	The risk (continued)	Our response
<p>Geason: contingent consideration, impairment and claim provision</p> <p>£nil of contingent consideration (2019: £10.9 million); £18.5 million impairment of intangible assets (2019: £nil); £3.0 million of claim provision (2019:£nil)</p> <p><i>Refer to page 72 (Audit Committee Report), page 123 (accounting policy) and pages 133 and 145 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p><u>Contingent consideration and impairment</u></p> <p>In December 2018, the Group acquired the entire issued shareholding of Geason Holdings Limited and its subsidiary (Geason). The purchase price included a contingent consideration element of up to £26.0m potentially payable dependent on the combined performance of Geason and Speedy's training businesses in the three years following acquisition.</p> <p>In the current financial year, the performance of Geason has fallen significantly below expectations and the risks most likely to affect the financial statements in relation to this are:</p> <ul style="list-style-type: none"> - There is judgement involved in determining the value of contingent consideration to be recognised. The estimate is based on forecasted trading results. While this estimate becomes more certain over time, there is inherent uncertainty involved in forecasting performance. - The carrying value of the Training Cash Generating Unit ('CGU'), of which Geason is part of, is at risk of impairment due to the continued poor performance of Geason. An impairment charge to intangible assets of £18.5m has been recorded. The impairment charge and resulting estimated recoverable amount are subjective due to the inherent uncertainty involved in forecasting. <p>The effect of these matters is that, as part of our risk assessment, we determined that both the valuation of contingent consideration and the recoverable amount of the Training CGU have high degrees of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements disclose the range estimated by the Group in relation to the valuation of the contingent consideration (note 22).</p> <p><u>Claim provision</u></p> <p>The group has received a claim from a funding agency regarding repayment of funding. The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the liability has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>Our procedures included:</p> <p><u>Contingent consideration and impairment</u></p> <ul style="list-style-type: none"> — Historical comparison: Assessing the reliability of management's forecasting method by performing a retrospective review of forecasts set in the prior year against actual results. — Sensitivity analysis: Stress testing the key assumptions included within management's forecasts in particular those relating to forecast revenue growth and profit margins. — Test of details: Assessing the group's assumptions used in the calculations of the contingent consideration liability and the impairment charge, including revenue growth and net margin, against past performance, our understanding of the business as well as any other matters identified in the audit. — Assessing transparency: We have assessed the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the contingent consideration liability and the impairment of the Training CGU. <p><u>Claim provision</u></p> <ul style="list-style-type: none"> — Test of details: inspection of correspondence received from the funding agency and Group's lawyers to assess the appropriateness of the provision made. Detailed testing on revenue transactions recognised in the year to assess completeness of the claim provision recognised. — Assessing transparency: We have assessed the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the claim provision. <p>Our results</p> <ul style="list-style-type: none"> — We found the amount recognised for contingent consideration to be acceptable (2019: acceptable) and the amount recognised for the impairment to be acceptable (2019: not applicable). We found the amount provided for the claim to be acceptable (2019: not applicable).

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<p>Recoverability of trade receivables (£95.5 million; 2019: £95.1million)</p> <p><i>Refer to page 73 (Audit Committee Report), page 123 (accounting policy) and page 138 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p>The Group's customers operate mainly in the construction market, which entails a higher risk of non-recoverability of trade receivables as evidenced by a number of liquidations over previous years.</p> <p>The risk of recoverability of all trade receivables has been heightened at least in the short term by the impact of Coronavirus.</p> <p>The International business's customer base in the Middle East increases the risk associated with the recoverability of trade receivables as longer payment terms are given in those jurisdictions, which could delay the identification of irrecoverable trade receivables.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the provision for doubtful debts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Test of details: Assessing the methodology used to calculate the provision recorded against trade receivables, challenging the appropriateness of these provisions based on historical bad debt write-offs, collection rates and the forecasted impact of Coronavirus. — Tests of detail: After analysing the level of cash receipts post year end, identifying a risk based sample of receivables. For this sample, assessing the adequacy of the provision held by evaluating the payment status of the receivable balance and the customer's likelihood of payment, including independently agreeing the customer's latest credit score and assessing the legal status of the balances. — Assessing transparency: Assessing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the carrying amount of the trade receivables balance. <p>Our results</p> <ul style="list-style-type: none"> — From the evidence obtained, we considered the level of provisioning to be acceptable (2019: acceptable).
<p>Recoverability of parent's debt due from Group entities (£319.8 million; 2019: £332.9million)</p> <p><i>Refer to page 153 (accounting policy) and page 155 (financial disclosures).</i></p>	<p>Low risk, high value:</p> <p>The carrying amount of the intra-group debtor balance represents 71% (2019: 76%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Tests of detail: Assessing 100% of Group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making. — Assessing subsidiary audits: Assessing the work performed by the subsidiary audit teams, and considering the results of that work, on those net assets, including assessing the liquidity of the assets and therefore the ability of the subsidiary to fund the repayment of the receivable. <p>Our results</p> <ul style="list-style-type: none"> — We found the Group's assessment of the recoverability of the Group debtor balance to be appropriate (2019: appropriate).

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

Materiality for the Group financial statements as a whole was set at £1.6m (2019: £1.4m), determined with reference to a benchmark of Group profit before tax, adjusted to exclude this year's exceptional items as disclosed in note 3, of £12.9 m (2019: £2.0m), of which it represents 4.8 % (2019: 4.6%).

Materiality for the parent Company financial statements as a whole was set at £1.1 m (2019: £1.0m), determined with reference to a benchmark of Company total assets, of which it represents 0.2% (2019: 0.2%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.08m (2019: £0.07m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's sixteen (2019: twelve) reporting components, we subjected twelve (2019: nine) to full scope audits for Group purposes and none to specified risk-focused audit procedures (2019: one, being a newly acquired subsidiary, performing specified risk-focused audit procedures over hire equipment). The latter was not individually financially significant enough in the prior year to require a full scope audit for Group purposes, but was subjected to a full scope audit in the current period.

The work on five of sixteen (2019: two of twelve) components was performed by the component auditors. The work on the other seven (2019: ten) components, including the audit of the parent company, was performed by the Group audit team.

The Group team performed procedures on the exceptional items excluded from normalised Group profit before tax.

The components within the scope of our work accounted for the percentages illustrated opposite. The remaining 15% of group profit before tax is represented by four reporting components. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed the component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £0.1m to £1.1m (2019: £0.1m to £1.0m), having regard to the mix of size and risk profile of the Group across the components.

The Group audit team held telephone conference meetings with the component auditors. At these meetings, the findings reported to the Group audit team were discussed in more detail and any further work required by the Group audit team was then performed by the component auditors.

Profit before tax adjusted to exclude exceptional items
£33.6m (2019: £30.2m)



■ Profit before tax adjusted to exclude exceptional items
■ Group materiality

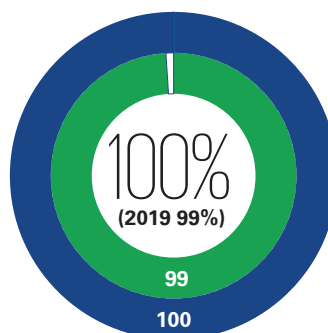
Group Materiality
£1.6m (2019: £1.4m)

£1.6m
Whole financial statements materiality (2019: £1.4m)

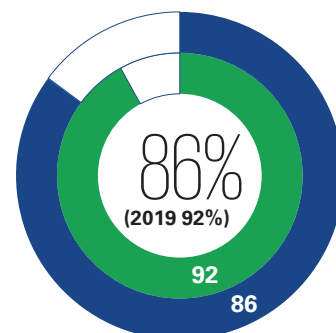
£1.1m
Range of materiality at twelve components (£0.1m-£1.1m) (2019: £0.1m-£1.0m)

£0.08m
Misstatements reported to the audit committee (2019: £0.07m)

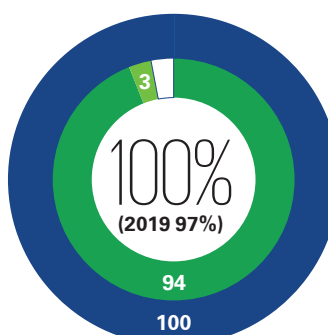
Group revenue



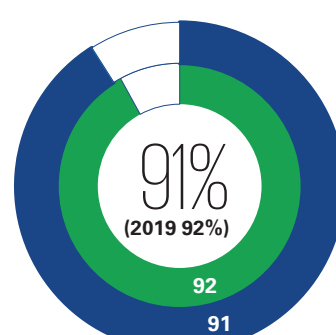
Group profit before tax



Group total assets



Group profit before exceptional items and tax



■ Full scope for Group audit purposes 2020
■ Specified risk-focused audit procedures 2020
■ Full scope for Group audit purposes 2019
■ Specified risk-focused audit procedures 2019
■ Residual components

4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements ; or
- the related statement under the Listing Rules set out on page 61 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

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

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Directors' Viability Statement on page 50 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Directors' Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Directors' Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
 - we have not identified material misstatements therein; and
 - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 61, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

**Chris Hearld (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 St Peter's Square
Manchester
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22 June 2020





Financial Statements

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Financial Statements

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Consolidated Income Statement

For the year ended 31 March 2020

	Note	Year ended March 2020			Year ended March 2019 Restated ¹		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	2	406.7	–	406.7	394.7	–	394.7
Cost of sales		(182.5)	–	(182.5)	(180.3)	–	(180.3)
Gross profit		224.2	–	224.2	214.4	–	214.4
Distribution and administrative costs ¹		(186.4)	(23.8)	(210.2)	(178.4)	(1.2)	(179.6)
Analysis of operating profit							
Operating profit before amortisation and exceptional items		39.1	–	39.1	36.7	–	36.7
Amortisation	12	(1.3)	–	(1.3)	(0.7)	–	(0.7)
Exceptional items	3	–	(23.8)	(23.8)	–	(1.2)	(1.2)
Operating profit		37.8	(23.8)	14.0	36.0	(1.2)	34.8
Share of results of joint venture	13	2.8	–	2.8	1.9	–	1.9
Profit from operations		40.6	(23.8)	16.8	37.9	(1.2)	36.7
Net financial expense ¹	7	(7.0)	10.9	3.9	(7.2)	(0.8)	(8.0)
Profit before taxation		33.6	(12.9)	20.7	30.7	(2.0)	28.7
Taxation ¹	8	(5.9)	2.0	(3.9)	(5.5)	–	(5.5)
Profit for the financial year		27.7	(10.9)	16.8	25.2	(2.0)	23.2
Earnings per share							
Basic (pence) ¹	9			3.23			4.47
Diluted (pence) ¹	9			3.19			4.43
Non-GAAP performance measures							
EBITDA before exceptional items ¹	11	107.4			104.8		
Profit before tax, amortisation and exceptional items ¹	11	34.9			31.4		
Adjusted earnings per share (pence) ¹	9	5.54			4.96		

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Year ended 31 March 2020 £m	Year ended 31 March 2019 Restated ¹ £m
Profit for the financial year ¹	16.8	23.2
Other comprehensive income that may be reclassified subsequently to the Income Statement:		
Effective portion of change in fair value of cash flow hedges	(0.2)	(0.6)
Exchange difference on translation of foreign operations ¹	0.9	0.4
Tax on items	0.1	0.1
Other comprehensive income, net of tax	0.8	(0.1)
Total comprehensive income for the financial year	17.6	23.1

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

Consolidated Balance Sheet

At 31 March 2020

	Note	31 March 2020 £m	31 March 2019 Restated ^{1,2} £m	1 April 2018 Restated ¹ £m
Assets				
Non-current assets				
Intangible assets ²	12	23.1	41.7	10.5
Investment in joint venture	13	7.3	5.8	5.1
Property, plant and equipment				
Hire equipment ²	14	227.1	216.9	203.7
Non-hire equipment ¹	14	30.5	32.2	34.2
Right of use assets ¹	15	64.7	72.2	68.4
Deferred tax asset ¹	23	2.8	3.0	3.7
		355.5	371.8	325.6
Current assets				
Inventories ²	16	8.7	9.1	7.9
Trade and other receivables ²	17	102.3	101.7	97.0
Cash	20	22.8	11.5	9.8
Current tax asset		1.5	–	–
		135.3	122.3	114.7
Total assets		490.8	494.1	440.3
Liabilities				
Current liabilities				
Borrowings ¹	20	–	(1.1)	(5.4)
Lease liabilities ¹	21	(20.2)	(22.3)	(18.6)
Other financial liabilities	19	(0.5)	(0.3)	–
Trade and other payables ²	18	(90.9)	(83.6)	(81.6)
Provisions ^{1,2}	22	(5.9)	(6.9)	(1.6)
Current tax liability		–	(4.7)	(1.4)
		(117.5)	(118.9)	(108.6)
Non-current liabilities				
Borrowings ¹	20	(102.1)	(99.5)	(73.5)
Lease liabilities ¹	21	(52.7)	(60.1)	(62.3)
Provisions ^{1,2}	22	(1.2)	(6.5)	(0.4)
Deferred tax liability ¹	23	(7.4)	(7.1)	(8.2)
		(163.4)	(173.2)	(144.4)
Total liabilities		(280.9)	(292.1)	(253.0)
Net assets		209.9	202.0	187.3
Equity				
Share capital	24	26.4	26.3	26.2
Share premium		0.8	0.4	–
Merger reserve		1.0	1.0	1.0
Hedging reserve		(0.9)	(0.7)	(0.1)
Translation reserve		0.4	(0.5)	(0.9)
Retained earnings ¹		182.2	175.5	161.1
Total equity		209.9	202.0	187.3

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

² Restated for fair value adjustments relating to acquisitions made in the prior year, see Note 26

The Consolidated Financial Statements on pages 109 to 149 were approved by the Board of Directors on 22 June 2020 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director

Company registered number: 00927680

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital	Share premium	Merger reserve	Hedging reserve	Translation reserve	Retained earnings Restated ¹	Total equity Restated ¹
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2018	26.2	–	1.0	(0.1)	(0.9)	171.6	197.8
IFRS 16 transition impact ¹	–	–	–	–	–	(10.5)	(10.5)
At 1 April 2018¹	26.2	–	1.0	(0.1)	(0.9)	161.1	187.3
Total comprehensive income ¹	–	–	–	(0.6)	0.4	23.3	23.1
Dividends	–	–	–	–	–	(9.1)	(9.1)
Tax on items taken directly to equity	–	–	–	–	–	0.4	0.4
Equity-settled share-based payments	–	–	–	–	–	0.9	0.9
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	–	0.5
Purchase of own shares to satisfy share schemes	–	–	–	–	–	(1.1)	(1.1)
At 31 March 2019¹	26.3	0.4	1.0	(0.7)	(0.5)	175.5	202.0
Total comprehensive income	–	–	–	(0.2)	0.9	16.9	17.6
Dividends	–	–	–	–	–	(10.9)	(10.9)
Tax on items taken directly to equity	–	–	–	–	–	0.2	0.2
Equity-settled share-based payments	–	–	–	–	–	0.5	0.5
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	–	0.5
At 31 March 2020	26.4	0.8	1.0	(0.9)	0.4	182.2	209.9

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

Consolidated Cash Flow Statement

For the year ended 31 March 2020

	Note	Year ended 31 March 2020 £m	Year ended 31 March 2019 Restated ¹ £m
Cash generated from operating activities			
Profit before tax ¹		20.7	28.7
Financial expense ¹		7.0	7.2
Exceptional intangible asset impairment		18.5	–
Exceptional financial (income)/expense		(10.9)	0.8
Amortisation		1.3	0.7
Depreciation ¹		68.3	68.1
Share of profit from joint venture		(2.8)	(1.9)
Termination of lease contracts		(1.3)	(1.0)
Profit on disposal of hire equipment		(0.8)	(1.2)
Profit on disposal of non-hire equipment		(3.9)	–
Decrease/(increase) in inventories		0.4	(0.9)
Increase in trade and other receivables ¹		(0.6)	(0.7)
Increase/(decrease) in trade and other payables ¹		5.4	(2.7)
Movement in provisions ¹		4.6	(0.3)
Equity-settled share-based payments		0.5	0.9
Cash generated from operations before changes in hire fleet		106.4	97.7
Purchase of hire equipment		(53.6)	(54.3)
Proceeds from sale of hire equipment		11.7	17.8
Cash generated from operations		64.5	61.2
Interest paid ¹		(6.5)	(6.7)
Tax paid		(9.3)	(4.7)
Net cash flow from operating activities		48.7	49.8
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment		(9.0)	(6.5)
Proceeds from sale of non-hire property, plant and equipment		4.2	–
Acquisitions, net of cash acquired		–	(30.9)
Investment in joint venture		1.3	1.2
Net cash flow from investing activities		(3.5)	(36.2)
Net cash flow before financing activities		45.2	13.6
Cash flow from financing activities			
Payments for the principle element of leases ¹		(24.5)	(23.7)
Drawdown of loans		398.5	468.7
Repayment of loans		(396.4)	(442.9)
Proceeds from the issue of Sharesave Scheme shares		0.5	0.5
Purchase of own shares to satisfy share schemes		–	(1.1)
Dividends paid		(10.9)	(9.1)
Net cash flow from financing activities		(32.8)	(7.6)
Increase in cash and cash equivalents		12.4	6.0
Net cash at the start of the financial year		10.4	4.4
Net cash at the end of the financial year		22.8	10.4
Analysis of cash and cash equivalents			
Cash	20	22.8	11.5
Bank overdraft	20	–	(1.1)
		22.8	10.4

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

Notes to the financial statements

1 Accounting policies

Speedy Hire Plc is a company incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group and Parent Company Financial Statements were approved by the Board of Directors on 22 June 2020.

Statement of compliance

Both the Group and Parent Company Financial Statements have been prepared and approved by the Board of Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

Basis of preparation

The Financial Statements are prepared on the historical cost basis except that derivative financial instruments and contingent consideration are held at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 19 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and market risk.

The Group has a £180m asset based finance facility ('the facility') which matures in October 2022 and has no prior scheduled repayment requirements. The undrawn availability on this facility as at 31 March 2020 was £70.2m (2019: £68.4m) based on the Group's eligible hire equipment and trade receivables. Net debt had reduced from £79.3m at 31 March 2020 to £67.3m at 31 May 2020.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared a going concern assessment up to 30 June 2021 (and have presented a Viability Statement in the Strategic Report on page 50), which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant requirements set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues, including the impact of the recent increased economic uncertainty resulting from COVID-19. The Group responded quickly to assess the potential impact on revenues, costs and cash; actions implemented immediately included restricting discretionary spend, consolidating the depot network, temporarily closing sites and servicing customers from alternative locations. The Group's base case for the 12 months to 30 June 2021 assumed an initial reduction in revenue of 40% on the prior year, recovering towards prior year levels by the end of March 2021. The Board has considered various severe but possible downturn scenarios including a prolonged period of reduced activity, with revenues for June 2020 reduced by 50% from the prior year, a further three month period of lockdown from November 2020 and a slower recovery than in the base case. Mitigations applied in these downturn scenarios include the use of the Government Coronavirus Job Retention Scheme, delays to certain tax payments, and a reduction in planned capital expenditure. Despite the severity of the assumptions applied in these scenarios, the Group maintains significant headroom against its available facility and covenant requirements.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

1 Accounting policies continued

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to variable returns and has the ability to use its power to alter its returns from its involvement with the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements.

Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in joint ventures are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

New accounting standards and accounting standards not yet effective

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ('IASB') became effective during the year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long Term Interests in Associates and Joint Ventures
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Various standards	Annual Improvements to IFRS Standards 2015-2017 Cycle

The implementation of IFRS 16 has had a material impact on the financial statements, and is discussed in further detail below. The other amendments to standards and interpretations noted above had no significant impact on the financial statements.

The IASB and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations at 31 March 2020 with an effective date of implementation after the date of these Financial Statements:

International Accounting Standards (IAS)/IFRS		Effective date (periods beginning on or after)
Amendments to IFRS 3 ¹	Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
IFRS 17 ¹	Insurance Contracts	1 January 2021
Amendments to IAS 1 ¹	Classification of Liabilities as Current or Non-current	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest Rate Benchmark Reform	1 January 2020
Various standards	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

¹ Not yet endorsed by the EU

1 Accounting policies continued

Transition to IFRS 16 'Leases'

In January 2016, the IASB issued IFRS 16 which applies to an entity's first annual statements beginning on or after 1 January 2019, and is therefore applicable to the Group for the year ending 31 March 2020. The main principle of the standard is to eliminate the dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and to provide a single model for lessee accounting. IFRS 16 requires lessees to recognise right of use assets and lease liabilities for leases. Accounting requirements for lessors are substantially unchanged from IAS 17.

The standard represents a significant change in the accounting and reporting of leases for lessees and impacts the Income Statement and Balance Sheet as well as statutory and alternative performance measures used by the Group.

The Group has applied the fully retrospective transition approach to these financial statements, and therefore has restated comparative amounts as at 1 April 2018 and for the year ended 31 March 2019. Under IFRS 16, the Group will experience a different pattern of expense within the Income Statement, with the IAS 17 operating lease expense replaced by depreciation and interest expense. The interest expense is weighted towards the earlier years of the leases and as a result a reduction in Retained Earnings of £10.5m has been recognised upon transition. There is no impact on the Group's underlying cash flows.

The financial impact of the transition on the Group's reported results is set out below:

	Year ended 31 March 2020			Year ended 31 March 2019		
	Excluding IFRS 16 £m	IFRS 16 impact £m	Reported £m	Excluding IFRS 16 £m	IFRS 16 impact £m	Reported £m
Income statement impact						
Operating profit	9.1	4.9	14.0	29.8	5.0	34.8
EBITDA	78.3	29.1	107.4	78.7	26.1	104.8
EBITA	33.8	5.3	39.1	32.7	4.0	36.7
Financial expense (before exceptional items)	(3.8)	(3.2)	(7.0)	(3.7)	(3.5)	(7.2)
Profit before tax, amortisation and exceptional items	32.8	2.1	34.9	30.9	0.5	31.4
Profit before tax	19.0	1.7	20.7	27.2	1.5	28.7
Taxation	(3.5)	(0.4)	(3.9)	(5.1)	(0.4)	(5.5)
Basic EPS	2.98	0.25	3.23	4.26	0.21	4.47
Diluted EPS	2.94	0.25	3.19	4.22	0.21	4.43
Adjusted EPS	5.21	0.33	5.54	4.90	0.06	4.96

	31 March 2020			31 March 2019			1 April 2018
	Excluding IFRS 16 £m	IFRS 16 impact £m	Reported £m	Excluding IFRS 16 £m	IFRS 16 impact £m	Reported £m	Restated for IFRS 16 £m
Balance sheet impact							
Right of use assets	–	64.7	64.7	–	72.2	72.2	68.4
Non-hire equipment	30.9	(0.4)	30.5	32.8	(0.6)	32.2	34.2
Deferred tax assets	1.3	1.5	2.8	1.1	1.9	3.0	3.7
Lease liabilities	–	(72.9)	(72.9)	(0.3)	(82.1)	(82.4)	(80.9)
Trade and other receivables	105.1	(2.8)	102.3	104.4	(2.7)	101.7	97.0
Trade and other payables	(92.6)	1.7	(90.9)	(84.8)	1.2	(83.6)	(81.6)
Provisions	(7.4)	0.3	(7.1)	(14.3)	0.9	(13.4)	(2.0)

1 Accounting policies continued

Accounting for leasing activities under IFRS 16

The Group holds leases for a number of properties and vehicles. Rental contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options as set out below. Such leases can contain a wide range of different terms and conditions. On transition to IFRS 16 the Group also reassessed its other contracts to identify whether they contained a lease.

Until 31 March 2018, leases of property, plant and equipment were classified as either operating leases or finance leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Income Statement on a straight-line basis over the lease term.

From 1 April 2018, 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 the Income Statement over the lease period. The right of use asset is depreciated over the lease term on a straight-line basis.

Lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) and variable lease payments that are based on a specified index or rate. A separate provision for onerous leases is therefore no longer required. The lease payments are discounted using the Group's incremental borrowing rate (if the interest rate implicit in the lease is not readily determinable). This rate is the interest rate the Group 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.

Right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs, any restoration costs, and any lease payments made at or before the commencement date. Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Income Statement. Short term leases are certain leases with a lease term of 12 months or less. Low value assets comprise certain small items of IT equipment and office furniture where the cash value when new is considered immaterial.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term applicable for accounting purposes, management considers all facts and circumstances that create economic incentive to exercise an extension option, or not to exercise a termination option. Extension 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 significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer net of returns, trade discounts and volume rebates. Customer invoicing is typically performed multiple times a month on standard payment terms. The Group reports three revenue categories:

i) Hire and related activities

The Group recognises revenue for hire services on a straight-line basis over the period of hire, adjusted for rebates. Revenue is recognised for transport services provided at the point at which delivery or collection is completed. Revenue for repairs is recognised when damage is identified.

ii) Services revenue

The Group recognises revenue for rehire services on a straight-line basis over the period of hire, adjusted for rebates. The Group recognises revenue for training services over time as the service is provided to the customer. Revenue for testing is recognised at a point-in-time once certification is provided. The Group recognises revenue on the sale of consumables (including fuel) on a point-in-time basis when control is transferred to the customer.

iii) Disposals revenue

The Group recognises revenue on planned asset disposals on a point-in-time basis when control is transferred to the customer.

1 Accounting policies continued

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or the refurbishment of the asset where the refurbishment extends the asset's useful economic life.

Depreciation of property, plant and equipment is charged to the income statement so as to write off the cost of the assets over their estimated useful economic lives after taking account of estimated residual values. Residual values and estimated useful economic lives are reassessed at least annually. Land is not depreciated. Hire equipment assets are depreciated so as to write down to their residual value over their normal useful lives, which range from three to fifteen years depending on the category of the asset.

The principal rates and methods of depreciation used are as follows:

Hire equipment

Tools and general equipment	Between three and seven years straight-line
Access equipment	Between five and fifteen years straight-line
Surveying equipment	Five years straight-line
Power equipment	Between five and ten years straight-line

Non-hire assets

Freehold buildings and long leasehold improvements	Over the shorter of the lease period and 50 years straight-line
Short leasehold property improvements	Over the period of the lease
Fixtures and fittings and office equipment (excluding IT)	25%-45% per annum straight-line
IT equipment and software	Between three and five years straight-line, or over the period of the software licence (if shorter)
Motor vehicles	25% per annum straight-line

Planned disposals of hire equipment are transferred, at net book value, to inventory prior to sale, with the sale included in revenue. Profit or loss on other disposals is taken to operating profit as shown in Note 4.

Financing income and costs

Financing costs comprise interest payable on borrowings and lease liabilities, and gains and losses on financial instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest rate.

Interest payable on borrowings includes a charge in respect of attributable transaction costs and non-utilisation fees, which are recognised in the income statement over the period of the borrowings on an effective interest basis.

1 Accounting policies continued

Income tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities affecting neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

IAS 12 'Income Taxes', does not require all temporary differences to be provided for. In particular, the Group does not provide for deferred tax on undistributed earnings of subsidiaries where the Group is able to control the timing of the distribution and the temporary difference created is not expected to reverse in the foreseeable future.

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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

The Group determines and presents operating segments based on the information that is provided internally to the Board, which is the Group's 'chief operating decision-maker'.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any other member of the Group and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

1 Accounting policies continued

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. 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.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Goodwill is stated after any accumulated impairment losses and is included as an intangible asset. It is allocated to cash-generating units and is tested annually for impairment and at each reporting date to the extent that there are any indicators of impairment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (Note 12).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of identified intangible assets. Intangible assets excluding goodwill are amortised from the date that they are available for use. For a number of its acquisitions, the Group has identified intangible assets in respect of customer lists and brands. The values of these intangibles are recognised as part of the identifiable assets, liabilities and contingent liabilities acquired. The useful lives are estimated as follows:

Customer lists	Over the period of the expected benefit, up to ten years
Brands	Over the period of use in the business, up to ten years

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Impairments

The carrying amounts of the Group's non-financial assets, other than deferred tax, are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated, being the higher of net realisable value and value in use, and if there is an impairment loss then this loss is recognised such that the carrying amount is reduced accordingly.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis.

1 Accounting policies continued

Own shares held by Employee Benefits Trust

Transactions of the Company-sponsored Employee Benefits Trust are treated as being those of the Company and are therefore reflected in the Company and Group Financial Statements. In particular, the Trust's purchases of shares in the Company are charged directly to equity.

Inventories

Inventories are measured at the lower of cost and net realisable value. Assets transferred from the hire fleet are measured at the lower of cost less accumulated depreciation and impairment at the date of transfer, or net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes; however derivatives that do not qualify for hedge accounting are accounted for as trading instruments and the movement in fair value is recognised in the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument expires, no longer meets the criteria for hedge accounting, is sold, is terminated or is exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the 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.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

1 Accounting policies continued

Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement.

Assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The results of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the period. Exchange differences resulting from the translation of the results and balances of overseas subsidiaries are charged or credited directly to the foreign currency translation reserve.

Gains and losses on intercompany foreign currency loans that are long-term in nature, and which the Company does not intend to settle in the foreseeable future, are also recorded in the foreign currency translation reserve.

Employee benefits

Pension schemes

The Group has automatically enrolled UK employees in a defined contribution pension plan and makes contributions to personal pension schemes for these UK employees and certain other non-UK employees. Obligations for contributions to these defined contribution pension plans are recognised as an expense in the income statement as incurred. In addition, a requirement exists in United Arab Emirates, where the Group operates, to pay terminal gratuities to employees based on their length of service when they leave the Group's employment.

Share-based payment transactions

The Group operates a number of schemes that allow certain employees to acquire shares in the Company, including the Performance Share Plan and the all-employee Sharesave Schemes. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured, using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where it is related to market based performance conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

Start-up expenses

Legal and start-up expenses incurred in respect of new depots are written off as incurred.

Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, the obligation can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Contingent liabilities are disclosed for possible obligations whose existence will be confirmed by uncertain future events, or where settlement values cannot be measured reliably.

Exceptional items

Exceptional items are those material items that, by virtue of their size or incidence, are presented separately in the income statement to give a full understanding of the Group's underlying financial performance. Transactions that may give rise to exceptional items include the restructuring of business activities, changes to the fair value of contingent consideration and impairments within cash generating units.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

1 Accounting policies continued

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Merger reserve

The merger reserve was created in prior periods in accordance with merger accounting principles as a result of Group restructuring.

Significant judgements and estimates

The preparation of Financial Statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following accounting policies are limited to those items that would be most likely to produce materially different results were the underlying judgements, estimates and assumptions changed.

The following are significant sources of estimation uncertainty that management has made in the process of applying the accounting policies and that have the most significant risk of resulting in a material adjustment within the next financial year.

Hire equipment

In relation to the Group's hire equipment (Note 14), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2020, the carrying value of hire equipment was £227.1m (2019: £216.9m), representing 88.2% (2019: 87.1%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2020 was £34.9m (2019: £36.1m), which represents 8.8% (2019: 9.6%) of the average original cost of hire equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Valuation of trade receivables

The Group monitors the risk profile of trade receivables regularly and makes a provision for amounts that may not be recoverable on the basis of expected portfolio losses, including the impact of recent economic conditions. When a trade receivable is not collectable it is written off against the bad debt provision. At 31 March 2020, the provision for bad debt was £3.9m (2019: £3.7m) against a total debtor book of £99.4m (2019: £98.8m). Further detail is provided in Note 17, including an ageing analysis of unprovided debt.

Contingent consideration

Contingent consideration may be payable by the Group in relation to the acquisition of Geason Holdings Limited ("Geason Training"). The consideration depends on the combined performance of Geason Training and the Group's training business in the three years post acquisition. The fair value of this consideration has been estimated using forecast cash flows for an equivalent period, discounted at a risk-adjusted rate. Total fair value of contingent consideration as at year end is £nil (2019: £10.9m). There have been significant assumptions applied regarding the amount and timing of payments, and the discount rate applied in calculating this fair value.

Impairment of intangible assets

The carrying amounts of the Group's non-financial assets, other than deferred tax, are reviewed at each reporting date to determine whether there is any impairment. Such reviews require applying significant assumptions, as described further in Note 12.

Training provision

A provision has been created in the period for potential funding repayments required by Geason Training. Significant assumptions have been applied regarding the amount and timing of payments, as described further in Note 22.

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker' ('CODM'). UK and Ireland delivers asset management, with tailored services and a continued commitment to relationship management. International principally delivers projects and facilities management contracts by providing a managed site support service.

For the year ended 31 March 2020	UK and Ireland £m	International £m	Corporate items £m	Total £m
Revenue	371.5	35.2	–	406.7
Segment result:				
EBITDA before exceptional items	102.7	8.2	(3.5)	107.4
Depreciation	(65.4)	(2.5)	(0.4)	(68.3)
Operating profit/(costs) before amortisation and exceptional items	37.3	5.7	(3.9)	39.1
Amortisation	(1.3)	–	–	(1.3)
Exceptional items	(23.5)	(0.3)	–	(23.8)
Operating profit/(costs)	12.5	5.4	(3.9)	14.0
Share of results of joint venture	–	2.8	–	2.8
Trading profit/(costs)	12.5	8.2	(3.9)	16.8
Financial expense				(7.0)
Exceptional financial credit				10.9
Profit before tax				20.7
Taxation				(3.9)
Profit for the financial year				16.8
Intangible assets	21.9	–	1.2	23.1
Investment in joint venture	–	7.3	–	7.3
Hire equipment	215.7	11.4	–	227.1
Non-hire equipment	28.4	2.1	–	30.5
Right of use assets	62.2	2.5	–	64.7
Taxation assets	–	–	4.3	4.3
Current assets	94.5	14.9	1.6	111.0
Cash	–	–	22.8	22.8
Total assets	422.7	38.2	29.9	490.8
Lease liabilities	(68.8)	(4.1)	–	(72.9)
Other liabilities	(82.4)	(12.1)	(4.0)	(98.5)
Borrowings	–	–	(102.1)	(102.1)
Taxation liabilities	–	–	(7.4)	(7.4)
Total liabilities	(151.2)	(16.2)	(113.5)	(280.9)

2 Segmental analysis continued

Corporate items comprise certain central activities and costs that are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function that are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

For the year ended 31 March 2019	UK and Ireland Restated ^{1,2} £m	International Restated ¹ £m	Corporate items Restated ¹ £m	Total Restated ^{1,2} £m
Revenue	358.6	36.1	–	394.7
Segment result:				
EBITDA before exceptional items ¹	100.5	8.5	(4.2)	104.8
Depreciation ¹	(64.3)	(2.6)	(1.2)	(68.1)
Operating profit/(costs) before amortisation and exceptional items	36.2	5.9	(5.4)	36.7
Amortisation	(0.7)	–	–	(0.7)
Exceptional items ¹	(1.2)	–	–	(1.2)
Operating profit/(costs)	34.3	5.9	(5.4)	34.8
Share of results of joint venture	–	1.9	–	1.9
Trading profit/(costs)	34.3	7.8	(5.4)	36.7
Financial expense ¹				(7.2)
Exceptional financial expense				(0.8)
Profit before tax				28.7
Taxation ¹				(5.5)
Profit for the financial year				23.2
Intangible assets ²	41.7	–	–	41.7
Investment in joint venture	–	5.8	–	5.8
Hire equipment ²	209.8	7.1	–	216.9
Non-hire equipment ¹	29.7	2.5	–	32.2
Right of use assets ¹	69.4	2.8	–	72.2
Taxation assets ^{1,2}	–	–	3.0	3.0
Current assets ^{1,2}	97.9	12.0	0.9	110.8
Cash	–	–	11.5	11.5
Total assets	448.5	30.2	15.4	494.1
Lease liabilities ¹	(77.9)	(4.5)	–	(82.4)
Other liabilities ^{1,2}	(81.8)	(11.4)	(4.1)	(97.3)
Borrowings ¹	–	–	(100.6)	(100.6)
Taxation liabilities ²	–	–	(11.8)	(11.8)
Total liabilities	(159.7)	(15.9)	(116.5)	(292.1)

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

²Restated for fair value adjustments relating to acquisitions made in the prior year – see Note 26

2 Segmental analysis continued

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Year ended 31 March 2020		Year ended 31 March 2019	
	Revenue	Total assets	Revenue	Total assets Restated ^{1,2}
	£m	£m	£m	£m
UK	361.3	438.4	347.8	449.9
Ireland	10.2	14.2	10.8	14.0
United Arab Emirates	35.2	38.2	36.1	30.2
	406.7	490.8	394.7	494.1

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

²Restated for fair value adjustments relating to acquisitions made in the prior year – see Note 26

Revenue by type

Revenue is attributed to the following activities:

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Hire and related activities	240.5	236.4
Services	162.0	152.8
Disposals	4.2	5.5
	406.7	394.7

Major customers

No one customer represents more than 10% of revenue, reported profit or combined assets of the Group.

3 Exceptional items

For the year ended 31 March 2020	Recognised in distribution and administrative expenses £m	Recognised in net financial expenses £m	Total £m
Changes to fair value of contingent consideration	–	10.9	10.9
Impairment of Training CGU	(20.1)	–	(20.1)
Training provision	(3.0)	–	(3.0)
Exceptional items relating to Training CGU	(23.1)	10.9	(12.2)
Sale of surplus land	3.9	–	3.9
Acquisition integration costs	(1.7)	–	(1.7)
Property related costs	(2.0)	–	(2.0)
COVID-19 related costs	(0.6)	–	(0.6)
International contract costs	(0.3)	–	(0.3)
	(23.8)	10.9	(12.9)

An exceptional financial credit of £10.9m has been recognised in relation to changes in the fair value of contingent consideration no longer expected to be paid in respect of Geason Training. An exceptional impairment charge of £20.1m for the Speedy Training CGU has been recognised, which comprises impairment of £13.7m against goodwill and £4.8m against other intangible assets (see Note 12), and a provision of £1.6m against trade and other receivables.

In April 2020 Speedy were notified that a funding agency was suspending payments, and seeking repayment of funding from Geason Training. £3.0 million has been provided as an exceptional charge including legal and verification costs. Further detail is provided in Note 22.

On 29 October 2019, the Group sold a plot of surplus land. Consideration of £4.0m was paid in cash in full at completion. The land had a book value £0.1m and the resultant profit of £3.9m has been recognised as an exceptional item.

Following the acquisitions of Geason Training and Lifterz made in the prior year, integration expenses of £1.7m have been incurred relating to property provisions, redundancy and project management costs.

An exceptional provision of £2.0m has been made for specific non-recurring identified repairs required to properties within the depot network as a result of potential landlord claims.

Exceptional costs of £0.6m related to COVID-19, including bad debt and staff related costs were provided for at March 2020.

Exceptional costs of £0.3m incurred relating to the renewal of the major contract in the International division have been recognised in the year.

For the year ended 31 March 2019

Prior period – restatement for IFRS 16

Under previous accounting policies for the year ended 31 March 2019, net exceptional items of £2.2m (comprising £1.2m property related costs, £0.2m of people costs, £0.9m of transaction costs and a credit of £0.1m for released provisions) were charged to operating profit. On transition to IFRS 16, an additional exceptional credit of £1.0m was recognised for the year ended 31 March 2019 in relation to a gain on termination of a distribution centre lease.

An exceptional financial expense of £0.8m was recognised in relation to changes in the fair value of contingent consideration between the date of the Geason Training acquisition and 31 March 2019.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2020 £m	2019 Restated ¹ £m
Amortisation of intangible assets	1.3	0.7
Depreciation of owned property, plant and equipment ¹	44.5	46.0
Depreciation of right of use assets	24.9	22.1
Profit on disposal of hire equipment	(0.8)	(1.2)
Profit on disposal of non-hire equipment	(3.9)	–
Impairment of intangible assets	18.5	–
Auditor's remuneration		
Audit of these Financial Statements	0.2	0.1
Audit of financial statements of subsidiaries	0.1	0.1
Total audit fees	0.3	0.2
Non-audit fees: audit-related services – interim review fee of £31,200 (2019: £31,200)	–	–
Total fees	0.3	0.2

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

5 Employees

The average number of people employed by the Group (including Directors) during the year was as follows:

	Number of employees	
	2020	2019
UK and Ireland	3,212	3,069
International	610	571
Central	249	233
	4,071	3,873

The aggregate payroll costs of these employees (including bonuses) were as follows:

	2020 £m	2019 £m
Wages and salaries	103.5	96.3
Social security costs	9.9	8.8
Pension costs	3.1	2.2
Share-based payments	0.5	0.9
	117.0	108.2

6 Directors' remuneration

	2020 £'000s	2019 £'000s
Directors' emoluments		
Basic remuneration, including benefits	985	959
Value of long-term incentives	378	990
Performance related bonuses	–	346
Company pension contributions	96	94
	1,459	2,389
Emolument of the highest paid Director		
Basic remuneration, including benefits	401	394
Value of long-term incentives	224	618
Performance related bonuses	–	209
Company pension contributions	58	57
	683	1,278

Further analysis of Directors' remuneration can be found in the Remuneration Report. All the Directors' remuneration is paid by Speedy Support Services Limited, a wholly-owned subsidiary of Speedy Hire Plc.

7 Financial expense

	2020 £m	2019 Restated ¹ £m
Financial expense		
Interest on bank loans and overdrafts	3.4	2.9
Amortisation of issue costs	0.4	0.4
Total interest on borrowings	3.8	3.3
Interest on lease liabilities	3.2	3.5
Hedge interest payable	0.1	0.1
Other finance (income)/costs	(0.1)	0.3
Exceptional financial (credit)/ expense (see Note 3)	(10.9)	0.8
	(3.9)	8.0

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

8 Taxation

	2020 £m	2019 Restated ¹ £m
Tax charged in the Income Statement		
Current tax		
UK corporation tax on profit at 19% (2019: 19%)	4.1	7.4
Adjustment in respect of prior years	(0.6)	–
Deferred tax (Note 23)		
UK deferred tax at 19% (2019: 17%)	(0.3)	(1.4)
Adjustment in respect of prior years	0.2	(0.5)
Effect of change in rates	0.5	–
Total deferred tax	0.4	(1.9)
Total tax charge	3.9	5.5
Tax (credited)/charged in equity		
Current tax		
Current tax	(0.2)	(0.4)
Deferred tax (Note 23)		
Deferred tax	0.1	(0.1)
Total tax credited to equity	(0.1)	(0.5)

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

The adjusted tax rate of 17.2% (2019: 17.5%) is lower than the standard rate of UK corporation tax of 19% (2019: 19%).

The tax charge in the Income Statement for the year is equal to (2019: equal to) the standard rate of corporation tax in the UK of 19% (2019: 19%) and is explained as follows:

	2020 £m	2019 Restated ¹ £m
Profit before tax	20.7	28.7
Accounting profit multiplied by the standard rate of corporation tax at 19% (2019: 19%)	3.9	5.5
Expenses not deductible for tax purposes	0.9	1.3
Share-based payments	0.1	0.4
Overseas profits not subject to tax	(0.6)	(0.8)
Share of joint venture income already taxed	(0.5)	(0.4)
Change in deferred tax rates	0.5	–
Adjustment to tax in respect of prior years	(0.4)	(0.5)
Tax charge for the year reported in the Income Statement	3.9	5.5
Tax (credited)/charged in equity		
Current tax	(0.2)	(0.4)
Deferred tax (Note 23)	0.1	(0.1)
Tax credited to equity	(0.1)	(0.5)

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset and liability at 31 March 2020 has been calculated at 19% (2019: 17%).

9 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £16.8m (2019: £23.2m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2020	2019 Restated ¹
Profit (£m)		
Profit for the year after tax – basic earnings	16.8	23.2
Intangible amortisation charge (after tax)	1.1	0.5
Exceptional items (after tax)	10.9	2.0
Adjusted earnings (after tax)	28.8	25.7
Weighted average number of shares in issue (m)		
Number of shares at the beginning of the year	519.5	519.6
Exercise of share options	0.3	0.3
Movement in shares owned by the Employee Benefit Trust	0.2	(1.4)
Weighted average for the year – basic number of shares	520.0	518.5
Share options	5.2	4.4
Employee share scheme	1.1	1.2
Weighted average for the year – diluted number of shares	526.3	524.1
Earnings per share (pence)		
Basic earnings per share	3.23	4.47
Amortisation	0.21	0.10
Exceptional items	2.10	0.39
Adjusted earnings per share	5.54	4.96
Basic earnings per share	3.23	4.47
Diluted earnings per share	3.19	4.43
Adjusted earnings per share	5.54	4.96
Share options	(0.07)	(0.05)
Adjusted diluted earnings per share	5.47	4.91

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

Total number of shares outstanding at 31 March 2020 amounted to 526,773,177 (2019: 525,281,026), including 5,472,206 (2019: 5,802,223) shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

10 Dividends

The aggregate amount of dividend comprises:

	2020 £m	2019 £m
2018 final dividend (1.15 pence on 523.7m shares)	–	6.0
2019 interim dividend (0.60 pence on 523.7m shares)	–	3.1
2019 final dividend (1.40 pence on 525.3m shares)	7.3	–
2020 interim dividend (0.70 pence on 525.4m shares)	3.6	–
	10.9	9.1

The Directors have recommended no further dividend for the year (2019: 1.40 pence per share). The total amount payable in respect of the 2020 year is 0.70 pence (2019: 2.00 pence).

The Employee Benefit Trust, established to hold shares for the Performance Share Plan and other employee benefits, waived its right to the interim dividend. At 31 March 2020, the Trust held 5,472,206 ordinary shares (2019: 5,802,223).

11 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the Financial Statements in assessing the Group's performance by adjusting for the effect of exceptional items and significant non-cash depreciation and amortisation. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	2020 £m	2019 Restated ¹ £m
Operating profit	14.0	34.8
Add back: amortisation	1.3	0.7
Add back: exceptional items	23.8	1.2
Adjusted operating profit ('EBITA')	39.1	36.7
Add back: depreciation	68.3	68.1
EBITDA before exceptional items	107.4	104.8
Profit before tax	20.7	28.7
Add back: amortisation	1.3	0.7
Add back: exceptional items	12.9	2.0
Adjusted profit before tax	34.9	31.4

¹Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

12 Intangible fixed assets

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
Cost					
At 1 April 2018	103.1	38.3	5.1	–	146.5
Additions ¹	23.2	6.8	1.9	–	31.9
At 31 March 2019 ¹	126.3	45.1	7.0	–	178.4
Additions	–	–	–	1.2	1.2
At 31 March 2020	126.3	45.1	7.0	1.2	179.6
Amortisation					
At 1 April 2018	95.1	36.7	4.2	–	136.0
Charged in year	–	0.5	0.2	–	0.7
At 31 March 2019	95.1	37.2	4.4	–	136.7
Charged in year	–	0.9	0.4	–	1.3
Impairment	13.7	3.7	1.1	–	18.5
At 31 March 2020	108.8	41.8	5.9	–	156.5
Net book value					
At 31 March 2020	17.5	3.3	1.1	1.2	23.1
At 31 March 2019 ¹	31.2	7.9	2.6	–	41.7
At 31 March 2018	8.0	1.6	0.9	–	10.5

¹ Adjusted for fair value adjustments, see Note 26

The amount of goodwill that is tax-deductible is £nil (2019: £nil).

All goodwill has arisen from business combinations. On transition to IFRS, the balance of goodwill as measured under UK GAAP was allocated to cash-generating units (CGUs). These are independent sources of income streams, and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. The Group's reportable CGUs comprise UK and Ireland (excluding Training), Training and International. All intangible assets are held in the UK. Goodwill arising on business combinations after 1 April 2004 has been allocated to the CGU that is expected to benefit from those business combinations. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment test has been performed in respect of the International CGU as there are no intangible assets allocated to the CGU.

The recoverable amounts of the assets allocated to the UK and Ireland (excluding Training) and Training CGUs are determined by a value-in-use calculation. The value-in-use calculation uses cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth and discount rate, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections made up of the FY2021 budget, adjusted for the impact of COVID-19, and a subsequent four-year period using the Group's business plan, together with a terminal value using long-term growth rates. The resulting forecast cash flows are discounted back to present value, using an estimate of the Group's weighted average cost of capital, adjusted for risk factors associated with each individual CGU and market-specific risks.

The Training CGU has performed below expectations during the year due to lower than expected learner enrolments, the setup of a number of regional training centres which have yet to reach critical mass and compliance related issues. More recently the business has been further affected by market conditions due to COVID-19. As a consequence an impairment charge has been recognised of £18.5m in the year against goodwill (£13.7m) and other intangibles (£4.8m). The remaining recoverable value of Goodwill in this CGU is £nil, and total recoverable amount of the CGU is £0.7m. A corresponding release has been made of the fair value of contingent consideration (£10.9m, see Note 3).

12 Intangible fixed assets continued

The pre-tax discount rates and terminal growth rates applied are as follows:

	31 March 2020		31 March 2019	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK and Ireland (excluding Training)	9.2%	2.5%	10.1%	2.5%
Training	11.7%	2.5%	–	–

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. The forecast cash flows used included an impact on revenue, costs and cash for a prolonged period of reduced activity as a result of COVID-19, with trading conditions likely to recover towards the end of 2021. The forecast cash flows for the Training CGU also include an assessment of the possible impact on revenue from the outcome of the funding agency claims (see Note 22).

A change of 1% in the pre-tax discount rate, with all other assumptions held constant, would impact discounted cash flows in the UK and Ireland (excluding Training) CGU by £25.9m. A decrease of 1% in the forecast revenue growth, with all other assumptions held constant, would reduce discounted cash flows in the UK and Ireland (excluding Training) CGU by £32.6m. In both cases, this would not result in an impairment charge to the UK and Ireland (excluding Training) CGU.

Other intangible assets of £1.1m remain within the Training CGU. An increase in the relevant pre-tax discount rate to c.25% or a reduction in forecast revenues for that CGU of c.15% would result in these other intangible assets being fully impaired.

13 Investment in joint venture

	Equity investment £m	Loan advances £m	Total £m
Cost			
At 1 April 2018	3.3	1.9	5.2
Effect of movement in foreign exchange rates	0.3	–	0.3
At 31 March 2019	3.6	1.9	5.5
Effect of movement in foreign exchange rates	0.2	0.1	0.3
At 31 March 2020	3.8	2.0	5.8
Share of post-acquisition results			
At 1 April 2018	1.0	(1.1)	(0.1)
Share of results for the year after tax	1.9	–	1.9
Share of other comprehensive income	(0.3)	–	(0.3)
Dividend received	(1.7)	–	(1.7)
Loan advance	–	0.5	0.5
At 31 March 2019	0.9	(0.6)	0.3
Share of results for the year after tax	2.8	–	2.8
Share of other comprehensive income	–	–	–
Dividend received	(1.2)	–	(1.2)
Loan repayment	–	(0.4)	(0.4)
At 31 March 2020	2.5	(1.0)	1.5
Net book value			
At 31 March 2020	6.3	1.0	7.3
At 31 March 2019	4.5	1.3	5.8
At 31 March 2018	4.3	0.8	5.1

On 11 November 2013, Speedy acquired 50% of the share capital of Turner and Hickman Limited, a joint venture company that controls the operations of Speedy Zholdas LLP. Speedy Zholdas LLP provides asset management and equipment rental services to the oil and gas sector in Kazakhstan. Total cash consideration for the purchase of shares in Turner and Hickman Limited was US\$4.3m.

In addition to the investment in share capital, Speedy provided a loan of US\$2.5m to the joint venture with an equivalent amount provided by the joint venture partner. A repayment of £0.4m (\$0.5m) (2019: advance of £0.5m (\$0.6m)) was received during the year. This joint venture is not considered to be individually material.

14 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2018 ¹	50.5	364.0	71.6	486.1
Foreign exchange	0.1	(0.2)	–	(0.1)
Acquisition through business combinations ²	0.3	10.7	0.9	11.9
Additions	1.4	55.1	5.3	61.8
Disposals	(0.1)	(25.5)	–	(25.6)
Transfers to inventory	–	(18.3)	–	(18.3)
At 31 March 2019 ^{1,2}	52.2	385.8	77.8	515.8
Foreign exchange	0.3	0.7	–	1.0
Additions	2.4	55.3	5.5	63.2
Disposals	(0.1)	(21.6)	(0.2)	(21.9)
Transfers to inventory	–	(12.1)	–	(12.1)
At 31 March 2020	54.8	408.1	83.1	546.0
Depreciation				
At 1 April 2018 ¹	29.9	160.3	58.0	248.2
Foreign exchange	0.1	–	–	0.1
Charged in year	3.2	36.1	6.7	46.0
Disposals	(0.1)	(14.7)	–	(14.8)
Transfers to inventory	–	(12.8)	–	(12.8)
At 31 March 2019 ¹	33.1	168.9	64.7	266.7
Foreign exchange	–	–	–	–
Charged in year	3.4	34.9	6.2	44.5
Disposals	–	(14.3)	–	(14.3)
Transfers to inventory	–	(8.5)	–	(8.5)
At 31 March 2020	36.5	181.0	70.9	288.4
Net book value				
At 31 March 2020	18.3	227.1	12.2	257.6
At 31 March 2019 ^{1,2}	19.1	216.9	13.1	249.1
At 31 March 2018 ¹	20.6	203.7	13.6	237.9

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

² Adjusted for fair value adjustments, see Note 26

The net book value of land and buildings comprises freehold properties of £nil (2019: £nil) and improvements to short leasehold properties of £18.3m (2019: £19.1m).

An impairment review has been completed during the year on the basis set out in Note 12.

15 Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 April 2018	119.2	41.7	160.9
Foreign exchange	0.3	–	0.3
Additions	14.5	13.7	28.2
Disposals	(6.0)	(5.5)	(11.5)
At 31 March 2019	128.0	49.9	177.9
Foreign exchange	0.4	–	0.4
Additions	9.5	8.5	18.0
Disposals	(10.1)	(6.5)	(16.6)
At 31 March 2020	127.8	51.9	179.7
Depreciation			
At 1 April 2018	71.5	21.0	92.5
Foreign exchange	0.3	–	0.3
Charged in year	10.8	11.3	22.1
Disposals	(5.4)	(3.8)	(9.2)
At 31 March 2019	77.2	28.5	105.7
Foreign exchange	0.2	–	0.2
Charged in year	13.2	11.7	24.9
Disposals	(10.0)	(5.8)	(15.8)
At 31 March 2020	80.6	34.4	115.0
Net book value			
At 31 March 2020	47.2	17.5	64.7
At 31 March 2019	50.8	21.4	72.2
At 31 March 2018	47.7	20.7	68.4

Included within depreciation charged in the year on right of use assets was £1.1m relating to exceptional impairments (see Note 3).

16 Inventories

	2020 £m	2019 Restated ¹ £m
Work in progress	1.1	1.1
Finished goods and goods for resale ¹	7.6	8.0
	8.7	9.1

¹ Restated for fair value adjustments relating to acquisitions made in the prior year, see Note 26

The amount of inventory expensed in the year amounted to £34.7m (2019: £36.7m) and is included within cost of sales. A £0.2m (2019: £0.4m) provision is recorded in respect of inventory held at the year end.

17 Trade and other receivables

	2020 £m	2019 Restated ^{1,2} £m
Trade receivables ²	95.5	95.1
Other receivables ²	6.5	6.2
Prepayments and accrued income ¹	0.3	0.4
	102.3	101.7

There are £37.7m (2019: £34.7m) of trade receivables that are past due at the balance sheet date that have not been provided against. There is no indication as at 31 March 2020 that customers will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are past due and unprovided. The ageing of trade receivables (net of impairment provision) at the year end was as follows:

	2020 £m	2019 Restated ² £m
Not past due	57.8	60.4
Past due 0-30 days	22.7	22.1
Past due 31-120 days	11.3	9.3
More than 120 days past due	3.7	3.3
	95.5	95.1

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2020 £m	2019 Restated ² £m
At 1 April	3.7	4.2
Impairment provision charged/(credited) as exceptional to the Income Statement	0.7	(0.1)
Impairment provision within subsidiaries acquired ²	–	1.8
Impairment provision charged to the Income Statement	3.6	2.3
Written off in the year	(4.1)	(4.5)
At 31 March	3.9	3.7

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

² Restated for fair value adjustments relating to acquisitions made in the prior year, see Note 26

18 Trade and other payables

	2020 £m	2019 Restated ^{1,2} £m
Trade payables ²	52.3	45.9
Other payables	10.0	8.3
Accruals ^{1,2}	28.6	29.4
	90.9	83.6
Non-current	–	–
Current	90.9	83.6
	90.9	83.6

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

² Restated for fair value adjustments relating to acquisitions made in the prior year, see Note 26

19 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, retained profits and borrowings. The main risks arising from the Group's financial instruments are credit, interest rate, foreign currency and liquidity risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis. A full description of the Group's approach to managing these risks is set out below.

The Group does not engage in trading or speculative activities using derivative financial instruments. A Group offset arrangement exists in order to minimise the interest costs on outstanding debt.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 March 2020		31 March 2019 Restated ^{1,2}	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Level 1				
Trade and other receivables ^{1,2}	102.3	102.3	101.7	101.7
Cash	22.8	22.8	11.5	11.5
Bank overdraft	–	–	(1.1)	(1.1)
Secured bank borrowings	(102.1)	(102.1)	(99.5)	(99.5)
Trade and other payables ^{1,2}	(62.3)	(62.3)	(54.2)	(54.2)
Level 2				
Interest rate swaps and caps, used for hedging	(0.5)	(0.5)	(0.3)	(0.3)
Level 3				
Contingent consideration (see Note 22)	–	–	(10.9)	(10.9)
Lease liabilities ¹	(72.9)	(72.9)	(82.4)	(82.4)
	(112.7)	(112.7)	(135.2)	(135.2)
Unrecognised gain/(loss)		–		–

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

² Restated for fair value adjustments relating to acquisitions made in the prior year, see Note 26

Basis for determining fair values

The following summarises the principal methods and assumptions used in estimating the fair value of financial instruments reflected in the table above:

- Derivatives – Broker quotes are used for all interest rate swaps.
- Interest-bearing loans and borrowings – Fair value is calculated based on discounted expected future principal and interest cash flows.
- Trade and other receivables and payables – For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.
- Lease liabilities – Fair value is calculated based on expected future principal and interest cash flows, discounted at the incremental borrowing rate for the lease.

19 Financial instruments continued

Fair value hierarchy

The Group's financial assets and liabilities are principally short-term in nature and therefore their fair value is not materially different from their carrying value. The valuation method for the Group's financial assets and liabilities can be defined as follows in accordance with IFRS 13:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. No individual customer accounts for more than 10% of the Group's sales transactions and the Group's exposure to outstanding indebtedness follows this profile. No collateral is held as security in respect of amounts outstanding; however, in a number of instances, deposits are held against the value of hire equipment provided. The extent of deposit taken is assessed on a case-by-case basis and is not considered significant in comparison to the overall amounts receivable from customers.

Transactions involving derivative financial instruments are undertaken with counterparties within the syndicate of banks that provide the Group's asset based finance facility. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group establishes an allowance for impairment that is based on historical experience of dealing with customers with the same risk profile.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically, the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 12 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure covenant breaches are avoided.

At 31 March 2020, the Group had a banking facility amounting to £180.0m (2019: £180.0m), as detailed in Note 20. The undrawn availability on this facility as at 31 March 2020 was £70.2m (2019: £68.4m) based on the Group's eligible hire equipment and trade receivables.

The Group monitors available facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing. The Group maintains close contact with its syndicate of banks.

The following analysis is based on the undiscounted contractual maturities on the Group's financial liabilities including estimated interest that will accrue.

19 Financial instruments continued

Undiscounted cash flows – 31 March 2020

At 31 March 2020	2021 £m	2022 £m	2023 £m	2024 and later £m	Total £m
Asset based finance facility	–	102.1	–	–	102.1
Lease liability (principal and interest)	22.7	16.1	13.4	28.4	80.6
Bank interest payments	2.7	1.4	–	–	4.1
Trade and other payables	62.3	–	–	–	62.3
Contingent consideration (see Note 22)	–	–	–	–	–
	87.7	119.6	13.4	28.4	249.1

Undiscounted cash flows – 31 March 2019

At 31 March 2019	2020 £m	2021 £m	2022 £m	2023 and later £m	Total £m
Asset based finance facility	–	–	99.5	–	99.5
Lease liability (principal and interest)	25.7	17.9	13.5	35.2	92.3
Bank interest payments	2.7	2.7	1.4	–	6.8
Trade and other payables	54.2	–	–	–	54.2
Contingent consideration (see Note 22)	5.2	7.0	4.0	–	16.2
	87.8	27.6	118.4	35.2	269.0

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit.

Foreign exchange risk

With over 5% of the Group's revenue generated in currencies other than sterling, the Group's Balance Sheet and Income Statement are affected by movements in exchange rates. The revenue and costs of overseas operations normally arise in the same currency and consequently the exposure to exchange differences is not normally significant and consequently not hedged. Overseas operations maintain local currency bank facilities, which provide partial mitigation against balance sheet risk.

At 31 March 2020, if sterling had weakened or strengthened by 10% against the US dollar (to which key Middle Eastern currencies are linked) with all other variables held constant, post-tax profit for the year would have been £0.7m (2019: £0.7m) higher or lower respectively.

Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings. The Group's policy is to review regularly the terms of its borrowing facilities, to assess and manage the long-term borrowing commitment accordingly, and to put in place interest rate hedges to reduce the Group's exposure to significant fluctuations in interest rates. The Group adopts a policy of ensuring that between 40% and 80% of its net borrowings are covered by hedging instruments.

19 Financial instruments continued

The principal derivative financial instruments used by the Group are interest rate swaps. The notional contract amount and the related fair value of the Group's derivative financial instruments can be analysed as follows:

	31 March 2020		31 March 2019	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
Designated as cash flow hedges				
Fixed interest rate swaps	(0.5)	60.0	(0.3)	60.0

Future cash flows associated with the above instruments are dependent upon movements in the London Inter Bank Offered Rate (LIBOR) over the contractual period. Interest is paid or received under the instruments on a quarterly basis, depending on the individual instrument, referenced to the relevant prevailing UK LIBOR rates.

The weighted average interest rate on the fixed interest rate swaps is 1.02% (2019: 1.06%) and the instruments are for a weighted average period of 20 months (2019: 19 months). The maximum contractual period is 36 months (2019: 36 months).

Contingent consideration

Contingent consideration may be payable by the Group in relation to the acquisition of Geason Holdings Limited. The consideration depends on the combined performance of the acquired business and the Group's training business in the three years post acquisition. The fair value of this consideration has been estimated using forecast cash flows for an equivalent period, discounted at a risk-adjusted rate of 25%. Total fair value of contingent consideration as at year end is £nil.

Sensitivity analysis

In managing interest rate and currency risk, the Group aims to reduce the impact of short-term fluctuation on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2020 it is estimated that an increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.7m (2019: £0.4m). Interest rate swaps have been included in this calculation.

Capital management

The Group requires capital for purchasing hire equipment to replace the existing asset base when it has reached the end of its useful life, and for growth, by establishing new depot locations, completing acquisitions and refinancing existing debts in the longer term. The Group defines gross capital as net debt (cash less borrowings) plus shareholders' funds, and seeks to ensure an acceptable return on gross capital. The Board seeks to maintain a balance between debt and equity funding such that it maintains a sound capital position relevant for the prevailing economic environment.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the demographic spread of shareholders in order to ensure that the most attractive mix of capital growth and income return is made available to investors.

The Group encourages ownership of Speedy Hire Plc shares by employees at all levels within the Group, and has developed this objective through the introduction of long-term incentive plans and SAYE schemes.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20 Borrowings

	2020 £m	2019 Restated ¹ £m
Current borrowings		
Bank overdraft	–	1.1
Lease liabilities	20.2	22.3
	20.2	23.4
Non-current borrowings		
Maturing between two and five years		
Asset based finance facility	102.1	99.5
Lease liabilities	52.7	60.1
Total non-current borrowings	154.8	159.6
Total borrowings	175.0	183.0
Less: cash	(22.8)	(11.5)
Exclude lease liabilities	(72.9)	(82.4)
Net debt	79.3	89.1

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

The Group has a £180m asset based finance facility which is sub divided into:

- (a) A secured overdraft facility, provided by Barclays Bank Plc, which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (b) An asset based finance facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The undrawn availability of this facility as at 31 March 2020 was £70.2m (2019: £68.4m), based on the Group's eligible hire equipment and trade receivables.

The facility amounts to £180m, but is based on the Group's hire equipment and trade receivables balance, reduced to the extent that any ancillary facilities are provided, and is repayable in October 2022, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m remains in place through to October 2022.

Interest on the facility is calculated by reference to the LIBOR applicable to the period drawn, plus a margin of 150 to 250 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 1.84% (2019: 1.80%).

The facility is secured by fixed and floating charges over the UK and Ireland assets.

Analysis of consolidated net debt

	31 March 2019 £m	Non-cash movement £m	Cash flow £m	31 March 2020 £m
Cash at bank and in hand	11.5	–	11.3	22.8
Bank overdraft	(1.1)	–	1.1	–
Bank borrowings	(99.5)	(0.4)	(2.2)	(102.1)
	(89.1)	(0.4)	10.2	(79.3)

21 Lease liabilities

	Land and buildings £m	Other £m	Total £m
At 1 April 2018	59.9	21.0	80.9
Foreign exchange	0.3	–	0.3
Additions	14.4	13.6	28.0
Repayments	(14.9)	(12.2)	(27.1)
Unwinding of discount rate	2.6	0.9	3.5
Terminations	(1.5)	(1.7)	(3.2)
At 31 March 2019	60.8	21.6	82.4
Foreign exchange	0.2	–	0.2
Additions	9.5	8.4	17.9
Repayments	(15.1)	(12.6)	(27.7)
Unwinding of discount rate	2.4	0.8	3.2
Terminations	(2.5)	(0.6)	(3.1)
At 31 March 2020	55.3	17.6	72.9

Included within terminations in the year was £0.7m relating to exceptional terminations of property leases (see Note 3).

Amounts payable for lease liabilities (discounted at the incremental borrowing rate of each lease) fall due as follows:

	2020 £m	2019 £m
Payable within one year	20.2	22.3
Payable in more than one year	52.7	60.1
At 31 March	72.9	82.4

22 Provisions

	Dilapidations Restated ¹ £m	Contingent consideration £m	Training provision £m	Total £m
At 1 April 2018	2.0	–	–	2.0
Created in the year	0.8	10.1	–	10.9
Provision utilised in the year	(0.3)	–	–	(0.3)
Net changes in fair value	–	0.8	–	0.8
At 31 March 2019	2.5	10.9	–	13.4
Created in the year	3.1	–	3.0	6.1
Provision utilised in the year	(1.5)	–	–	(1.5)
Net changes in fair value	–	(10.9)	–	(10.9)
At 31 March 2020	4.1	–	3.0	7.1

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

Of the £7.1m provision at 31 March 2020, £5.9m (2019: £6.9m) is due within one year and £1.2m (2019: £6.5m) is due after one year. The dilapidations provision is calculated based on estimated dilapidations at current market rates. The total liability is discounted to current values.

In April 2020 Speedy were notified that a funding agency was suspending payments, and seeking repayment of £2.6m from Geason Training, based on an extrapolation of errors found in a small sample of learner documentation over a three year period from August 2017. The Group has engaged external lawyers who have responded to the agency. At this time it is not possible to make an accurate estimate of the timing or amount that may be repayable from this or other potential claims we may receive. £3.0 million has been provided as an exceptional charge including legal and verification costs. The provision is made without any admission of liability. The Group is investigating what mitigations may be available to it in relation to this matter.

Contingent consideration of between £nil and £26.0m may be payable by the Group in relation to the acquisition of Geason Training. The consideration depends on the combined performance of the acquired business and the Group's training business in the three years post acquisition. The fair value of this consideration has been estimated using forecast cash flows for an equivalent period, discounted at a risk-adjusted rate of 25%. Total fair value of contingent consideration as at year end is £nil. Information on the change in fair value is included in Note 12.

23 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items Restated ^{1,2} £m	Total £m
At 1 April 2018 ¹	8.2	(0.6)	(0.2)	(2.9)	4.5
Acquisition through business combinations ²	0.6	1.4	–	–	2.0
Recognised in income ¹	(2.6)	0.1	0.1	0.5	(1.9)
Recognised in equity	–	–	(0.4)	(0.1)	(0.5)
At 31 March 2019	6.2	0.9	(0.5)	(2.5)	4.1
Recognised in income	1.2	(0.9)	–	0.1	0.4
Recognised in equity	–	–	0.1	–	0.1
At 31 March 2020	7.4	–	(0.4)	(2.4)	4.6

¹ Restated as a result of the adoption of IFRS 16 – see Note 1 (Accounting policies)

² Restated for fair value adjustments relating to acquisitions made in the prior year, see Note 26

The Group has gross trading losses carried forward at 31 March 2020 amounting to approximately £9.4m (2019: £10.6m). No deferred tax asset has been recognised in respect of these losses. The Group also has gross capital losses carried forward at 31 March 2020 amounting to approximately £1.7m (2019: £3.3m). No deferred tax asset has been recognised in respect of these losses.

24 Share capital

	2020 £m	2019 £m
Allotted, called-up and fully paid		
526.8m (2019: 525.3m) ordinary shares of 5 pence each	26.4	26.3

During the year, 1.5m ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2019: 1.6m).

An Employee Benefits Trust was established in 2004 (the 'Trust'). The Trust holds shares issued by the Company in connection with the Performance Share Plan. No shares were acquired by the Trust during the year and 330,017 shares were transferred to employees during the year. At 31 March 2020, the Trust held 5,472,206 (2019: 5,802,223) shares.

The movement in issued share capital was as follows:

	Number (m)	£m
At 1 April 2018	523.7	26.2
Exercise of Sharesave Scheme options	1.6	0.1
At 31 March 2019	525.3	26.3
Exercise of Sharesave Scheme options	1.5	0.1
At 31 March 2020	526.8	26.4

25 Share incentives

At 31 March 2020, options and awards over 14,465,265 shares (2019: 13,138,115) were outstanding under employee share schemes. The Group operates two share incentive schemes. During the year a weighted average 269,953 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2019: 1,036,611).

As at 31 March 2020, options to acquire 6,522,196 (2019: 6,423,437) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Schemes. These options are exercisable by employees of the Group at prices between 34 and 48 pence (2019: 27 and 46 pence) at dates between April 2020 and July 2023 (2019: April 2019 and July 2022). At 31 March 2020, options to acquire 7,943,070 shares (2019: 6,714,679) under the Performance Share Plans were outstanding. These options are exercisable at nil cost between June 2020 and May 2029 (2019: June 2019 and June 2028).

The number and weighted average exercise price ('WAEP') of share options and awards under all the share incentive schemes are as follows:

	2020		2019	
	WAEP pence	Number	WAEP pence	Number
Outstanding at 1 April	20	13,138,115	20	13,069,649
Granted	26	4,776,231	24	5,055,910
Exercised	27	(1,772,531)	29	(1,036,611)
Lapsed	28	(1,676,550)	21	(3,950,833)
Outstanding at 31 March	21	14,465,265	20	13,138,115
Exercisable at 31 March	3	2,938,928	8	404,513

25 Share incentives continued

Options and awards outstanding at 31 March 2020 have weighted average remaining contractual lives as follows:

	2020 Years	2019 Years
Exercisable at nil pence	1.3	1.0
Exercisable at 34 pence	–	0.7
Exercisable at 44 pence	0.8	1.8
Exercisable at 46 pence	1.8	2.8
Exercisable at 48 pence	2.8	–

The fair value of services received in return for share options granted and shares awarded is measured by reference to the fair value of those instruments. The pricing models and inputs used for the outstanding options (on a weighted average basis where appropriate) are as follows:

Speedy Hire Sharesave Schemes

	December 2019	December 2018	December 2017	December 2016
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	48p	46p	44p	34p
Share price volatility	28.8%	36.4%	41.0%	46.9%
Option life	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	2.9%	3.2%	2.0%	1.4%
Risk-free interest rate	0.5%	0.7%	0.6%	0.3%

Performance Share Plan

	May 2019	June 2018	June 2017	July 2016
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil
Share price volatility	27.1%	30.8%	49.5%	47.5%
Option life	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	0.7%	0.8%	0.3%	0.5%

26 Prior year acquisition of subsidiaries

In December 2018, the Group acquired 100% of the share capital of Geason Holdings Limited ("Geason Training"). The fair values disclosed as provisional in the 2019 Financial Statements in respect of this acquisition have been finalised during the year at the end of the measurement period. As a result, the opening balance sheet has been restated to account for an additional £1.3m reduction to the fair value of receivables previously recognised, and a £0.4m decrease in the fair value of payables previously recognised. This has resulted in £1.7m additional goodwill being recognised.

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Intangible assets	–	6.7	6.7
Tangible fixed assets	0.1	–	0.1
Receivables ¹	2.2	(1.3)	0.9
Cash	0.2	–	0.2
Current payables ¹	(0.9)	(0.4)	(1.3)
Non-current payables	–	(1.2)	(1.2)
	1.6	3.8	5.4
Goodwill capitalised ¹			13.7
Cash consideration			9.0
Contingent consideration			10.1
Total consideration			19.1

¹ Restated to show the fair value adjustments to the acquired values

26 Prior year acquisition of subsidiaries continued

In March 2019, the Group acquired 100% of the share capital of Lifterz Holdings Limited ('Lifterz'). The fair values disclosed as provisional in the 2019 Financial Statements in respect of this acquisition have been finalised during the year at the end of the measurement period. As a result, the opening balance sheet has been restated to account for a £1.3m increase in the fair value of intangible assets, a £0.6m reduction to the fair value of tangible fixed assets, a £0.2m reduction to the fair value of inventories, a £0.4m decrease in the fair value of receivables, a £0.6m increase in the fair value of current payables, and a £0.6m decrease in the fair value of non-current payables previously recognised. This has resulted in a reduction of £0.1m goodwill recognised.

The customer relationship intangible asset of £1.0m has been valued using the 'excess earnings' method and is based on income forecast to be generated by the business acquired. Capital asset charges have been applied using a risk adjusted weighted average cost of capital in respect of fixed assets, working capital and the workforce. Other assumptions used in the valuation include an assumed growth in income from customers of 5.0% per annum, and a discount rate applied to the resulting income stream of 10.7%. The customer list intangible is being amortised over ten years, which is considered to be the period over which the majority of the benefits are expected to arise.

The brand intangible asset of £0.6m has been valued using the 'relief-from-royalty' method, using a royalty rate of 0.5% of income, discounted at a rate of 10.7%. The intangible is being amortised over a period of ten years, which is estimated to be the useful life within the business.

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Intangible assets ¹	–	1.6	1.6
Tangible fixed assets ¹	12.3	(0.6)	11.7
Inventory ¹	0.5	(0.2)	0.3
Receivables ¹	3.5	(0.4)	3.1
Current payables ¹	(3.0)	0.3	(2.7)
Non-current payables ¹	(0.4)	(1.2)	(1.6)
	12.9	(0.5)	12.4
Goodwill capitalised ¹			9.2
Total consideration			21.6

¹ Restated to show the fair value adjustments to the acquired values

27 Contingent liabilities

In the normal course of business, the Company and certain subsidiaries have given performance bonds issued on behalf of Group companies and parental guarantees have been given in support of the contractual obligations of Group companies on both a joint and a several basis.

The Directors do not consider any provision is necessary in respect of guarantees and bonds.

28 Commitments

The Group had contracted capital commitments amounting to £0.9m (2019: £4.4m) at the end of the financial year for which no provision has been made.

29 Post-balance sheet events

No post-balance sheet events have occurred.

30 Related party disclosures

Key management remuneration

The Group's key management personnel are the Executive and Non-Executive Directors as identified in the Remuneration Report.

In addition to salaries, the Group also provides non-cash benefits to Executive Directors, and contributes to approved pension schemes on their behalf. Executive Directors also participate in the Group's share option schemes.

Non-Executive Directors receive a fee for their services to Speedy Hire Plc.

Full details of key management personnel compensation and interests in the share capital of the Company as at 31 March 2020 are given in the Remuneration Report.

Company Balance Sheet

At 31 March 2020

	Note	31 March 2020 £m	31 March 2019 £m
Assets			
Non-current assets			
Investments	32	93.5	93.5
Deferred tax asset	37	0.1	–
		93.6	93.5
Current assets			
Trade and other receivables	33	320.8	335.0
Current tax receivable		16.0	7.6
Cash	36	21.4	4.4
		358.2	347.0
Total assets		451.8	440.5
Liabilities			
Current liabilities			
Bank overdraft	36	–	–
Trade and other payables	34	(102.6)	(97.0)
Other financial liabilities	35	(0.5)	(0.3)
		(103.1)	(97.3)
Non-current liabilities			
Borrowings	36	(113.6)	(101.5)
Total liabilities		(216.7)	(198.8)
Net assets		235.1	241.7
Equity			
Share capital	38	26.4	26.3
Share premium		0.8	0.4
Merger reserve		2.3	2.3
Hedging reserve		(0.9)	(0.7)
Retained earnings		206.5	213.4
Total equity		235.1	241.7

The Company Financial Statements on pages 150 to 156 were approved by the Board of Directors on 22 June 2020 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director

Company registered number: 00927680

Company Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2018	26.2	–	2.3	(0.1)	216.7	245.1
Profit for the financial year	–	–	–	–	5.6	5.6
Effective portion of change in fair value of cash flow hedges	–	–	–	(0.6)	–	(0.6)
Dividends	–	–	–	–	(9.1)	(9.1)
Tax on items taken directly to equity	–	–	–	–	0.4	0.4
Equity-settled share-based payments	–	–	–	–	0.9	0.9
Purchase of own shares to satisfy share scheme	–	–	–	–	(1.1)	(1.1)
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	0.5
At 31 March 2019	26.3	0.4	2.3	(0.7)	213.4	241.7
Profit for the financial year	–	–	–	–	3.4	3.4
Effective portion of change in fair value of cash flow hedges	–	–	–	(0.2)	–	(0.2)
Dividends	–	–	–	–	(10.9)	(10.9)
Tax on items taken directly to equity	–	–	–	–	0.1	0.1
Equity-settled share-based payments	–	–	–	–	0.5	0.5
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	0.5
At 31 March 2020	26.4	0.8	2.3	(0.9)	206.5	235.1

Company Cash Flow Statement

For the year ended 31 March 2020

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Cash generated from operating activities		
Profit before tax	4.0	6.2
Financial income	(6.2)	(6.2)
Decrease/(increase) in trade and other receivables	14.2	(13.5)
Increase in trade and other payables	5.6	0.4
Equity-settled share-based payments	0.5	0.9
Cash generated from operations	18.1	(12.2)
Interest received	6.6	6.6
Tax paid	(8.7)	(4.4)
Net cash flow from operating activities	16.0	(10.0)
Cash flow from financing activities		
Drawdown of loans	398.5	468.6
Payment of loans	(387.1)	(443.1)
Proceeds from the issue of Sharesave Scheme shares	0.5	0.5
Purchase of own shares to satisfy share schemes	–	(1.1)
Dividends paid	(10.9)	(9.1)
Net cash flow from financing activities	1.0	15.8
Increase in cash and cash equivalents	17.0	5.8
Cash/(overdraft) at the start of the financial year	4.4	(1.4)
Cash at the end of the financial year	21.4	4.4

Notes to the Company financial statements

31 Accounting policies

The Company Financial Statements have been prepared in accordance with the accounting policies set out in Note 1, supplemented as below. The Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement or statement of comprehensive income and related notes that form part of the approved Financial Statements. The amount of the profit for the financial year dealt with in the Financial Statements of the Company is disclosed in the Company Statement of Changes in Equity.

Investments in subsidiary undertakings are stated at cost less any provisions for permanent diminution in value. Dividends received and receivable are credited to the Company's Income Statement to the extent that they represent a realised profit for the Company. The Company monitors the risk profile of intercompany receivables regularly and provides for amounts that may not be recoverable on the basis of expected portfolio losses. During the year, a provision for expected credit losses on intercompany receivables has been recognised of £2.2m.

The Company does not have any employees. Directors are paid by other Group companies.

32 Investments

	Investments in related undertakings £m
Cost	
At 1 April 2018, 31 March 2019 and 31 March 2020	113.3
Provisions	
At 1 April 2018, 31 March 2019 and 31 March 2020	(19.8)
Net book value	
At 1 April 2018, 31 March 2019 and 31 March 2020	93.5

Following the impairment testing performed in accordance with IAS 36 (see Note 12), the Company's carrying value of investment in related undertakings has been reviewed and no impairment has been made (2019: £nil).

The Company's related undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Allen Contracts Limited ¹	UK	Dormant	100%
Allen Investments Limited ¹	UK	Dormant	100%
Bucks Access Rentals Limited ^{1,2}	UK	Dormant	100%
Chestview (North East) Limited ¹	UK	Dormant	100%
Crewe Plant Hire Limited ^{1,2}	UK	Dormant	100%
Drain Technology (1985) Limited ²	UK	Dormant	100%
Drain Technology Limited ³	UK	Dormant	100%
Geason Holdings Limited ^{2,3}	UK	Holding company	100%
Geason Apprenticeships Limited ^{2,3}	UK	Training services	100%
Hire-A-Tool Limited ¹	UK	Dormant	100%
Ian Kilpatrick Limited ^{2,3}	UK	Dormant	100%
Lifterz Holdings Limited ^{1,2}	UK	Holding company	100%
Lifterz Limited ^{1,2}	UK	Hire services	100%
Lifterz (Scot) Limited ^{1,2}	UK	Hire services	100%
OHP Limited ^{1,2}	UK	Holding company	100%
Platform Sales & Hire Limited ^{1,2}	UK	Dormant	100%
Prolift Access Limited ^{1,2}	UK	Dormant	100%
Prospects Training International Limited ^{2,3}	UK	Training services	100%
Rail Hire (UK) Limited ^{1,2}	UK	Dormant	100%

32 Investments continued

	Incorporation and operation	Principal activity	Ordinary share capital held
SHH 501 Limited ^{1,2}	UK	Dormant	100%
Speedy Asset Leasing Limited ¹	UK	Dormant	100%
Speedy Asset Services Limited ¹	UK	Hire services	100%
Speedy Engineering Services Limited ¹	UK	Dormant	100%
Speedy Hire (Ireland) Limited ⁴	UK	Hire services	100%
Speedy Hire (Ireland) Limited ^{1,5}	Ireland	Hire services	100%
Speedy Hire (UK) Limited ¹	UK	Dormant	100%
Speedy Hire Centres (Midlands) Limited ¹	UK	Dormant	100%
Speedy Hire Centres Limited ¹	UK	Dormant	100%
Speedy Hire Direct Limited ^{1,2}	UK	Dormant	100%
Speedy Industrial Services Limited ¹	UK	Dormant	100%
Speedy International Asset Services (Holdings) Limited ¹	UK	Holding company	100%
Speedy International Asset Services Equipment Rental LLC ^{2,6,7}	UAE	Hire services	49%
Speedy International Asset Services LLC (Egypt) ^{2,8}	Egypt	Dormant	100%
Speedy International Asset Services LLC (Qatar) ^{2,6,9}	Qatar	Dormant	49%
Speedy International Leasing Limited ^{1,2}	UK	Leasing services	100%
Speedy LCH Generators Limited ³	UK	Dormant	100%
Speedy LGH Limited ¹	UK	Dormant	100%
Speedy Lifting Limited ¹	UK	Dormant	100%
Speedy Plant Hire Limited ¹	UK	Dormant	100%
Speedy Power Limited ¹	UK	Dormant	100%
Speedy Pumps Limited ¹	UK	Dormant	100%
Speedy Rail Services Limited ¹	UK	Dormant	100%
Speedy Safemaker Limited ^{1,2}	UK	Dormant	100%
Speedy Services Limited ¹	UK	Dormant	100%
Speedy Space Limited ¹	UK	Dormant	100%
Speedy Support Services Limited ¹	UK	Provision of group services	100%
Speedy Survey Limited ¹	UK	Dormant	100%
Speedy Transport Limited ¹	UK	Provision of group services	100%
Speedy Zholdas LLP ^{1,10}	Kazakhstan	Hire services	
Speedyloo Limited ¹	UK	Dormant	100%
Stockton Investments (North East) Limited ¹	UK	Dormant	100%
Tidy Group Limited ¹	UK	Dormant	100%
Turner & Hickman Limited ^{1,11}	UK	Holding company	50%
Waterford Hire Services Limited ^{1,12}	Ireland	Dormant	100%

¹ Registered office: Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

² Indirect holding via a 100% subsidiary undertaking.

³ Registered office: 13 Queen's Road, Aberdeen, United Kingdom, AB15 4YL.

⁴ Registered office: Unit 2 Duncrue Pass, Duncrue Road, Belfast, Antrim, Northern Ireland, BT3 9DL.

⁵ Registered office: Unit 2, Glen Industrial Estate, Broombridge Road, Glasnevin, Dublin 11, Republic of Ireland.

⁶ Although the Group holds less than half of the voting rights, it is able to govern the financial and operating policies of the company. The Group therefore consolidates the company.

⁷ Registered office: Sector # MW5, Inside ESNAAD Base, ICAD-1, Musafah Industrial Area, Near National Petroleum Construction Company, PO Box 127149, Abu Dhabi, UAE.

⁸ Registered office: City Light Tower A3, Third Floor, Office No. 303, 1 Makram Ebeid Street, Nasr City, Cairo, Egypt.

⁹ Registered office: PO Box 4619, Doha, Qatar.

¹⁰ The Group has a 50% investment in Turner & Hickman Limited, which has a 90% investment in Speedy Zholdas LLP. The registered office of Speedy Zholdas LLP is Building 276, Traffic Atyrau – Dossor, Atyrau City, Kazakhstan.

¹¹ Registered office: 19 Woodside Crescent, Glasgow, G3 7UL.

¹² Registered office: Kingsmeadow Retail Park, Ring Road, Waterford, Republic of Ireland.

The Company holds voting rights in each related undertaking in the same proportion to its holdings in the ordinary share capital of the respective undertakings.

33 Trade and other receivables

	2020 £m	2019 £m
Amounts owed by Group undertakings	319.8	332.9
Other receivables	1.0	2.1
	320.8	335.0

34 Trade and other payables

	2020 £m	2019 £m
Amounts owed to Group undertakings	101.8	96.0
Accruals	0.8	1.0
	102.6	97.0

35 Financial instruments

The Company financial instruments are stated in accordance with Note 19.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet, are as follows:

	31 March 2020		31 March 2019	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	320.8	320.8	335.0	335.0
Cash	21.4	21.4	4.4	4.4
Secured bank borrowings	(113.6)	(113.6)	(101.5)	(101.5)
Interest rate swaps and caps, used for hedging	(0.5)	(0.5)	(0.3)	(0.3)
Trade and other payables	(101.8)	(101.8)	(96.0)	(96.0)
	126.3	126.3	141.6	141.6
Unrecognised gain/(loss)		-		-

36 Borrowings

	2020 £m	2019 £m
Non-current borrowings		
Maturing between two and five years		
Asset based finance facility	113.6	101.5
Total borrowings	113.6	101.5
Less: cash	(21.4)	(4.4)
Net debt	92.2	97.1

The Company borrowings are stated in accordance with Note 20.

Both the overdraft and asset based finance facility are secured by a fixed and floating charge over all the assets of the Group and are rated pari passu.

Analysis of net debt

	31 March 2019 £m	Non-cash movement £m	Cash flow £m	31 March 2020 £m
Cash	4.4	–	17.0	21.4
Borrowings	(101.5)	0.4	(12.5)	(113.6)
	(97.1)	0.4	4.5	(92.2)

37 Deferred tax

Company asset	Total £m
At 1 April 2018	–
Recognised in income	0.1
At 31 March 2019 and 31 March 2020	0.1

38 Share capital and share incentives

The Company share capital is stated in accordance with Note 24.

39 Contingent liabilities and commitments

The Company contingent liabilities and commitments are stated in accordance with Notes 27 and 28.

40 Post-balance sheet events

The Company post-balance sheet events are stated in accordance with Note 29.

41 Related party disclosures

The Company related party disclosures are stated in accordance with Note 30.

Five-year Summary

	2020 £m	2019 Restated ^{1,2} £m	2018 £m	2017 £m	2016 £m
Income Statement					
Revenue	406.7	394.7	373.0	369.4	329.1
Gross profit	224.2	214.4	204.7	191.7	184.2
Analysis of operating profit/(loss)					
Operating profit before amortisation and exceptional items	39.1	36.7	29.2	19.3	10.0
Amortisation	(1.3)	(0.7)	(0.2)	(1.8)	(2.7)
Exceptional items	(23.8)	(1.2)	(7.2)	–	(59.9)
Operating profit/(loss)	14.0	34.8	21.8	17.5	(52.6)
Share of results of joint ventures	2.8	1.9	0.8	1.7	0.7
Net financial expense	(7.0)	(7.2)	(4.1)	(4.8)	(5.7)
Net financial income/(expense) – exceptional	10.9	(0.8)	(0.5)	–	–
Total net financial income/(expense)	3.9	(8.0)	(4.6)	(4.8)	(5.7)
Profit/(loss) before taxation	20.7	28.7	18.0	14.4	(57.6)
Non-GAAP performance measures					
EBITDA before exceptional items	107.4	104.8	73.0	63.1	53.1
Adjusted profit before tax, exceptional items and amortisation	34.9	31.4	25.9	16.2	5.0
Balance sheet					
Hire equipment – original cost ²	408.1	385.8	364.0	350.7	378.5
Hire equipment – net book value ²	227.1	216.9	203.7	194.8	219.9
Total equity	209.9	202.0	197.8	189.6	178.4
Cash flow					
Cash generated from operations	64.5	61.2	37.2	48.9	25.9
Free cash flow	45.2	13.6	17.4	35.0	8.6
Purchase of hire equipment	(53.6)	(54.3)	44.8	40.5	57.8
Profit/(loss) on disposal of hire equipment	0.8	1.2	0.7	(1.5)	0.7
In pence					
Dividend per share (interim and final dividend in year)	0.70	2.00	1.65	1.00	0.70
Adjusted earnings per share ³	5.54	4.96	4.04	2.45	0.79
Net assets per share	39.8	38.5	37.7	36.2	34.1
In percentages					
Gearing	37.8	44.1	35.1	37.7	57.2
Return on capital employed ³	12.0	11.7	11.5	7.7	3.2
EBITDA margin ³	26.4	26.6	19.3	17.1	16.1
In ratios					
Net debt/EBITDA ³ (excluding impact of IFRS 16)	1.0	1.1	1.0	1.1	1.9
Net debt/net tangible fixed assets ²	0.31	0.35	0.29	0.30	0.39
In numbers					
Average employee numbers	4,071	3,873	3,738	3,641	3,657
Depot numbers	216	222	217	210	208

¹ Restated as a result of the adoption of IFRS 16 – see Note 1

² Adjusted for fair value adjustments, see Note 26

³ Before amortisation and exceptional items

Shareholder Information

Annual General Meeting

The Annual General Meeting ('AGM') will be held on 10 September 2020 and further details regarding location and attendance will be announced at the time of issuing the Notice of Meeting, allowing consideration of the UK Government's guidance and restrictions on travel and public gatherings in relation to COVID-19 in place at that time.

Details of the business of the AGM and the resolutions to be proposed will be sent to those shareholders who have opted to continue receiving paper communications, which is also available to other shareholders and the public on our website at speedyservices.com/investors.

Shareholders will be asked to approve the Directors' Remuneration Report, the Directors' Remuneration Policy and the re-election of all Directors.

Other resolutions will include proposals to renew, for a further year, the Directors' general authority to allot shares in the Company, to allot a limited number of shares for cash on a non-pre-emptive basis and to buy back the Company's own shares.

Share price information/performance

The latest share price is available at speedyservices.com/investors.

By selecting share price information under the investor information section, shareholders can check the value of their shareholding online or review share charts illustrating annual share price performance trends.

Shareholders can download copies of our Annual Report and Accounts and interim accounts from speedyservices.com/investors.

Dividend reinvestment plan (DRIP)

You can choose to reinvest dividends received to purchase further shares in the Company through a DRIP. A DRIP application form is available from our registrar, whose contact details are 0371 384 2769, or from overseas +44 (0)121 415 7047. Lines are open 9.00am to 5.00pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Alternatively you can write to our registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Electronic communications

You can elect to receive shareholder communications electronically by signing up to Equiniti's portfolio service at shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Enquiries on shareholdings

Any administrative enquiries relating to shareholdings in the Company, such as dividend payment instructions or a change of address, should be notified direct to the registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Your correspondence should state Speedy Hire Plc and the registered name and address of the shareholder. Information on how to manage your shareholdings can be found at help.shareview.co.uk.

If your question is not answered by the information provided, you can send your enquiry via secure email from this webpage. You will be asked to complete a structured form and to provide your shareholder reference, name and address. You will also need to provide your email address, if this is how you would like to receive your response.

Boiler room fraud

Share scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares. While such scams promise high returns, those who invest usually end up losing their money.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- get the name of the person and organisation contacting you;
- search the list of unauthorised firms to avoid at fca.org.uk/consumers/scams to ensure they are authorised;
- only use the details on the FCA Register to contact the firm; and
- call the Consumer Helpline on 0800 111 6768 if you suspect the caller is fraudulent.

REMEMBER: if it sounds too good to be true, it probably is!

Forward-looking statements

This Annual Report and Accounts includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules, the Disclosure Guidance and Transparency Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date of this Annual Report and Accounts.

Contact details

We are happy to answer queries from current and potential shareholders. Similarly, please let us know if you wish to receive past, present or future copies of the Annual Report and Accounts. Please contact us by telephone, email or via the website.

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Email

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Website

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Equiniti Limited

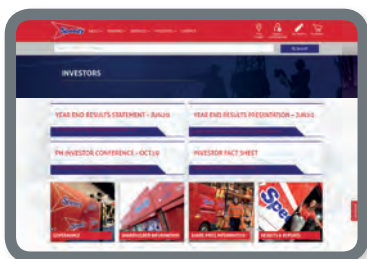
Aspect House
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Insurance brokers

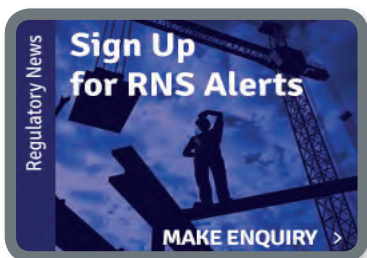
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Notes



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