Ashtead group

THIS IS WHAT WE DO

Annual Report & Accounts 2014

WATNEY ISMA
Sunbelt

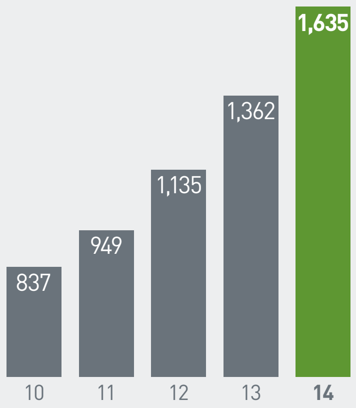
WHO WE ARE

Ashtead is an international equipment rental company with national networks in the US and the UK. We rent a full range of construction and industrial equipment across a wide variety of applications to a diverse customer base.

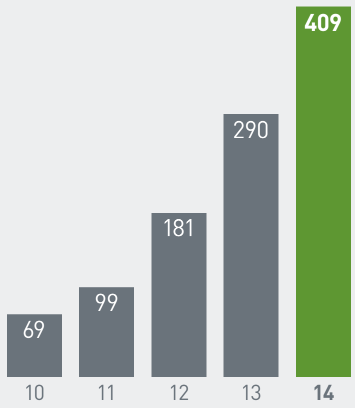
Our objective is to deliver sustainable value and above average performance across the economic cycle, thereby extending our industry-leading position and delivering superior total returns for shareholders.

OUR FINANCIAL HIGHLIGHTS

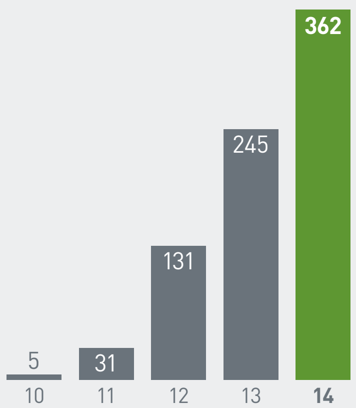
£1,635m
Revenue



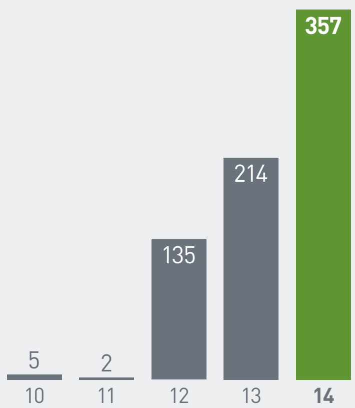
£409m
Underlying operating profit



£362m
Underlying profit before taxation



£357m
Profit before taxation



- Group rental revenue up 24%[1]
- Record Group pre-tax profit of £362m, up 50% at constant exchange rates
- Group EBITDA margin improves to 42% (2013: 38%)
- £741m of capital invested in the business (2013: £580m)
- Group RoI of 19% (2013: 16%)
- Net debt to EBITDA leverage[1] of 1.8 times (2013: 1.9 times)
- Proposed final dividend of 9.25p making 11.5p for the year (2013: 7.5p)

[1] At constant exchange rates.

Underlying profit and earnings per share are stated before exceptional items, amortisation of intangibles and fair value remeasurements. The definition of exceptional items is set out in note 2 to the financial statements. Prior year figures have been restated for the adoption of the revised IAS 19 'Employee Benefits'.

Forward looking statements
This report contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Contents

AT A GLANCE

Ashtead is one of the largest equipment rental companies in the world and operates as Sunbelt in the US and as A-Plant in the UK.

US: SUNBELT

The second largest equipment rental company in the US with 425 stores in 39 states

395 Full service stores	30 Sunbelt at Lowes stores
7,600 Employees	$2,189m Revenue
26% Return on investment*	$631m Profits

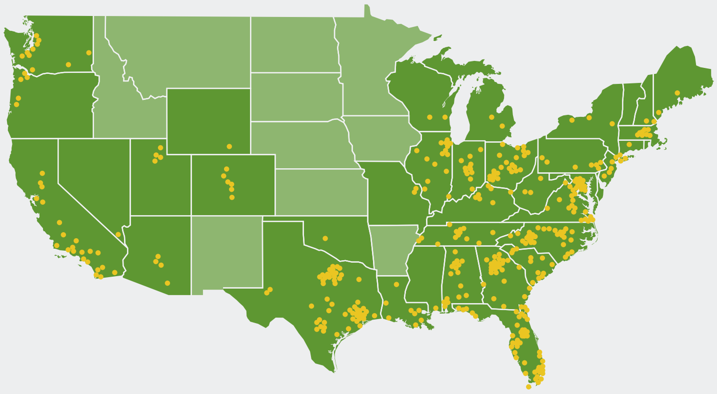
* Excluding goodwill and intangible assets.

UK: A-PLANT

The second largest equipment rental company in the UK with 131 stores throughout England, Scotland and Wales

131 Stores	£268m Revenue
2,400 Employees	£25m Profits
9% Return on investment*	

* Excluding goodwill and intangible assets.



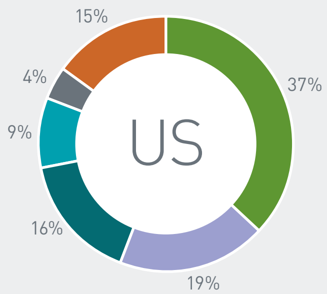
SUNBELT

US

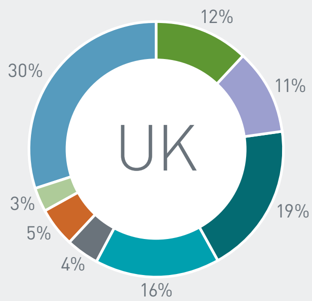
A-PLANT

UK

Fleet composition

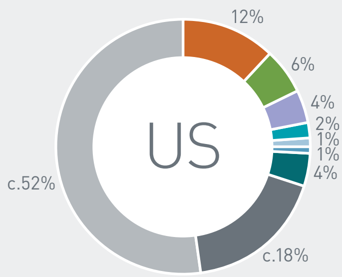


- Aerial work platforms
- Forklifts
- Earth moving
- Pump and power
- Scaffold
- Other

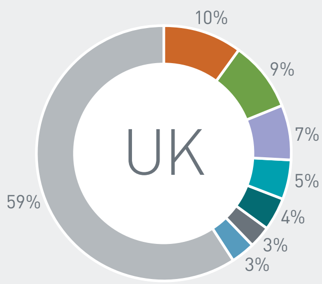


- Aerial work platforms
- Forklifts
- Earth moving
- Accommodation
- Pump and power
- Acrow
- Traffic
- Other

Market share



- United Rentals
- Sunbelt
- Hertz Equipment Rental Co. (HERC)
- Home Depot
- BlueLine Rentals
- Aggreko
- Top 7–10
- Top 11–100
- Others



- Speedy
- A-Plant
- HSS
- VP
- Lavendon
- Hewden
- GAP
- Others

STRATEGIC REPORT
CHAIRMAN'S STATEMENT

I am very pleased to report another excellent year for Ashtead with our third set of record annual results and entry into the FTSE 100 for the first time. It is enormously satisfying that our optimism last year has proved to be justified.

CHRIS COLE
CHAIRMAN

Both Sunbelt and A-Plant enjoyed strong performance with full-year Group revenue at £1,635m compared to £1,362m last year. Our underlying pre-tax profit was £362m, up 50% at constant exchange rates from £245m last year, due to a combination of the strong revenue growth and ongoing operational efficiency. Our Group EBITDA margin improved further to 42% compared with 38% last year.

Sunbelt rental revenue grew 23% to $1,973m, driven by a 17% increase in fleet on rent and a 4% improvement in yield. With the acquisition of Eve Trakway, A-Plant delivered rental revenue of £244m, up 33% on the prior year, reflecting 21% more fleet on rent and a 9% improvement in yield.

Our strategy, detailed on page 10, continues to be focused largely on organic growth, supplemented by greenfield openings and a range of carefully selected bolt-on acquisitions. We invested £741m in capital expenditure, primarily to support our growth, and £103m on 12 acquisitions over the year and added 39 new locations in the US.

Meanwhile we maintained our debt leverage below two times EBITDA and are committed to maintaining this over the long term. Our recent performance has been supported by the structural change in the US market and our ability to respond accordingly. We now believe that improving general market conditions will further reinforce our progress supporting both our growth and performance ambitions.

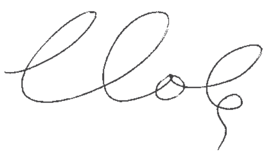
2013 saw the introduction of a new reporting framework and we are pleased to report we are compliant with the new regulations. I am also confident that we continue to maintain and develop a balanced and diverse Board that promotes good governance. We say goodbye and thank you to Hugh Etheridge who retires as our senior independent director and chairman of the Audit Committee on 30 June and who has supported us so well over the last 10 years. I am pleased to welcome Wayne Edmunds, the former chief executive of Invensys plc, as a new non-executive director and our new Audit Committee chairman. Ian Sutcliffe, who joined us in 2010, will be our new senior independent director.

The theme of this year's report is 'What we do'. What we do is solve problems for our customers who are central to all of our planning. This customer service ethos is supported by all aspects of the business, but most of all by the people on the ground who make things happen. Across the pages of our new Strategic Report we feature some of those people who embody what we do, providing exemplary customer service.

I am enormously grateful to all our employees for their hard work and commitment, and to our experienced and exceptional management and leadership teams. They all make Ashtead a very special business, which I am pleased to report the Board experienced first-hand in February 2014 through their attendance at the Sunbelt management meeting with 700 key people.

We continue our progressive dividend policy, while considering underlying profit and cash generation and sustainability throughout the economic cycle. In view of our excellent performance, the Board is recommending a final dividend of 9.25p per share making 11.5p for the year compared to 7.5p in 2013. Assuming the final dividend is approved at the Annual General Meeting, it will be paid on 5 September 2014 to shareholders on the register on 15 August 2014.

We remain confident of further growth as our markets continue to improve and we build on the momentum, reputation and experience that we have established. Continuance of our well-articulated strategy and remaining alert to opportunities will, I believe, ensure ongoing creation of shareholder value.



CHRIS COLE
CHAIRMAN
16 June 2014

HIGHLIGHTS OF THE YEAR

MAY

A-Plant further developed its specialty services by acquiring Eve Trakway ('Eve'). Eve is the UK's leading temporary access provider and provides temporary roadways, walkways, pitch coverings and pedestrian and vehicle bridges, together with crowd control barrier systems, traffic management, security and lighting solutions. The acquisition enables us to supply even more of a complete package to the events industry, providing equipment we did not previously have within our fleet.

JULY

Sunbelt took delivery of and absorbed $334m of rental equipment into the fleet in the first quarter of the year. This was put to work immediately as demonstrated by our strong utilisation for the quarter at 73% (2013: 70%). This drove Sunbelt's fleet on rent growth of 17% in the first quarter.

AUGUST

We took advantage of good debt markets and increased the size of our senior credit facility to $2bn. The facility's maturity was extended to August 2018 and the pricing grid reduced. Depending on our leverage, the pricing grid ranges from LIBOR plus 175bp to LIBOR plus 225bp. This ensures our debt package remains well structured and flexible, enabling us to take advantage of prevailing market conditions.

$2bn

Increased senior debt facility

SEPTEMBER

Sunbelt acquired Contractors' Equipment Company ('CEC'), a four location general tool business, following the acquisition of M.A.C. Leasing ('MAC') in August for a total of $35m. CEC was based in Missouri and facilitated our geographical expansion into one of our key target markets, while MAC, which rents and services heating equipment, has been amalgamated into our Pump & Power Services specialty business and is helping to broaden the range of industries we can service fully. In November, Sunbelt completed the strategic acquisitions of Shamrock and CG Power for $29m, expanding its oil and gas specialty business. These businesses expand Sunbelt's oil and gas rental business into east Texas, Utah and North Dakota. These acquisitions provide a clear demonstration of our growth strategy in action.

DECEMBER

The Group's strong momentum resulted in record first half profits with Group underlying profit before taxation up 49% on the previous year at £212m. With the benefit of this performance, we accessed the debt markets to raise a further $400m of long-term debt enabling us to re-balance our fixed to floating rate split to 45:55, more in line with our historical profile. Furthermore, our strong share price performance resulted in the Company entering the FTSE 100 on 23 December 2013.

up 49%

Group profit before taxation

APRIL

The business is well-positioned heading into 2014/15. Ours is a seasonal business and, in the US, demand builds through the summer months and typically peaks in November. In April 2014 we had record levels of fleet on rent, already higher than November 2013, and prior to the seasonal upturn.

April also saw the acquisition of ElecComm Power Services, Inc. and On Site Company, Inc., two specialty businesses, which enhanced our pump and power capability in the New York area.

OUR BUSINESS MODEL

HOW WE CREATE SUSTAINABLE VALUE

We create value through the short-term rental of equipment that is used for a wide variety of applications to a diverse customer base. Our rental fleet ranges from small hand-held tools to the largest construction equipment and is available through a network of stores in the US and the UK.

WHAT WE DO

- We purchase equipment from leading manufacturers and maintain it through its useful life
- We rent on a short-term basis, a full range of construction and industrial equipment

HOW WE DO IT

DIFFERENTIATING OUR FLEET AND SERVICE
- Broad fleet mix
- Highly responsive (no job too small)
- Scale to meet size and range of requirement

ENSURING OPERATIONAL EXCELLENCE
- Optimal fleet age
- Nationwide networks in US and UK
- Long-term partnerships with leading equipment manufacturers
- Focused, service-driven approach
- Strong customer relationships
- Industry-leading application of technology

INVESTING IN OUR PEOPLE
- Highly skilled team
- Devolved structure
- Maintaining significant staff continuity
- Strong focus on recruitment, training and incentivisation

MAXIMISING OUR RETURN ON INVESTMENT
- Effective management and monitoring of fleet investment
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment
- Appropriate incentive plans consistent with improved returns

MANAGING THE CYCLE
- Planning ahead
- Careful balance sheet management
- Adapting our fleet and cost position
- Taking advantage of opportunities

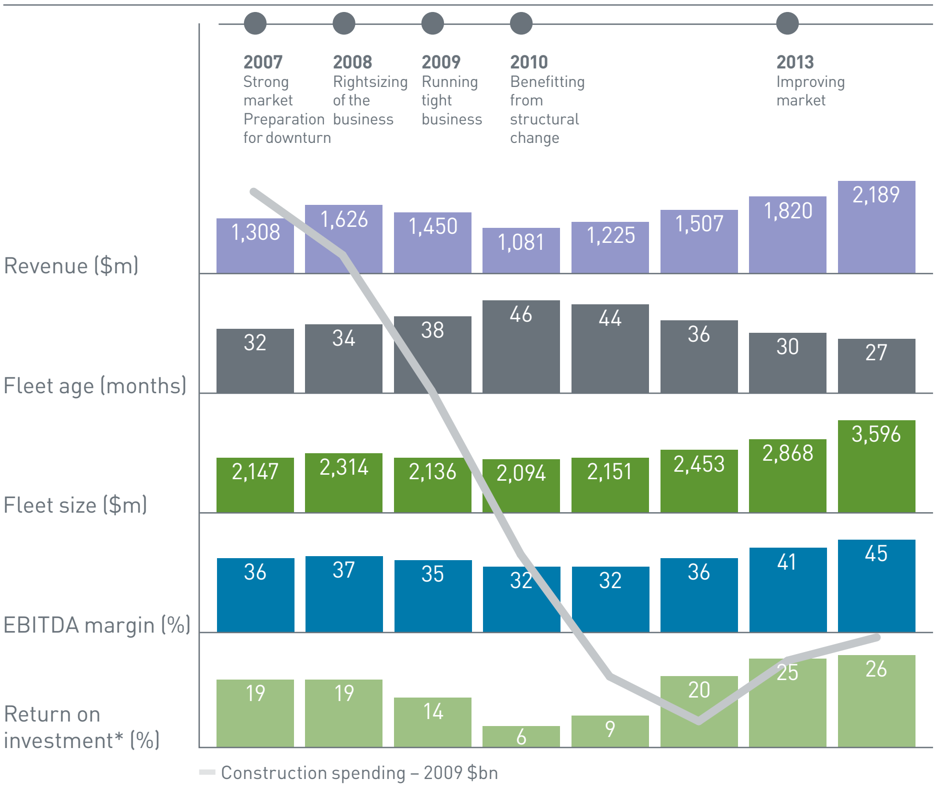
VALUE CREATION

VALUE CREATION THROUGH
- the provision of cost effective rental solutions to a diverse customer base;
- enhancing the communities in which we operate, through job creation and community involvement (for more on community contribution see page 35);
- developing long-term relationships with customers and suppliers; and
- generating sustainable returns for shareholders through the cycle, ahead of our cost of capital.

What we do is simple. How we do it is not.

At its most basic, our model is simple – we purchase an asset, we rent it to customers and generate a revenue stream each year we own it (on average, seven years). Then we sell it in the second hand market and receive a proportion of the original purchase price in disposal proceeds. Assuming we purchase an asset for $100, generate revenue of $60 each year (equivalent to 60% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of $455 on an initial outlay of $100 over an average seven year useful life. We incur costs in providing this service, principally employee, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts and activities. Our ability to excel in these areas enables us to generate strong margins and deliver long-term, sustainable shareholder value, whilst managing the risks inherent in our business (refer to pages 20 and 21).

CHART 1: MANAGING THE CYCLE



* Excluding goodwill and intangible assets.

MANAGING THE CYCLE

We describe ourselves as being a late cycle business in that our main end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we have a good degree of visibility on when we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. We are therefore able to plan accordingly and react in a timely manner when necessary. Key to the execution of our model is the planning we undertake to capitalise on the opportunities presented by the cycle. The opportunities are for both organic growth, through winning market share from less well positioned competitors, and positioning ourselves to be able to fund acquisitive growth if suitable opportunities arise. See content on our strategy on pages 10 to 16.

DIFFERENTIATING OUR SERVICE AND FLEET

The differentiation in our service and fleet means that we provide equipment to many different sectors. The commercial and institutional construction markets represent our largest markets but an increasing proportion of our business (30%) is in specialty areas such as pump and power, temperature control, oil and gas and scaffolding. Residential construction is a small proportion of our business (5%) as it is not a heavy user of equipment.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. Our diversified customer base includes construction, industrial and homeowner customers, as well as government entities and specialist contractors. Our core market is the small to mid-sized local contractor. The nature of the business is such that it consists of a high number of low value transactions. In the year to April 2014, Sunbelt dealt with over 450,000 customers, who generated average revenue of $4,500.

OUR BUSINESS MODEL CONTINUED

The individual components of our fleet are similar to our peers. However, it is the breadth and depth of our fleet that differentiates us from them and provides the potential for higher returns. The size, age and mix of our rental fleet is driven by the needs of our customers, market conditions and overall demand. The equipment we provide to each customer is diverse and we are often involved in supplying various types of equipment over an extended period at each distinct stage of a project's development. Our equipment is also used in a wide range of other applications including industrial, events, repair and maintenance and facilities management.

HOW WE OPERATE

Our operating model is key to the way we deliver operational excellence:

- In the US we achieve scale through a **'clustered market'** approach of grouping general tool and specialist rental locations in each of our developed markets. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale.
- In the UK, our strategy is focused on having sufficient stores to allow us to offer **a full range of equipment on a nationwide basis**. We have migrated our network towards fewer, larger locations which are able to address all the needs of our customers in their respective markets. This difference in approach from the US reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
- Across our rental fleet, we seek generally to carry equipment from one or two suppliers in each product range and to limit the number of model types of each product. We believe that having a **standardised fleet** results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs through more focused and, therefore, reduced training requirements for our staff. We are also able to share spare parts between stores which helps minimise the risk of over-stocking. We can also easily transfer fleet between locations which helps us achieve leading levels of physical utilisation, one of our KPIs (see page 18).
- We purchase equipment from well-known manufacturers with strong reputations for **product quality and reliability** and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with vendors to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it. However, we believe we have sufficient alternative sources of supply for the equipment we purchase in each product category.
- We also aim to offer a **full service solution** for our customers in all scenarios. Our specialty product range includes equipment types such as pump and power, temperature control, scaffolding and traffic management systems, which involve providing service expertise as well as equipment.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, **whole-life returns** from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.
- We **guarantee our service standards** and if we fail to meet those standards, the first day's rental is free. We believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where around 70% of orders are placed for delivery within 24 hours. We have worked with a lot of our customers for many years. Our customer retention is high due to the scale and quality of our fleet and our speed of response.
- Our local management teams are **experienced and incentivised** to produce strong financial returns and high quality standards. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees.
- We invest heavily in our **computerised point of sale and service systems** as well as the software and online capabilities required to deliver efficient service as well as high returns. We capture and record the time of delivery and the customer's signature electronically, allowing us to systematically monitor and report on on-time deliveries. We also use electronic tracking systems to monitor the location and usage of large equipment.

INVESTING IN OUR PEOPLE

On pages 31 to 34 we discuss the importance of our staff and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers. Our exceptional staff and focus on service give us a huge competitive advantage in what we do.

STEVE LOWDER
Sunbelt

WE GET COMMUNITIES GOING AFTER A DISASTER

Sunbelt's national disaster response team of volunteers like Steve Lowder are proud to take the strain when disaster strikes. It could be a flood, hurricane or snow storm, but whole communities can grind to a halt. It's our job to get them moving again, coordinating efforts across our national network, sourcing the right people and kit to do just that. Our first priority after any disaster is the safety of our own people. We make sure they and their families are alright before we ask them to focus on getting our customers moving again. Our yard is cleared of snow before the competition has turned up for work. We can mobilise significant resources within hours of major storms like Ike or Sandy. First we supply power and then remediation crews to sort out the damage. We take pride in making a difference. It's what we do.

Hurricane Sandy – New York

THE STRATEGY BEHIND WHAT WE DO

In last year's annual report we said that 2012/13 was our best year to date and that we expected even better to come. We are delighted to report results for 2013/14 that were again our best to date.

GEOFF DRABBLE
CHIEF EXECUTIVE

SUZANNE WOOD
FINANCE DIRECTOR

Our business continues to go from strength to strength and as the economic recovery becomes more established, we are in the strongest position ever to take advantage of that return to growth.

We have delivered record underlying pre-tax profit up 50% at constant exchange rates on the previous year driven mainly by a 24% increase in rental revenue at constant exchange rates. This performance was further enhanced by operational efficiencies that helped to increase our EBITDA by 34% at constant exchange rates and our EBITDA margin to 42%. These results demonstrate that our business model is a sound one and that our strategy remains on track to deliver more growth over the coming years. We are particularly pleased that A-Plant has also had an excellent year and with the acquisition of Eve delivered rental revenue growth of 33% and 19%, excluding Eve.

As we hope we have been able to demonstrate, the Ashtead business model is very simple at its most basic level. What we do is not complicated. But how we do it, where we do it and how we differentiate ourselves from the competition, all take skill and are great sources of competitive advantage for us. At the heart of our business is our focus on customer service. The stories highlighted in this report demonstrate how we think we do this better than anyone else in our industry.

Our markets

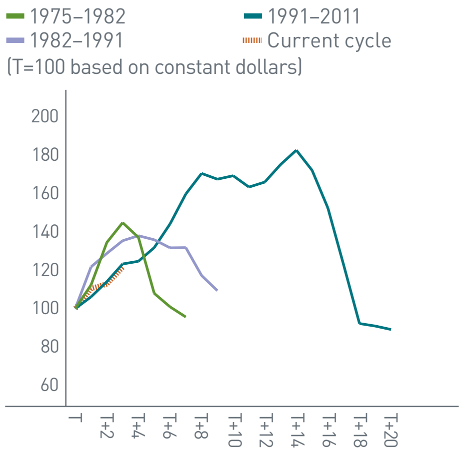
Last year we explained that we are predominantly in the US because of the much higher growth rates in the rental industry in that market than in the UK. This is due to the rental market being much less developed than the market in the UK and five times bigger. Not only is the economic environment set to improve as construction markets recover, but we are also seeing increasing market share in both the US and the UK.

THE US

Economic recovery

The US economy is now into recovery but construction still remains at historically low levels. As Chart 2 shows, the short term trends are very encouraging and support strong medium term growth for us. This is because we remain a predominantly late cycle non-residential business which really starts to take off between 12–24 months after construction starts to recover. Non-residential construction accounts for 65% of our business while residential only accounts for 5%. The remaining 30% of our business comes from our specialty services. The most encouraging aspect from the table is the growth last year in commercial and industrial starts at 17%, together with the forecasts of 16% for 2014 and 2015.

CHART 3: CONSTRUCTION ACTIVITY BY CYCLE



Source: McGraw Hill Construction

CHART 2: US MARKET OUTLOOK

Total building starts (Millions of square feet)	2013	2014	2015
Total building	+18%	+18%	+21%
Commercial and industrial	+17%	+16%	+16%
Institutional	-3%	+2%	+11%
Residential	+23%	+21%	+24%

Source: McGraw Hill (Q1 2014)

We are optimistic about the duration of the next construction cycle. Chart 3 shows the last three construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. The current cycle is following the steadier recovery of the early 90s. This reflects the widely held view that a long, steady recovery is the most likely shape this time around, following the protracted downturn.

Market share

We are the second largest equipment rental company in the US but as Chart 4 shows there is still plenty of room to grow. Our major large competitors are United Rentals and HERC. Some 12% of the market is made up of a further 4–10 medium sized players with the remainder being small local independent tool shops. As we demonstrate on page 15, it is from these small independents that we are taking most of our market share when we set up new stores, although we are also taking share from our larger competitors. We remain focused on increasing market share from organic greenfield expansion and small bolt-on acquisitions rather than from a larger scale transaction at this point.

We have a track record of increasing our market share and since 2002 we have increased it from c.2% to c.6% in 2013 (Chart 5). Our goal is to double our market share in the medium to long term. Over the last three years we have consistently grown at two to three times the market growth rate. While it will be challenging to maintain this level of market out-performance, the combination of our business model with the economic recovery and the long-term trend to rental, which we discuss further below, provide the perfect environment for us to achieve this goal. In the longer term, we believe that a market share in the order of 20% is not an unreasonable goal.

The trend to rental

There are a number of features of the US construction market that mean there is still significant growth to come from the continuing trend to rental in place of owning equipment. The trend to rental really got going in the US around 2000, much later than in the UK. Rental still only takes up 50% of the market compared to 75% in the UK. We see the potential market penetration for rental equipment to be well over 60% in the US. There continue to be a number of favourable factors driving this increasing penetration. The short-term drivers of this evolution are the significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements that make rental more attractive and health, safety and environmental issues which make rental more economical and just easier. In addition, the market is increasingly getting used to renting equipment rather than buying it.

CHART 4: US MARKET SHARE

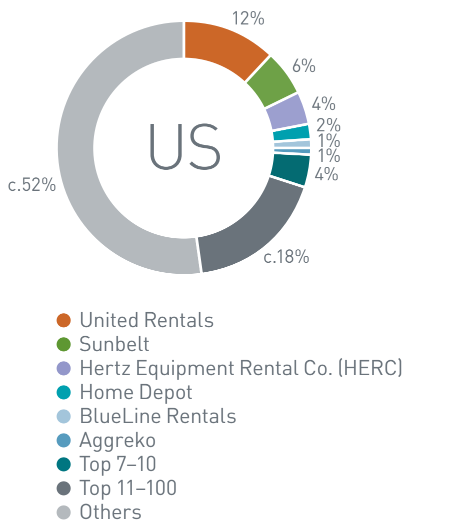
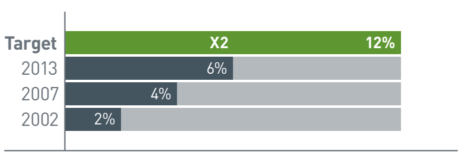


CHART 5: US MARKET SHARE



Source: Management estimates

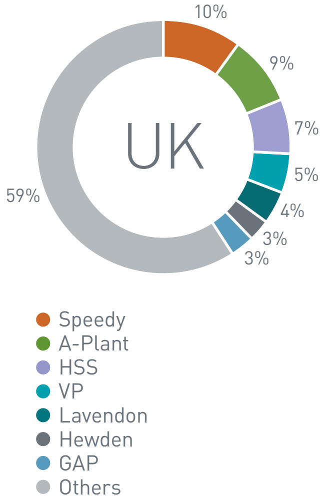
STRATEGIC REVIEW CONTINUED

CHART 6: UK CONSTRUCTION INDUSTRY FORECASTS

£m constant 2010 prices	2012 actual	2013 actual	2014 forecast	2015 forecast	2016 projection	2017 projection	% of Total
Residential	29,360	30,929 +5.3%	33,327 +7.8%	35,782 +7.4%	37,420 +4.6%	38,326 +2.4%	**29%**
Private commercial	33,654	33,613 -0.1%	34,963 +4.0%	36,521 +4.5%	38,201 +4.6%	39,873 +4.4%	**30%**
Public and infrastructure	47,262	46,970 -0.6%	48,195 +2.6%	49,741 +3.2%	51,622 +3.8%	53,643 +3.9%	**41%**
Total	110,276	111,512 +1.1%	116,485 +4.5%	122,044 +4.8%	127,243 +4.3%	131,842 +3.6%	**100%**

Source: Consumer Products Association (Spring 2014)

CHART 7: UK MARKET SHARE



For example, if we consider the environmental regulations resulting in the shift to the more environmentally friendly Tier 4 engines, we see significant inflation in equipment replacement costs. This is driving further rental penetration through the reduction in fleet size by those customers who previously may have chosen to own some if not all of their larger equipment needs. Customers and smaller competitors with old fleets are faced with heavy replacement spend. The difficulties of getting to grips with the new technology and its maintenance requirements are also causing more operators to decide to rent. It is this market evolution and the additional costs going forward which explain our strategy of aggressively reducing our fleet age over the last two years. We discuss our strategy in detail below.

THE UK

Economic recovery

The UK market has been challenging for a number of years. Economic stagnation and an already high level of rental penetration of 75% mean that growth opportunities are more difficult to come by than in the US. However, our results last year demonstrate that A-Plant is also back to growth before the market has started to recover. As you can see in Chart 6, the outlook for UK construction is beginning to look a bit more encouraging and we believe we are past the bottom of the cycle.

However, with 41% of total construction still being public and infrastructure, even with residential performing well, we will continue to invest responsibly in the UK market. What is encouraging is that ahead of cyclical recovery, we are already making good progress in improving our return on investment (RoI), one of our KPIs, showing that we are now well on the way to a more sustainable returns profile in the UK.

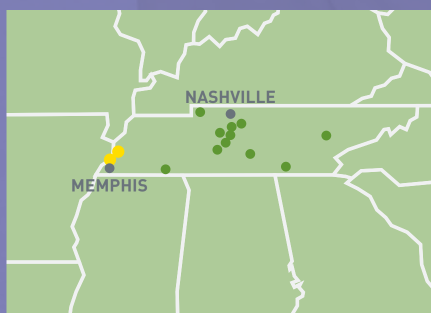
Market share

We are the second largest equipment rental company in the UK, but have increased our market share this year as we have grown more rapidly than the market as a whole and benefitted from our acquisition of Eve. There are a greater number of major players in the UK market with the largest still holding only 10% market share. Chart 7 shows our key competitors and their share of the market. We believe that recovery in our UK market is two to three years behind the US recovery. However, as the recovery continues to take hold, we believe we are well-positioned with our strong customer service, young relative fleet age and strong balance sheet to take market share from smaller, less well-positioned market participants. We believe we can increase our share of the UK rental market by 50%.

RICHARD HALSTED AND ARTIE PRAYTOR
Sunbelt

WE ARE REACHING MORE CUSTOMERS

We saw an opportunity to expand our coverage in the state of Tennessee based on likely future demand for our services. We already had a thriving location in Nashville and the natural next place to go was Memphis. In April last year we opened a new greenfield site combining general tools and pump and power equipment. We can now service a wide variety of new and existing customers across an additional 650 square mile area. Richard Halsted manages a staff of 16, looking after $13 million of general tools fleet. That side of the business broke even after just five months. Artie Praytor has a team of six, managing $1.3 million of pump and power fleet. That business broke even after eight months. We plan to build on the breadth of equipment we can provide by adding climate control services soon. This is what we do.



Tennessee expansion

STRATEGIC REVIEW CONTINUED

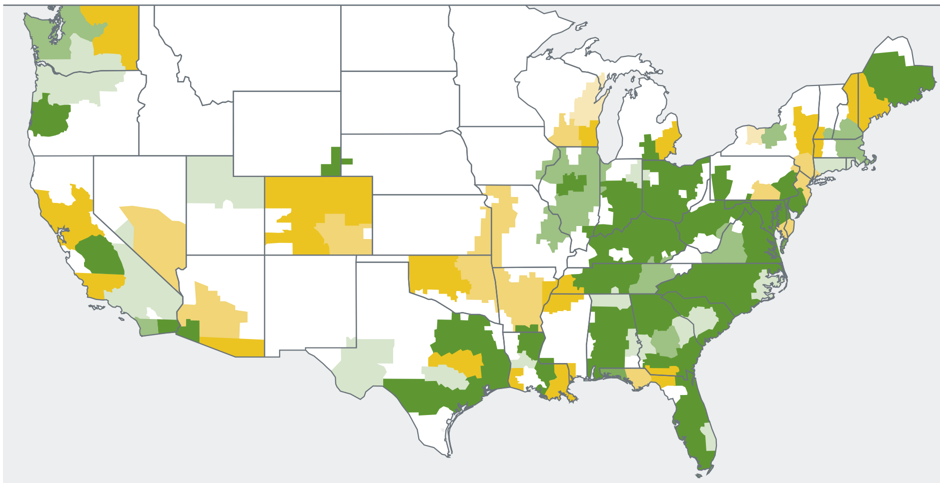
Our strategic priorities

We are operating in a market full of potential and accordingly our strategy is to grow the business aggressively but responsibly. In the medium to long term we aim to double our market share in the US and grow it by 50% in the UK. Given the way the rental market is evolving and the way we do business, we think this is realistic. We have demonstrated where we think we are in the economic cycle.
Our challenge now is to make the most of that position and the growth which comes with sustained economic recovery in an aggressive but disciplined manner. Whether we achieve these goals this cycle or next cycle is dependent on various factors, many of which are outside our control such as the duration of the cycle. However, the important factor is that we implement our strategy consistently, across the economic cycle to ensure that we are in a strong position at all times to take advantage of the opportunities presented by our markets. The risks that we face in implementing this strategy are discussed on pages 20 and 21.

17%

increase in Sunbelt fleet on rent

STRATEGIC PRIORITIES	KEY INITIATIVES	UPDATE	RELEVANT KPIs
BUILD OUR MARKET SHARE • Double our US market share • Increase UK market share by 50%	Organic fleet growth Greenfield expansion Bolt-on M&A Develop specialty products	25% increase in cost of US rental fleet 17% increase in US fleet on rent 23 greenfield openings in the US $93m spent on US acquisitions £45m spent on UK acquisitions	Fleet on rent
FINANCIAL AND OPERATIONAL FLEXIBILITY • RoI above 15% for the Group	Driving improved dollar utilisation Maintain 'fall through' rates Increasing US store maturity	RoI increased to 18.6% (2013: 16.2%) Sunbelt dollar utilisation increased to 61% (2013: 60%) Sunbelt 'fall through' of 65% A-Plant dollar utilisation increased to 56% (2013: 49%)	RoI Dollar utilisation Underlying EBITDA margins
• Maintain leverage predominantly below two times net debt to EBITDA	Maintaining financial discipline	Sunbelt EBITDA margin improved to 45% (2013: 41%) Leverage reduced to 1.8x EBITDA	Leverage Net debt
• Ensure financial firepower at bottom of cycle for next 'step change'	Optimise fleet profile and age during the cyclical upturn	Fleet age remains stable and appropriate at this stage of the cycle: – Sunbelt 27 months (2013: 30 months) – A-Plant 37 months (2013: 40 months)	
OPERATIONAL EXCELLENCE • Improve operational capability and effectiveness • Continued focus on service	Operational improvement • Delivery cost recovery • Fleet efficiency	Initial phase of improvement programmes designed to deliver improved dollar utilisation and EBITDA margins	Underlying EBITDA margins RoI Fleet on rent Staff turnover Safety



TOP 100 DESIGNATED MARKETS

- Present in 83 of top 100
- Market share > 10% in 52 of top 100
- Present in 48 of top 50
- Significant opportunity in both existing and new geographies

0%

10%

15+%

BUILDING MARKET SHARE

We aim to achieve our ambitious targets in the US through a combination of organic fleet growth, a mix of new greenfield sites and small bolt-on acquisitions and the development of our specialty offering. This has been the source of a lot of our growth in previous cycles. The map above shows the nature and scale of the opportunity. Anything in green on the map is where we already have our target 12% market share. Areas in dark green are where we have over 15%. It is only a matter of time before we achieve similar results across a broader geography because we now have the scale, competitive advantage and balance sheet strength to reach our targets. There are 17 out of the top 100 markets in the US where we have no locations and a further 30 where our share is less than our average share. So we believe there is significant opportunity for expansion in both existing and new geographies.

Organic fleet investment will also be required as the market should support double our existing fleet. We believe this blend of bolt-ons, usually of small independent tool shops, and greenfield sites is one we can roll out successfully across a number of geographies. The precise mix will be driven by our existing presence and the quality of opportunities available. We announced our store expansion strategy a year ago and have executed it in a balanced way. It has been achieved through a mix of greenfields and bolt-on acquisitions and includes both general tool and specialty businesses (Chart 8). Although each greenfield step and bolt-on is small, the potential is great. In an 18 month period we have opened locations and acquired small businesses which will generate revenue in the region of $250m in 2014/15 with a return on investment of 20–25%.

We anticipate adding around 50 stores in the coming financial year. Our scale, combined with our good reputation and the brand presence we now enjoy, mean that new locations start to generate a profit inside six months. This also helps fuel the expansion of the business.

Organic growth in our existing US geographies, together with greenfields, will remain our primary growth driver. The mix of organic growth and small bolt-ons is a low risk, high return strategy and plays to our operational strengths. It is also a strategy for the long term.

Markets are tougher for A-Plant but improving. In the UK we have been focused on higher physical utilisation of our fleet to drive revenue growth and improve returns. During 2013/14 we started to gain traction on pricing and, moving forward, this remains a prerequisite to improving returns further. If current trends continue we will start to increase growth capital expenditure and perhaps reduce physical utilisation of the fleet a little to allow us the flexibility to gain further market share while seeking to improve pricing.

62

new Sunbelt locations in the last two years

CHART 8

				Revenue ($m)			Return
	General tool	Specialty	Total	2012/13	2013/14	2014/15	
2012/13							
Bolt-ons	4	2	6	19	64		
Greenfields	9	8	17	13	44		
	13	10	23	32	108	120-130	
2013/14							
Bolt-ons	6	9	15	–	23		
Greenfields	9	15	24	–	33		
	15	24	39	–	56	115-125	
Total	28	34	62	32	164	235-255	20–25%

STRATEGIC REVIEW CONTINUED

26%

Sunbelt return on investment (excluding goodwill and intangibles)

CHART 9

	Number		Operating margin		RoI	
Fleet size	2008	**2014**	2008	**2014**	2008	**2014**
Extra large > $15m	14	**43**	37%	**42%**	26%	**31%**
Large > $10m	35	**84**	35%	**36%**	25%	**27%**
Medium > $5m	174	**173**	30%	**33%**	22%	**25%**
Small < $5m	115	**62**	24%	**26%**	19%	**24%**

Note: 2008 reflects prior peak performance post the acquisition of NationsRent.

FINANCIAL AND OPERATIONAL FLEXIBILITY

The scale of growth we are planning requires a great deal of financial and operational flexibility. As mentioned elsewhere, we are a cyclical business and we aim to perform at all stages of the economic cycle. This means looking ahead and preparing for both the top and the bottom of the cycle. It means having the financial strength to enable growth when appropriate and make our returns sustainable. Having a strong balance sheet is fundamental to our success at all stages in the cycle.

A big part of our financial stability comes from our strategy of ensuring that, averaged across the economic cycle, we always deliver RoI well ahead of our cost of capital. RoI through the cycle is the key measure for any rental company and the best medium-term indicator of the strength of the business. We do this in a variety of ways at different stages of the cycle, all focused on the effective management of invested capital and maintaining financial discipline.

Our current strategy is to focus on maximising dollar utilisation (the rental revenue return over the original cost of any of our equipment) and on maintaining our 'fall through' rates (the proportion of incremental rental revenue that 'falls through' to EBITDA). Last year our 'fall through' rate at Sunbelt was 65%. This is how we measure the efficiency of our growth.

The maturity of our stores also has a big impact on RoI. This is because the more mature and bigger the store, the greater the operating profit margin and RoI. So even within our existing stores there is scope for higher returns as they increase in size and move up the maturity scale. We have more stores and larger stores than at the peak of the last cycle which is driving our strong margins and returns (Chart 9).

We also seek to maintain financial discipline and are always mindful of our leverage commitment to maintain our ratio of net debt to EBITDA at below two times. From this position of strength at the peak of the cycle, we can ensure we have sufficient financial resources at the bottom of the cycle to prepare for the next 'step change' in the market and capitalise on growth opportunities in the early stages of the next cyclical recovery. Integral to financial strength is our ability to generate cash. Traditionally, rental companies have only generated cash in a downturn when they reduce capital expenditure and age their fleet. In the upturn, they consume cash as they replace their fleets and then seek to grow. As our business matures, we are reaching the point where we expect to generate free cash flow (before acquisitions and returns to shareholders) throughout the cycle and not only in a downturn.

We have focused on ensuring our fleet profile and age is optimised for the cyclical upturn to ensure we make the most of the opportunity. Our strategy of fleet de-aging since 2010 has resulted in nearly half of our fleet being under two years old. Fleet coming up to replacement in the next few years is about a third of the total. Our young fleet means that we no longer need to reduce fleet age further and can devote a greater proportion of our capital expenditure to growth. The typical fleet age profile of our customers and some of our smaller competitors means that at least 60% of their fleet needs to be replaced in the near future at much higher prices (particularly because of the new requirements for Tier 4 engines). We get significant competitive advantage from our young fleet and our purchasing power. Our strong balance sheet allows us to capitalise on this advantage in both the US and the UK.

OPERATIONAL EXCELLENCE

Our third strategic priority is improving our operational capability and effectiveness, doing what we do to the very best of our ability. Last year we began the initial phase of improvement programmes designed to enhance our operational efficiency and hence our EBITDA margins. The key focus of these initially is improving delivery cost recovery and increasing fleet efficiency. This looks at all aspects of how we fulfil our customers' requirements, ranging from how we organise our stores, load our delivery trucks, optimise our delivery and pick-up routes and how we spend time at the customer location. As with any multi-location business, all locations are good at some of this, some locations are good at all of it – our goal is for all locations to be good at all of it. We are looking for continuous improvement across the business and, as we achieve success in these areas, we will move on to other areas of the business. These initiatives will help to drive a continued improvement in our EBITDA margins and assist in sustaining them through the cycle.

Backing up our other strategic priorities is our ongoing focus on customer service which we believe is crucial to our success. Without it, our strategy would only get us so far. In our report on Responsible Business we show how we look after our staff to ensure they look after our customers. Everyone is focused on delivering for customers at Ashtead. This is what we do every day.

JOHN MOORE
A-Plant

WE ARE MAKING THINGS HAPPEN

A-Plant has built a 106 unit accommodation village in Barrow-in-Furness. This will house the Indonesian Navy and staff from James Fisher Marine Services who are working on ships nearby until September 2015. John Moore is our Project Manager for the site which has been purpose-built to be convenient, comfortable and energy efficient. The new residents of the village will be refurbishing and upgrading three offshore patrol vessels berthed alongside. When their work is complete, the ships will set sail as fully-fledged naval vessels under the Indonesian flag. Meanwhile our accommodation units are home for the workers during the project. The units are modular buildings with multiple uses. They will be offices, catering and dining rooms, sleeping accommodation, launderettes and prayer rooms. We have provided everything the workers could need, just where it needs to be. That's what we do.

Barrow-in-Furness accommodation village

KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

At Group level, we measure the performance of the business using a number of key performance indicators ('KPIs'). These help to ensure that we are delivering against our strategic priorities. Several of these KPIs (underlying EPS, return on investment and leverage) influence the remuneration of our executive team (see pages 46 to 58).

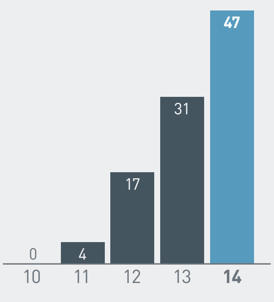
Certain KPIs are more appropriately measured for each of our two operating businesses, whereas other KPIs are best measured for the Group as a whole.

UNDERLYING EPS (p)

Calculation
Underlying Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).

Target
As a cyclical business, underlying EPS varies substantially through the cycle.

2014 performance
Underlying EPS improved significantly to 47p per share in 2013/14.

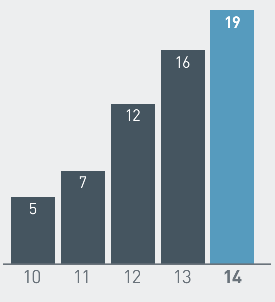


RETURN ON INVESTMENT (%)

Calculation
Underlying operating profit divided by the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt, deferred tax and fair value remeasurements.

Target
Averaged across the economic cycle we look to deliver RoI well ahead of our cost of capital, as discussed in our strategic review.

2014 performance
Our RoI improved to 19% for the year ended 30 April 2014.

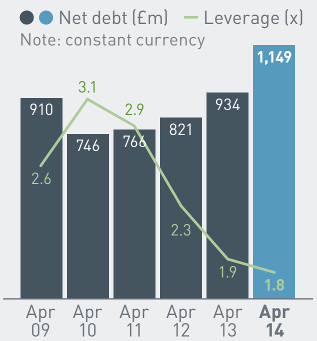


NET DEBT AND LEVERAGE AT CONSTANT EXCHANGE RATES

Calculation
Net debt is total debt less cash balances, as reported, and leverage is net debt divided by underlying EBITDA, calculated at constant exchange rates (balance sheet rate).

Target
We seek to maintain a conservative balance sheet structure with a target for net debt to underlying EBITDA of less than two times.

2014 performance
Net debt at 30 April 2014 was £1,149m and leverage was 1.8 times.

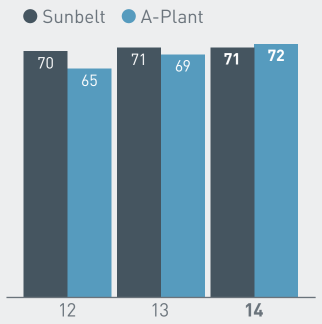


PHYSICAL UTILISATION (%)

Calculation
Physical utilisation is measured as the daily average of the amount of itemised fleet at cost on rent as a percentage of the total fleet at cost and for Sunbelt is measured only for equipment whose cost is over $7,500 (which comprised 89% of its itemised fleet at 30 April 2014).

Target
It is important to sustain annual average physical utilisation at between 60% and 70% through the cycle. If utilisation falls below 60%, yield will tend to suffer, whilst above 70% we may not have enough fleet in certain stores to meet our customers' needs.

2014 performance
US utilisation at 71% was similar to 2012/13, while in the UK utilisation increased to 72% (2012/13: 69%).

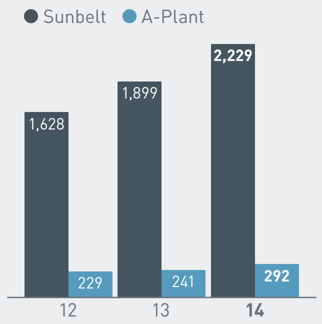


FLEET ON RENT ($m/£m)

Calculation
Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

Target
To achieve growth rates in Sunbelt and A-Plant in excess of the growth in our markets and that of our competitors.

2014 performance
In the US, fleet on rent grew 17% in 2013/14, whilst in the UK it grew 21%.

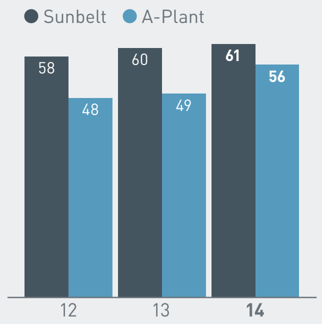


DOLLAR UTILISATION (%)

Calculation
Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period

Target
Improve dollar utilisation to drive improving returns in the business.

2014 performance
Dollar utilisation improved to 61% in the US and to 56% in the UK with improved pricing and yield more than compensating for the increased cost of new equipment.

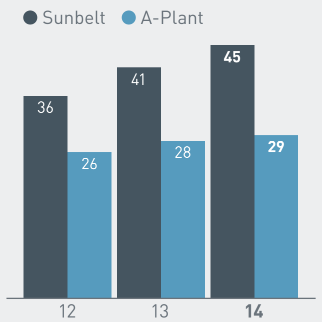


UNDERLYING EBITDA MARGINS (%)

Calculation
Underlying EBITDA as a percentage of total revenue.

Target
To improve margins and achieve peak EBITDA margins of 45–50% in Sunbelt during this cycle and 30–35% in A-Plant.

2014 performance
Margins improved in 2013/14 to 45% in the US and to 29% in the UK.

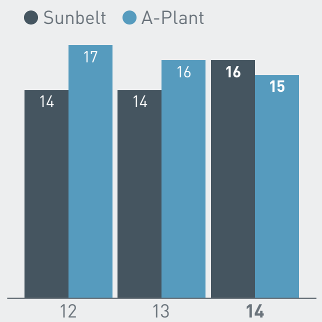


STAFF TURNOVER (%)

Calculation
Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

Target
Our aim is to keep employee turnover below historical levels to enable us to build on the skill base we have established.

2014 performance
Turnover levels are in line with historical lows.

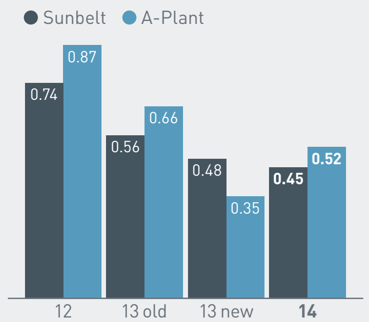


SAFETY

Calculation
The RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven day injuries per 100,000 hours worked.

Target
Continued reduction in accident rates.

2014 performance
The RIDDOR reportable rate declined to 0.45 in Sunbelt but increased to 0.52 in A-Plant. More detail is included in our Responsible Business report on pages 29 and 30.



MANAGING OUR RISK

Ashtead has a rigorous risk management framework designed to identify and assess the likelihood and consequences of risk and to manage the actions necessary to mitigate its impact. A detailed description of this framework is given on pages 28 and 29. Set out below are the principal business risks that currently impact the Group and information on how we mitigate against them. Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below.

- ▲ INCREASED RISK
- ▶ CONSTANT RISK
- ▼ DECREASED RISK

ECONOMIC CONDITIONS ▶

POTENTIAL IMPACT
In the longer term, there is a link between demand for our services and levels of economic activity.
The construction industry, from which we earn the majority of our revenue, is cyclical and typically lags the general economic cycle by between 12 and 24 months.

MITIGATION
- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

CHANGE
Our performance is currently ahead of the economic cycle and we therefore expect to see further upside as the economic recovery becomes more sustained. However, our longer term planning is focused on the next downturn to ensure we have the financial firepower at the bottom of the cycle to achieve the next 'step-change' in business performance.

COMPETITION ▶

POTENTIAL IMPACT
The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies operating at a local level resulting in reduced market share and lower revenue.

MITIGATION
- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Excel in the areas that provide barriers to entry to newcomers: industry-leading IT, experienced personnel and a broad network and equipment fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors.

CHANGE
Our competitive position continues to improve. We are growing faster than most of our larger competitors and the market, and continue to take market share from our smaller, less well financed competitors.

FINANCING ▶

POTENTIAL IMPACT
Debt facilities are only ever committed for a finite period of time and we need to plan to renew our facilities before they mature and guard against default. Our loan agreements also contain conditions (known as covenants) with which we must comply.

MITIGATION
- Maintain conservative (below two times) net debt to EBITDA leverage which helps minimise our refinancing risk.
- Maintain long debt maturities.
- Use of an asset-based senior facility means none of our debt contains quarterly financial covenants when availability under the facility exceeds $200m.

CHANGE
We took the opportunity afforded by strong debt markets to increase our ABL facility to $2bn, reduce the interest rate grid and extend its maturity to 2018. In addition, we accessed the long-term fixed rate debt markets and added $400m to our 6.5% notes due 2022 at a yield to maturity of 5.6%. At 30 April 2014, our facilities were committed for an average of six years and availability under the ABL was $916m.

BUSINESS CONTINUITY

POTENTIAL IMPACT
We are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. A serious uncured failure in our point of sale IT platforms would have an immediate impact, rendering us unable to record and track our high volume, low transaction value operations.

MITIGATION
- Robust and well-protected data centres with multiple data links to protect against the risk of failure.
- Detailed business recovery plans which are tested periodically.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at the primary site.

CHANGE
Our business continuity plans were reviewed, updated and tested during the year.

PEOPLE

POTENTIAL IMPACT
Retaining and attracting good people is key to delivering superior performance and customer service.

Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and would ultimately impact our financial performance adversely.

MITIGATION
- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.

CHANGE
Our compensation and incentive programmes have continued to evolve to reflect market conditions and the economic environment. Staff turnover remains relatively low, based on historical levels.

We continue to invest in training and career development with nearly 300 courses offered across both businesses.

HEALTH AND SAFETY

POTENTIAL IMPACT
We need to comply with laws and regulations governing occupational health and safety matters. Furthermore, accidents could happen which might result in injury to an individual, claims against the Group and damage to our reputation.

MITIGATION
- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.

CHANGE
The overall incident rate continued to decline in Sunbelt and A-Plant, although we saw a higher incidence of strains and sprains in A-Plant. This resulted in a reduced RIDDOR reportable rate of 0.45 (2013: 0.48) in Sunbelt but an increase to 0.52 in A-Plant (2013: 0.35).

COMPLIANCE WITH LAWS AND REGULATIONS

POTENTIAL IMPACT
Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

MITIGATION
- Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation.
- Group-wide ethics policy and whistle-blowing arrangements.
- Evolving policies and practices to take account of changes in legal obligations.
- Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.

CHANGE
We monitor regulatory and legislation changes to ensure our policies and practices reflect them and we comply with relevant legislation.

Our whistle-blowing arrangements are well established and the Company Secretary reported matters arising to the Audit Committee during the course of the year.

During the year over 1,100 people in Sunbelt and over 700 in A-Plant underwent induction training and additional training programmes were undertaken in safety.

ENVIRONMENTAL

POTENTIAL IMPACT
We need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

MITIGATION
- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Monitoring and reporting of carbon emissions.

CHANGE
We continue to seek to reduce the environmental impact of our business and invest in technology to reduce the environmental impact on our customers' businesses. In 2013/14 we reduced our carbon emission intensity ratio to 121 (2013: 129) in Sunbelt and 101 (2013: 112) in A-Plant. Further detail is provided on pages 36 and 37.

OUR FINANCIAL PERFORMANCE

The year was one of strong performance by Sunbelt and A-Plant.

Trading

	Revenue		EBITDA		Operating profit	
	2014	2013	**2014**	2013 (restated)	**2014**	2013 (restated)
Sunbelt in $m	**2,188.5**	1,819.9	**987.6**	741.4	**631.1**	452.5
Sunbelt in £m	**1,366.2**	1,155.8	**616.5**	470.9	**394.0**	287.4
A-Plant	**268.5**	206.1	**78.6**	57.3	**25.2**	11.9
Group central costs	**–**	–	**(10.0)**	(9.2)	**(10.0)**	(9.3)
	1,634.7	1,361.9	**685.1**	519.0	**409.2**	290.0
Net financing costs					**(47.1)**	(44.6)
Profit before tax, exceptionals, remeasurements and amortisation					**362.1**	245.4
Exceptional items					**4.2**	(18.0)
Fair value remeasurements					**–**	(7.4)
Amortisation					**(9.8)**	(5.8)
Profit before taxation					**356.5**	214.2
Taxation					**(125.3)**	(76.4)
Profit attributable to equity holders of the Company					**231.2**	137.8
Margins						
Sunbelt			**45.1%**	40.7%	**28.8%**	24.9%
A-Plant			**29.3%**	27.8%	**9.4%**	5.8%
Group			**41.9%**	38.1%	**25.0%**	21.3%

45%

Sunbelt EBITDA margin

Group revenue for the year increased 20% to £1,635m (2013: £1,362m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £362m (2013 restated: £245m).

In Sunbelt, rental revenue grew 23% to $1,973m (2013: $1,611m), driven by a 17% increase in fleet on rent and 4% improvement in yield. Sunbelt has continued to take market share with the rental market as a whole growing 6% in 2013, as estimated by IHS Global Insight. This has been achieved through the excellent execution of a clear and consistent strategy by the Sunbelt team, focusing on a balance between same store growth, greenfield expansion and bolt-on acquisitions. Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, grew 20% to $2,189m (2013: $1,820m).

A-Plant continues to perform well and, with the acquisition of Eve, delivered rental revenue of £244m, up 33% on the prior year (2013: £183m). This reflects 21% more fleet on rent and a 9% improvement in yield. Yield has benefitted from an improved product mix over the period, including Eve's events work. Rental revenue growth excluding Eve was 19%, reflecting 10% more fleet on rent and a 9% yield improvement.

Sunbelt's strong revenue growth resulted in a record EBITDA margin of 45% (2013: 41%) as 65% of revenue growth dropped through to EBITDA. This contributed to an operating profit of $631m (2013: $453m). A-Plant's EBITDA margin improved to 29% (2013: 28%) and operating profit more than doubled to £25m (2013: £12m). As a result, Group operating profit increased 41% to £409m (2013 restated: £290m).

TABLE 1

			2014	2013
	Replacement	Growth	Total	Total
Sunbelt in $m	**307.9**	**655.5**	**963.4**	713.7
Sunbelt in £m	**182.4**	**388.1**	**570.5**	458.5
A-Plant	**49.0**	**37.5**	**86.5**	62.5
Total rental equipment	**231.4**	**425.6**	**657.0**	521.0
Delivery vehicles, property improvements and IT equipment			**83.6**	59.4
Total additions			**740.6**	580.4

Net financing costs increased slightly to £47m (2013: £45m), reflecting higher average debt during the year and the additional $400m senior secured notes issued in December, partially offset by the lower margin on our senior debt facility following the August amendment.

Group profit before exceptional items, amortisation of intangibles and taxation was £362m (2013 restated: £245m). After a tax charge of 36% (2013: 36%) of the underlying pre-tax profit, underlying earnings per share increased 48% to 46.6p (2013 restated: 31.4p). The cash tax charge remained low at 3% due to the utilisation of tax losses brought forward and the capital intensive nature of the business. However, cash tax payments will increase in 2014/15 as we utilise the brought forward tax losses during the year and we expect the cash tax rate to be in the mid teens in 2014/15.

The exceptional income of £4m relates to the release of part of the provision for deferred consideration related to the Eve acquisition, which was payable depending on the achievement of increased earnings targets. £7m was provided in full on acquisition, based on an expectation that the targets would be achieved in full. They were achieved partially, resulting in an additional cash payment of £3m.

Statutory profit before tax was £357m (2013 restated: £214m) and basic earnings per share were 46.1p (2013 restated: 27.6p).

RETURN ON INVESTMENT

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 30 April 2014 continued to improve to 26.4% (2013: 24.7%), well ahead of the Group's pre-tax weighted average cost of capital. In the UK, return on investment (excluding goodwill and intangible assets) improved to 9.2% (2013 restated: 4.9%). For the Group as a whole, returns (including goodwill and intangible assets) are 18.6% (2013: 16.2%).

DIVIDENDS

In accordance with our progressive dividend policy, with consideration to both profitability and cash generation at a level that is sustainable across the cycle, the Board is recommending a final dividend of 9.25p per share (2013: 6.0p) making 11.5p for the year (2013: 7.5p). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 5 September 2014 to shareholders on the register on 15 August 2014.

CURRENT TRADING AND OUTLOOK

Our strong performance continued in May. With both divisions performing well and beginning to enjoy recovering markets, we are well positioned for further growth and the Board looks forward to the medium term with continued confidence.

Balance sheet

FIXED ASSETS

Capital expenditure in the year totalled £741m (2013: £580m) with £657m invested in the rental fleet (2013: £521m). Expenditure on rental equipment was 89% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division is shown in Table 1 above.

US demand remained strong and, as a result, $655m of rental equipment capital expenditure was spent on growth while $308m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2014 was 28 months (2013: 32 months) on a net book value basis. Sunbelt's fleet had an average age of 27 months (2013: 30 months) while A-Plant's fleet had an average age of 37 months (2013: 40 months).

Our preliminary capital expenditure plan for next year is for spend at a similar level to this year which should result in percentage growth in our fleet in the low to mid teens. This level of expenditure is consistent with our strategy at this stage in the cycle of investing in organic growth, opening greenfield sites and continuing to reduce our leverage. As always, our capital expenditure plans remain flexible depending on market conditions and we will adjust our plans appropriately during the course of the year.

The original cost of the Group's rental fleet and the dollar and physical utilisation for the year ended 30 April 2014 are shown in Table 2 below.

Dollar utilisation is defined as rental revenue divided by average fleet at original (or 'first') cost and, measured over the last twelve months to 30 April 2014, rose to 61% at Sunbelt (2013: 60%) and 56% at A-Plant (2013: 49%). Physical utilisation is time-based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement

TABLE 2

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	30 April 2014	30 April 2013	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	**3,596**	2,868	3,255	1,973	61%	71%
Sunbelt in £m	**2,130**	1,843	1,927	1,231	61%	71%
A-Plant	**446**	369	432	244	56%	72%
	2,576	2,212	2,359	1,475		

FINANCIAL REVIEW CONTINUED

date. Measured over the last twelve months to 30 April 2014, average physical utilisation at Sunbelt remained constant at 71% and increased to 72% at A-Plant (2013: 69%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 89% of its serialised rental equipment at 30 April 2014.

TRADE RECEIVABLES

Receivable days at 30 April were 47 days (2013: 44 days). The bad debt charge for the year ended 30 April 2014 as a percentage of total turnover was 0.6% (2013: 0.7%). Trade receivables at 30 April 2014 of £221m (2013: £185m) are stated net of allowances for bad debts and credit notes of £16m (2013: £16m) with the allowance representing 6.8% (2013: 7.8%) of gross receivables.

TRADE AND OTHER PAYABLES

Group payable days were 63 days in 2014 (2013: 67 days) with capital expenditure-related payables, which have longer payment terms, totalling £152m (2013: £130m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

PROVISIONS

Provisions of £35m (2013: £37m) relate to the provision for self-insured retained risk under the Group's self-insurance policies, provisions for vacant property as well as acquisition related deferred consideration. The Group's business exposes it to the risk of claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims.

Our US liability insurance programmes provide that we can recover our liability related to each and every valid claim in excess of an agreed excess amount of $750,000 in relation to general liability claims and $1m for workers' compensation and motor vehicle claims. Prior to September 2012, excess amounts ranged from $500,000 to $2m. In the UK our self-insured excess per claim is much lower than in the US and is typically £100,000 per claim or less. Our liability insurance coverage is limited to a maximum of £150m per claim.

PENSIONS

The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was £7m (2013: £6m). Amongst these, the Group has one defined benefit pension plan which covers approximately 100 remaining active employees in the UK and which was closed to new members in 2001. All our other pension plans are defined contribution plans.

The Group's defined benefit pension plan was, measured in accordance with the accounting standard IAS 19, 'Employee Benefits', £6m in surplus at 30 April 2014 (2013: £0.4m). The investment return on plan assets was £5m better than the expected return and there was an experience gain on liabilities of £1m. Overall, there was a net actuarial gain of £5m in the year which was recognised in the statement of comprehensive income for the year.

The next triennial review of the plan's funding position by the trustees and the actuary is due as at 30 April 2016. The April 2013 valuation, which was completed last December, showed a small surplus of £5m.

CONTINGENT LIABILITIES

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a significant impact on the Group's financial position.

Cash flow

Cash inflow from operations before payment of exceptional costs and the net investment in the rental fleet increased by 29% to £646m. Reflecting a higher level of working capital due to higher activity levels, the cash conversion ratio for the year was 94% (2013: 97%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were £741m (2013: £583m). Disposal proceeds received totalled £102m, giving net payments for capital expenditure of £639m in the year (2013: £487m). Financing costs paid totalled £40m (2013: £42m) while tax payments were £15m (2013: £7m). Financing costs paid differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, in the year the Group generated £357m (2013: £220m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth investment, payment of exceptional costs (closed property costs and financing costs in the prior year) and acquisitions, there was a net cash outflow of £154m (2013: £84m).

TABLE 3

	Year to 30 April	
	2014 £m	2013 £m (restated)
EBITDA before exceptional items	**685.1**	519.0
Cash inflow from operations before exceptional items and changes in rental equipment	**645.5**	501.3
Cash conversion ratio*	**94.2%**	96.6%
Replacement rental capital expenditure	**(249.6)**	(270.6)
Payments for non-rental capital expenditure	**(85.3)**	(58.3)
Rental equipment disposal proceeds	**90.4**	87.6
Other property, plant and equipment disposal proceeds	**11.5**	7.9
Tax (net)	**(14.9)**	(6.8)
Financing costs	**(40.5)**	(41.5)
Cash inflow before growth capex and payment of exceptional costs	**357.1**	219.6
Growth rental capital expenditure	**(405.6)**	(253.6)
Exceptional costs	**(2.2)**	(15.8)
Total cash used in operations	**(50.7)**	(49.8)
Business acquisitions	**(103.3)**	(33.8)
Total cash absorbed	**(154.0)**	(83.6)
Dividends	**(41.3)**	(20.0)
Purchase of own shares by the ESOT	**(22.4)**	(10.2)
Increase in net debt	**(217.7)**	(113.8)

* Cash inflow from operations before exceptional items and changes in rental equipment as a percentage of EBITDA before exceptional items.

1.8x

net debt to EBITDA leverage

NET DEBT

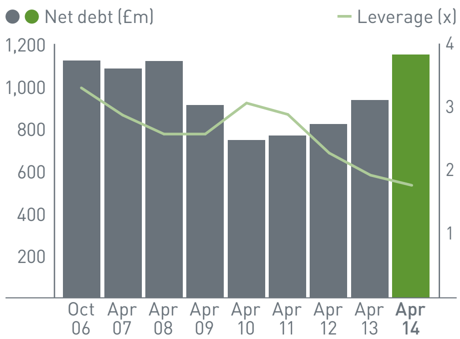


TABLE 4

	2014 £m	2013 £m
First priority senior secured bank debt	**609.5**	716.7
Finance lease obligations	**4.6**	2.9
6.5% second priority senior secured notes, due 2022	**537.3**	314.8
	1,151.4	1,034.4
Cash and cash equivalents	**(2.8)**	(20.3)
Total net debt	**1,148.6**	1,014.1

Capital structure

The Group's capital structure is kept under regular review. Our operations are financed by a combination of debt and equity. We seek to minimise the cost of capital while recognising the constraints of the debt and equity markets. At 30 April 2014 our pre-tax average cost of capital was approximately 11%.

The Group targets leverage of below two times net debt to EBITDA over the economic cycle.

In considering returns to equity holders, the Board aims to provide a progressive dividend, with consideration to both profitability and cash generation at a level that is sustainable across the cycle.

NET DEBT

The chart to the left shows how, measured at constant April 2014 exchange rates for comparability, our net debt has changed over the cycle. We held net debt flat in 2006 and 2007 whilst investing significantly in fleet reconfiguration and de-ageing following the NationsRent acquisition. Through 2008 to 2010, we significantly lowered our capital expenditure, taking advantage of our young average fleet age, and consequently delivered significant reductions in outstanding debt, paying-off around one third of our debt in this way. Since 2010, we have stepped up our net capital expenditure as rental markets improved. As a result, net debt has increased in absolute terms over the period principally due to acquisitions and dividends with free cash flow being sufficient to fund substantially all the increased capital expenditure. However, importantly, except for a rise during the recession, net debt to EBITDA leverage has been on a downward trend since the NationsRent acquisition in August 2006.

In greater detail, closing net debt at 30 April 2014 is shown in Table 4 to the left.

A significant proportion of our debt at both 30 April 2014 and 2013 was drawn in dollars providing a substantial but partial hedge against Sunbelt's dollar-based net assets.

Net debt at 30 April 2014 was £1,149m with the increase since 30 April 2013 reflecting principally the net cash outflow set out above, partially offset by £88m of currency translation benefit. The Group's EBITDA for the year ended 30 April 2014 was £685m and the ratio of net debt to EBITDA was therefore 1.8 times at 30 April 2014 (2013: 1.9 times) on a constant currency basis and 1.7 times (2013: 2.0 times) on a reported basis.

Our debt package is well structured for our business across the economic cycle.

We retain substantial headroom on facilities which are committed for the long term, with an average of six years remaining at 30 April 2014. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 5%.

DEBT FACILITIES

The Group's principal debt facilities are as follows:

First priority senior secured credit facility
At 30 April 2014, $2.0bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2018 while the amount utilised was $1,084m (including letters of credit totalling $35m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the revolving credit facility is based on the ratio of funded debt to EBITDA before exceptional items according to a grid which varies, depending on leverage, from LIBOR plus 175bp to LIBOR plus 225bp. At 30 April 2014 the Group's borrowing rate was LIBOR plus 175bp.

There are two financial performance covenants under the asset-based first priority senior bank facility:

- funded debt to LTM (last twelve months) EBITDA before exceptional items not to exceed 4.0 times; and
- a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last twelve months) which must be equal to or greater than 1.0 times.

These covenants do not, however, apply when excess availability (the difference between the lower of the facility size and the borrowing base and facility utilisation) exceeds $200m. At 30 April 2014 availability under the bank facility was $916m ($667m at 30 April 2013), with an additional $770m of suppressed availability meaning that covenants were not measured at 30 April 2014 and are unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratios each quarter. At 30 April 2014, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. The fact the fixed charge ratio is

FINANCIAL REVIEW CONTINUED

TABLE 5: MATURITY OF GROUP DEBT

	Payments due by year ended 30 April						
	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	–	616.3	–	616.3
Finance leases	2.2	1.0	1.0	0.4	–	–	4.6
6.5% senior secured notes	–	–	–	–	–	546.7	546.7
	2.2	1.0	1.0	0.4	616.3	546.7	1,167.6
Deferred costs of raising finance	–	–	–	–	(6.8)	(9.4)	(16.2)
Cash at bank and in hand	(2.8)	–	–	–	–	–	(2.8)
Net debt	(0.6)	1.0	1.0	0.4	609.5	537.3	1,148.6
Operating leases[1]	36.0	29.5	26.0	21.5	16.5	43.1	172.6
Total	35.4	30.5	27.0	21.9	626.0	580.4	1,321.2

[1] Represents the minimum payments to which we were committed under operating leases.

below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the accounts are prepared on a going concern basis.

6.5% second priority senior secured notes due 2022 having a nominal value of $900m
On 16 July 2012 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., issued $500m of 6.5% second priority senior secured notes due 15 July 2022. On 12 December 2013, the Group issued an additional $400m of 6.5% second priority secured notes. These notes were issued as an add-on to the 6.5% notes due 25 July 2022 indenture and, as such, were consolidated to form a single series of notes. The notes are secured by second priority interests over substantially the same assets as the ABL facility and are also guaranteed by Ashtead Group plc.

Under the terms of the 6.5% notes the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company. Financial performance covenants under the 6.5% senior secured note issue are only measured at the time new debt is raised.

MINIMUM CONTRACTED DEBT COMMITMENTS

Table 5 above summarises the maturity of the Group's debt and also shows the minimum annual commitments under off balance sheet operating leases at 30 April 2014 by year of expiry.

Operating leases relate to the Group's properties.

Except for the off balance sheet operating leases described above, £21m ($35m) of standby letters of credit issued at 30 April 2014 under the first priority senior debt facility relating to the Group's insurance programmes and £1m of performance bonds granted by Sunbelt, we have no material commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

Presentation of financial information

CURRENCY TRANSLATION AND INTEREST RATE EXPOSURE

Our reporting currency is the pound sterling, the functional currency of the parent company. However, the majority of our assets, liabilities, revenue and costs are denominated in US dollars. Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds.

We have arranged our financing so that virtually all our debt was denominated in US dollars at 30 April 2014. At that date, dollar denominated debt represented approximately 66% of the value of dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate.

The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the currency mix of our profits currently prevailing and on current dollar debt levels and interest rates, every 1% change in the US dollar exchange rate would impact pre-tax profit by £3m.

REVENUE

Our revenue is a function of our rental rates and the size, utilisation and mix of our equipment rental fleet. The rates we charge are affected in large measure by utilisation and the relative attractiveness of our rental equipment, while utilisation is determined by fleet size, market size and our market share, as well as general economic conditions. Utilisation is time-based utilisation which is calculated as the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. In the US, we measure time utilisation on those items in our fleet with an original cost of $7,500 or more which constituted 89% of our US serialised rental equipment at 30 April 2014. In the UK, time utilisation is measured for all our serialised rental equipment. The size, mix and relative attractiveness of our rental equipment fleet is affected significantly by the level of our capital expenditure.

The main components of our revenue are:

- revenue from equipment rentals, including related revenue such as the fees we charge for equipment delivery, erection and dismantling services for our scaffolding rentals, fuel provided with the equipment we rent to customers and loss damage waiver and environmental fees;
- revenue from sales of new merchandise, including sales of parts and revenue from a limited number of sales of new equipment; and
- revenue from the sale of used rental equipment.

COSTS

The main components of our total costs are:

- staff costs – staff costs at our stores as well as at our central support offices represent the largest single component of our total costs. Staff costs consist of salaries, profit share and bonuses, social security costs, and other pension costs, and comprised 34% of our total operating costs in the year ended 30 April 2014;
- used rental equipment sold which comprises the net book value of the used equipment sold in the year as it was stated in our accounts immediately prior to the time at which it was sold and any direct costs of disposal, comprised 6% of our total operating costs in the year ended 30 April 2014;
- other operating costs – comprised 37% of total operating costs in the year ended 30 April 2014. These costs include:
  - spare parts, consumables and outside repair costs – costs incurred for the purchase of spare parts used by our workshop staff to maintain and repair our rental equipment as well as outside repair costs;

- facilities costs – rental payments on leased facilities as well as utility costs and local property taxes relating to these facilities;
- vehicle costs – costs incurred for the maintenance and operation of our vehicle fleet, which consists of our delivery trucks, the light commercial vehicles used by our mobile workshop staff and cars used by our sales force, store managers and other management staff; and
- other costs – all other costs incurred in operating our business, including the costs of new equipment and merchandise sold, advertising costs and bad debt expense.

- depreciation – the depreciation of our property, plant and equipment, including rental equipment, comprised 23% of total costs in the year ended 30 April 2014.

A large proportion of our costs are fixed in the short to medium term, and material adjustments in the size of our cost base typically result only from openings or closures of one or more of our stores. Accordingly, our business model is such that small increases or reductions in our revenue can result in little or no change in our costs and often therefore have a disproportionate impact on our profits. We refer to this feature of our business as 'operational leverage'.

Critical accounting policies

We prepare and present our financial statements in accordance with applicable International Financial Reporting Standards ('IFRS'). In applying many accounting principles, we need to make assumptions, estimates and judgements. These assumptions, estimates and judgements are often subjective and may be affected by changing circumstances or changes in our analysis. Changes in these assumptions, estimates and judgements have the potential to materially affect our results. We have identified below those of our accounting policies that we believe would most likely produce materially different results were we to change underlying assumptions, estimates and judgements. These policies have been applied consistently.

REVENUE RECOGNITION

Revenue represents the total amount receivable for the provision of goods and services to customers net of returns and value added tax. Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. Because rental contracts extend across financial reporting periods, the Group records unbilled rental revenue and deferred revenue at the beginning and end of the reporting periods so rental revenue is appropriately stated in the financial statements.

Revenue from rental equipment delivery and collection is recognised when delivery or collection has occurred and is recorded as rental revenue.

Revenue from the sale of used rental equipment, new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all obligations under the sales contract have been fulfilled.

Revenue from sales of used rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment are accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

We record expenditure for property, plant and equipment at cost. We depreciate equipment using the straight-line method over its estimated useful economic life (which ranges from three to 20 years with a weighted average life of eight years). We use an estimated residual value of 10–15% of cost in respect of most types of our rental equipment, although the range of residual values used varies between zero and 30%. We establish our estimates of useful life and residual value with the objective of allocating most appropriately the cost of property, plant and equipment to our income statement, over the period we anticipate it will be used in our business. Useful lives and residual values are reassessed annually, recognising the cyclical nature of our business.

We may need to change these estimates if experience shows that the current estimates are not achieving this objective. If these estimates change in the future, we may then need to recognise increased or decreased depreciation expense. Our total depreciation expense in the year ended 30 April 2014 was £276m.

IMPAIRMENT OF ASSETS

Goodwill is not amortised but is tested annually for impairment at 30 April. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable and independent cash flows for the asset being tested for impairment. In the case of goodwill, impairment is assessed at the level of the Group's reporting units. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Management necessarily applies its judgement in estimating the timing and value of underlying cash flows within the value in use calculation as well as determining the appropriate discount rate. Subsequent changes to the magnitude and timing of cash flows could impact the carrying value of the respective assets.

SELF-INSURANCE

We establish provisions at the end of each financial year to cover our estimate of the discounted liability for uninsured retained risks on unpaid claims arising out of events occurring up to the end of the financial year. The estimate includes events incurred but not reported at the balance sheet date. The provision is established using advice received from external actuaries who help us extrapolate historical trends and estimate the most likely level of future expense which we will incur on outstanding claims. These estimates may however change, based on varying circumstances, including changes in our experience of the costs we incur in settling claims over time. Accordingly, we may be required to increase or decrease the provision held for self-insured retained risk. At 30 April 2014, the total provision for self-insurance recorded in our consolidated balance sheet was £17m.

WE ARE COMMITTED TO BEHAVING RESPONSIBLY

We could not succeed without being a responsible business. Being responsible builds the trust on which our business depends. Our customers put their trust in us every day to deliver the equipment they need, on time, safe and ready to use. Our employees trust us to keep them safe and reward them well for their efforts on our behalf. Investors trust us to deliver the returns we have promised, increasingly into the long term. So being responsible is fundamental in what we do.

At the heart of being responsible is our commitment to health and safety which is embedded in everything we do. Being responsible is crucial to the well-being of our people. In addition, the larger we become, the greater our potential impact on the communities and environments where we work, and the greater our responsibility to minimise any negative effect of our operations.

These are the responsible business elements that are most material to our business and which we discuss in detail here. We assess why each matters, how we have performed and our objectives going forward.

HOW WE ENSURE ASHTEAD REMAINS A RESPONSIBLE BUSINESS

The responsibility for ensuring Ashtead remains a responsible business rests with the Group's board of directors. It is assisted in this function by the Group Risk Committee. The Committee is chaired by Suzanne Wood, our finance director. Other members of the Committee are:

- the heads of Sunbelt's and A-Plant's risk and safety teams;
- UK and US counsel;
- the heads of Sunbelt's and A-Plant's performance standards (internal operational audit) teams; and
- the Sunbelt board member to whom its legal counsel and safety director report.

HEALTH AND SAFETY
Implementation
Monitoring
Training
Customers and staff

COMMUNITIES
Community investment
Helping out in emergencies

OUR PEOPLE
Recruitment
Career development and training
Reward and benefits
Diversity and equal opportunities

THE ENVIRONMENT
Resource efficiency
Control of hazardous substances
Mandatory GHG emissions reporting

The Group Risk Committee provides the Audit Committee, and through them the Board, with a comprehensive annual report on its activities including new legislative requirements, details of areas identified in the year as requiring improvement, and the status of actions being taken to make those improvements. It also facilitates the coordination of the environmental, health, safety and risk management activities of Sunbelt and A-Plant so that best practice and new initiatives in one business can be shared with, and adopted by, the other.

Our commitment to the highest ethical standards means that the Group Risk Committee also works to ensure these continue to be communicated and upheld at Ashtead. Our group-wide ethics and entertainment policies are communicated directly to employees through dedicated communication and training programmes. Whistle-blowing arrangements, in place in both the US and the UK, allow employees, in confidence, to raise concerns about any alleged improprieties they may encounter.

The Group Risk Committee priorities last year included:

- assessment of the Group risk register;
- evaluation of driver behavioural software tools;
- continued focus on driving hours and vehicle fleet compliance;
- the prioritisation of business risks;
- enhanced training capabilities;
- review, update and testing of business continuity plans; and
- reduction in accident rates.

HEALTH AND SAFETY

Why it matters

Health and safety are fundamental to our business. Keeping our people safe is essential. Having safe equipment immediately available combined with the necessary training to enable the operator to use that equipment safely is what enables customers to trust us. A strong reputation for excellent health and safety is a significant competitive advantage for us. In addition, ever-changing regulation with its increased focus on safety and more stringent requirements for all operators, has contributed to our growth. It is easier and cheaper to outsource equipment safety to us than for customers to worry about it themselves. This has been an important factor in the shift to rental that continues to drive our growth in the US and reinforces our position in the UK. So health and safety are at the core of what we do.

Our extensive health and safety programmes monitor, develop and maintain safe working practices while reminding our employees of the need to be safe at all times and look after their own health. Our continued improvement is accomplished through a combination of proactive safety and leadership training, enhanced safety programmes and timely incident response and investigation. We also help our customers ensure the safety of their employees. You can find out more about our customer focused initiatives in the section on customers below. In addition, we make a considerable annual investment in ensuring our rental equipment meets or exceeds the latest safety standards, as well as providing health and safety advice and materials along with each rental.

How we monitor our performance

We monitor health and safety day-to-day by the number of reported incidents that occur during our work. We track and analyse all incidents to enable us to identify recurrent issues and implement preventative improvements. The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 19). Last year Sunbelt had 579 reported incidents relative to a workforce of 7,375 (2013: 505 incidents relative to a workforce of 6,757), whilst A-Plant had 276 incidents relative to an average workforce of 2,370 (2013: 249 incidents relative to an average workforce of 1,949). For the purposes of our internal tracking, the term incident does not necessarily mean that an employee was hurt or injured. Rather it represents an event that we want to track and report for monitoring and learning purposes under our health and safety management policies.

Reportable accidents continue to be defined differently in the US and UK. Under the relevant definitions which generally encompass more accidents in the US than in the UK, Sunbelt had 163 OSHA (Occupational Safety and Health Administration) recordable accidents (2013: 171 accidents) which, relative to total employee hours worked, gave a Total Incident Rate of 1.65 (2013: 1.97). In the UK, A-Plant had 25 RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) (2013: 15), reportable incidents which, relative to total employee hours worked, gave a RIDDOR reportable rate of 0.52 (2013: 0.35). Although the level of incidents per 100 employees has reduced in the UK, we have seen an increase in strains and sprains as we have become busier, which

RESPONSIBLE BUSINESS REPORT CONTINUED

has impacted the RIDDOR reportable rate. In response to this increase, we have developed training focused on manual handling techniques which will be delivered over the coming year to assist our employees in carrying out their duties more safely. In order to compare accident rates between the US and UK, Sunbelt also applied the RIDDOR definition to its accident population which gave a figure this year of 90 RIDDOR reportable accidents in the US and a RIDDOR reportable rate of 0.45. We remain committed to reducing these rates as much as possible.

Safety initiatives
Last year, Sunbelt delivered the fifth instalment of 'Safety Leadership Training' to all store managers, district managers, regional vice presidents, and other select members of our management team. The purpose of this training was to teach operational leaders how to establish and enhance our culture of safety within their operations such that unsafe behaviours and hazards which lead to injuries are proactively identified and mitigated. In the coming year, quarterly management reviews will be used to monitor the progress of our increased focus on pro-active safety and safety excellence with the ultimate goal of 'Zero Harm'.

With a fleet of over 2,000 commercial vehicles on the road in the US, transportation safety remains our greatest exposure in terms of risk and potential for harm to our employees and the public. In response to this ongoing risk exposure, the risk management department continues to administer risk mitigation training to counter the most significant exposures. Programmes such as PACE Behavioural Driving Training, Loading and Unloading Hazard Awareness, Driver Safety Observations, our 'Compliments and Concerns' feedback programme, and Fall Awareness Training for Drivers all reinforce our commitment to transportation safety.

The Sunbelt risk management department consists of 15 full-time occupational health and safety professionals whose sole role is to work with our field personnel to identify hazards and reduce incidents. This team of safety professionals is spread throughout the country and serves each of our operating divisions to promote direct coordination with our operational units. This direct alignment with our operational leadership team streamlines safety processes, programmes and initiatives. Similar initiatives are in place at A-Plant where we have ISO 9001 (the Quality Standard) accreditation across all our UK operations as well as ISO 14001 (Environmental management) and OHSAS 18001 (Occupational Health & Safety management) accreditations.

Health programmes
Having a healthy workforce has always been important to us and we work hard to look after our people and help them look after themselves. When our staff are on top form, they provide the best service to our customers. Last year we expanded the programmes by which we encourage our staff to be healthy, particularly in the US. Firstly we launched Virgin Health Miles across Sunbelt. This is a programme that rewards staff for healthy behaviour, so they are incentivised to track their health and invest in it to reap the rewards that we are investing in the programme on their behalf. Staff get savings on their healthcare costs if they do exercise, for example.

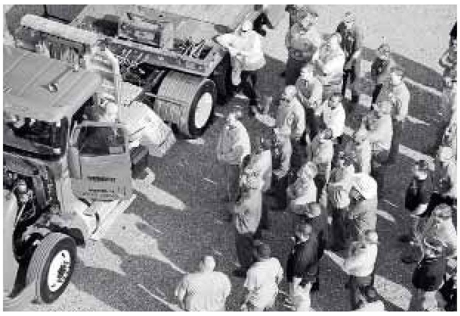
Secondly we are working with the Wounded Warrior Project on various programmes emphasising the health and wellness of our employees. Our links with the services are particularly important at Sunbelt and you can read more about this in the section on people opposite. We also hold various sporting events over the year to encourage healthy staff. Last year, for example, we sponsored a team for the Corporate Cup road race in Charlotte and we organised a relay run at our National Management meeting getting over 500 of our management team up and running.

Working on safety with our customers and suppliers
We invest significant resources in ensuring our customers use our equipment effectively, efficiently and safely. We regularly conduct special safety focused events and accredited training courses for our customers. We have an on-going programme of specialised customer health and safety briefings on using our equipment range, as well as regular general health and safety awareness-raising initiatives. This helps build and maintain relationships as well as providing that additional level of service that infuses everything we do. The health and safety of our customers is as important as that of our employees. We find that this focus plays an important part in keeping our customers over the long term.

The focus is the same in the UK. A-Plant participated in a number of major events focused on customer safety last year. For example, we showcased some of our safety equipment on hire on the M25 Junctions 5-7 smart motorway project at a Skanska and Balfour Beatty Joint Venture Site Safety event. We participated in One Alliance's annual 'Safety Stand Down' event, a four day showcase for the latest safety products. We also participated in a Kier graduate safety day and showcased a wide range of products and safety initiatives as well as new products and innovations at an Amey open day for Amey's Hampshire Highways account.

We also work with Balfour Beatty in the US on safety and we are a true partner in their efforts to achieve 'Zero Harm' on all their projects. Through a national agreement with Sunbelt, any telehandler delivered to a Balfour Beatty construction project in the US will have a proximity sensor installed, so reducing the risk of injury associated with the machine's blind spot. Recognising our interest in approaching the manufacturers to make these and other safety improvements to equipment, Balfour Beatty is using their considerable buying power to promote discussion between the major manufacturers and rental companies and to lobby to make this equipment safer to own and operate. They see our problems and concerns as their own. As a result, our safety focus is increasingly having an impact up the supply chain as well.

A culture of continuous improvement in all matters health and safety related is embedded in our business and we continue to seek ways of reducing incident rates.



OUR PEOPLE

Why they matter

We set great store on hiring the best people, training them well and looking after them so that they provide the best possible service for our customers. In line with this we aim to keep employee turnover as low as possible to enable us to build on the skill base we have established. This is core to the success of the business and our competitive position and therefore staff turnover is one of our KPIs (see page 19).

In general, the rental industry suffers from high staff turnover, particularly within certain job categories such as mechanics and delivery truck drivers, with turnover being particularly high within the first year of employment. Our staff retention has improved in recent years and remains at levels similar to those during the recession.

Our employees are driven, conscientious and loyal and we like to keep them that way through market leading training and development and superior reward and benefits. Both Sunbelt and A-Plant have extensive programmes in place to ensure high standards of recruitment, training and the appraisal, review and reward of our employees. In addition, we endeavour consistently throughout the year to maintain and develop arrangements aimed at involving employees in the Group's affairs and hearing their views. Regular meetings are held at stores to discuss performance and enable employees to input into improvements as well as providing feedback on their own levels of satisfaction.

Recruitment

We recruit at all levels and pride ourselves on bringing in the right people who then stay with us for a long time. It is perfectly possible at Ashtead to go from being an apprentice on the workshop floor to the board, as has been demonstrated by A-Plant chief executive, Sat Dhaiwal. The industry leading A-Plant apprenticeship programme is featured below. Sunbelt also has very successful intern and college hire programmes which provide us with a steady stream of high quality recruits. In particular we work with Universal Technical Institute (UTI) campuses nationwide where we hold 'Sunbelt Days' to recruit the best graduates. We are looking to expand our partnership with UTI and set up an established internship programme, a tool assistance programme, the donation of Sunbelt equipment for students to service, and possibly, incorporate Sunbelt training into the curriculum.

A-PLANT APPRENTICESHIP PROGRAMME

A-Plant operates one of the most successful and highly valued apprenticeship schemes in the equipment rental industry. Last year we received over 1,200 applications and we have recruited 46 new apprentices.

Our apprenticeship programmes take between two and three years to complete and usually include outside training and a formal NVQ qualification, in addition to on the job training. We always look to identify areas within our business where the addition of apprentices would benefit recruitment and succession plans. Therefore, last year we introduced new apprenticeships into our central support departments in Warrington and an electrical technical apprenticeship to support our Accommodation division. We also have general apprenticeships in plant maintenance, customer service, electrical and driving.

The A-Plant apprenticeship programme has an impressive retention rate of over 80% compared to the industry's 66%. Last year 15 third-year apprentices completed their training and progressed into roles within the company such as fitters, rental managers and drivers.

RESPONSIBLE BUSINESS REPORT CONTINUED

Military recruitment
At a more senior level, we actively recruit military service members and veterans, appreciating that their experience gives candidates a sense of discipline, dedication, responsibility and a determination to do the job right the first time. In 2013 Sunbelt was recognised as one of the Most Valuable Employers by Civilian Jobs.com as a result of our efforts.

In addition, we have actively searched for candidates from the Military Spouse network, thus providing employment opportunities for spouses of active-duty employees. Last year saw the launch of Sunbelt's Military Careers Portal for current and future applicants where we profile employees who have transitioned successfully into a civilian career. We find that the problem solving and community service aspect of our work, especially in emergency scenarios, is particularly attractive to former service personnel.

Career development and training
Training and development continues throughout the careers of our employees. Their welfare and job satisfaction is enormously important and our career development programmes are designed to enable staff to progress as far as they are able and willing. Particular emphasis is placed on the responsibilities of our store managers and workshop foremen to facilitate on-the-job training. Several of our most senior staff started out at entry level within our stores and their continuity of employment is testament to our focus on employee development. A very important part of our training remains focused on the health and safety of our employees as discussed above.

At Sunbelt we are implementing a new Learning Management System (LMS) to make managing training courses, signing up for courses and taking courses easy and intuitive. The learning paths are set by role and managers have a full suite of reporting tools to help them understand how their employees are progressing in their educational journey. All our on-line and instructor led courses will be housed within the new LMS which operates on a mobile platform so on-line training will be available almost anywhere and at any time.

We also:

- refreshed safety compliance training for over 3,000 employees with more than one year's experience;
- continued leadership training for new service managers as well as general training to new store managers;
- initiated a pilot programme to establish a baseline of basic electrical and hydraulics knowledge to determine future training needs of our mechanics;
- expanded online technical training to mechanics;

SOME OF OUR MILITARY RECRUITS AT OUR ST. LOUIS, PUMP & POWER LOCATION

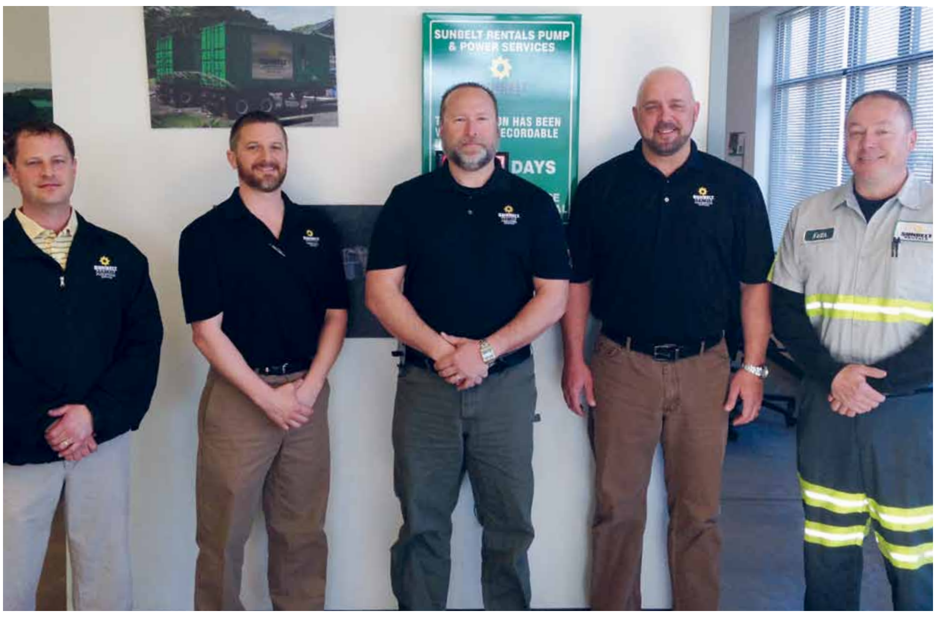
Mike Siebert
Sales representative
US Marine Corp

Jeremy Dorris
Sales representative
US Air Force National Guard

Cary Brammer
Store manager
US Army

John Knisley
Sales representative
US Army National Guard

Keith Mettler
Driver
US Navy Reserves



ROBERT BEATHARD
Sunbelt

OUR SAFEST DRIVER: ROBERT BEATHARD

Robert Beathard has been driving a truck for 35 years, 14 of those for Sunbelt. In that time he has driven his truck over a million miles all without a single incident.

Robert starts his day at 4am so he can be on the road when there is less traffic around and he also loads colleagues' trailers before his own. He exemplifies our commitment to the very highest levels of health and safety on the job.

Large, modern trucking fleet

RESPONSIBLE BUSINESS REPORT CONTINUED

- developed our sales training in a number of districts; and
- continued our commercial motor vehicle training to over 1,000 drivers and other staff.

At A-Plant we are working with our competitors to produce an industry specific national driver training programme and we have 13 candidates on the pilot programme. The programme has three pathways – van, rigid and articulated to cover all requirements. The full programme will start late 2014 and will replace the current driver qualification. Our Upskilling the Workforce programme has been very successful and though not mandatory is very well subscribed. Programmes cover rental managers, drivers, foremen and yard staff working towards accredited qualifications. We also have two management development programmes which are offered in conjunction with the Chartered Management Institute and our own professional management programme which consists of workshops in-house for those who aspire to be managers or gain new management skills.

Reward and benefits

We believe in treating our staff well and rewarding them for the effort they put in on our behalf. We use a combination of competitive fixed pay and attractive incentive programmes to reward and motivate staff and these drive our profits and return on investment. Our sales force is also incentivised through our commission plans which are based on sales, both volume and price achieved, and a broad measure of return on investment determined by reference to equipment type and discount level.

We flex our incentive plans to reflect the stage of the cycle in which we operate which we believe has been an important element in retaining the confidence of our workforce through the economic cycle. In addition to their core benefits, including pension and life assurance arrangements, we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits such as Virgin Health Miles to promote good health amongst our employees, which is discussed on page 30.

Diversity and equal opportunities

We work hard to ensure equal opportunities for all our staff, as well as prioritising employment diversity. Our recruitment comes predominantly from the areas immediately around our facilities thereby providing opportunities for local people. We make every reasonable effort to give disabled applicants and existing employees becoming disabled, opportunities for work, training and career development in keeping with their aptitudes and abilities. We do not discriminate against any individual on the basis of a protected status, such as sex, colour, race, religion, native origin or age.

In the US we are required by law to monitor ethnicity in our workforce every year and we maintain a diverse workforce. We also gather ethnicity data as part of the recruitment process in the UK and through an Equality and Inclusion Survey to monitor our diversity. Increasingly, many local authority and public sector tenders request this kind of information. We are committed to providing opportunities for people from all ethnic groups and in both geographies we have good representation from ethnic minorities across the organisation.

JAMES SCOTT, OUR 'STAR' APPRENTICE

James Scott is a great example of what talent, commitment and excellent training can achieve. James is a newly qualified A-Plant fitter from Cornwall who has just completed his plant maintenance apprenticeship. James completed a return journey of 600 miles to attend Reaseheath College in Cheshire, on a four-week block release course which entailed him staying at college and being away from his family. His dedication and technical skills as an engineer have paid off and he has won a number of awards, including Winner of Construction Plant Hire Association's 'Stars of the Future' in both the regional and national categories. He plays a vital role in the success of the Bodmin depot where he works.

While our industry has traditionally had many more men than women, we do have women at all levels in both the US and UK including on the Board, on the senior management team and as store managers, sales executives and apprentices. While we prioritise recruiting the best people for every role, we are working to make it easier for more women to join the organisation, particularly as we expand.

WORKFORCE BY GENDER

Number of employees	Male	Female	Female %
Board directors	9	1	10%
Senior management	15	1	6%
All staff	9,109	831	8%

HUMAN RIGHTS

At Ashtead we believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. Our policies are discussed in more detail under Health and safety (page 29), Our people (page 31), Communities (page 35) and The environment (page 36). These principles form part of our way of doing business and are embedded in our operations. Thus, while we do not manage human rights matters separately, we continue to assess potential risks but do not believe they raise particular issues for the business.

COMMUNITIES

Why they matter

The communities in which we operate have always been important to Ashtead. As we expand our market share, particularly in the US, the communities where we hire and make an economic contribution increase alongside the number of our locations. Our responsibility to those communities increases likewise. In addition, our staff feel pride in working for Ashtead because of the feeling of community service that they have. Our business is about helping people and getting things done. It is about finding solutions, especially when there has been an emergency or a disaster like a major flood or a hurricane, for example. Contributing to the communities where we operate is an important differentiating factor for Ashtead staff as well as being attractive to new recruits. We find that our ex-service personnel in particular really appreciate this aspect of our work. Well over half of our staff in the US have served their country in the past.

Sunbelt

The work we are doing with the Wounded Warrior Project supports our wellness focus as well as providing community involvement opportunities for our employees. We are building the link between the wellness of our staff and wider wellness within the community. We also participate in the Holiday Mail for Heroes campaign, where we sign and complete cards which are sent to troops in war zones for the holidays. Raising our profile in the community in this way is completely consistent with our desire to do more in terms of the quality of life of our staff and their families.

Our stores regularly support and participate in local charity events and community service.

We recently sponsored a 50km bicycle ride for Joe DiMaggio Children's Hospital and we are a major sponsor every year of the Charlotte Heart Ball which raises money for cardiovascular research, education and outreach programmes for the American Heart Association. We provide support to many community sporting events, sponsoring a local softball team in Dallas and various charity golf tournaments across the country.

We also continue to work closely with our designated charitable partner, the American Red Cross and its affiliates, such as the Second Harvest Food Bank for which we have a food drive every November. We allow employees to make payroll deductions to contribute to the American Red Cross or the Sunbelt Employee Relief Fund.

A-Plant

A-Plant is part of the Prince's Trust Construction and Business Services Leadership Group. The Prince's Trust is the Prince of Wales's charity, supporting 13 to 30 year-olds who are unemployed or struggling at school and at risk of exclusion. With our support the charity has now helped over 2,800 young people towards a career in the construction sector and 52% of these young people have gone into a job with a further 21% going into additional training. We also continue to work with CRASH, the construction industry's charity for homeless people. As a patron of this organisation, we help improve hostels, day centres, night shelters, training centres and move-on accommodation for the homeless. Initiatives last year included support for the Emmaus Community homeless development project in Sussex, providing equipment for the erection of a garden centre.

A-PLANT LUX RACES TO HELP IN THE COMMUNITY

A-Plant Lux was contacted by Lodge Hill Centre, an outdoor and education site which offers residential and conference facilities in the South Downs National Park. The centre needed help to re-build a go-kart track to accommodate children and young people with disabilities and mobility restrictions. The local Ford store supported the project by donating old traffic light heads and a variety of road signs to make the track come to life. A-Plant staff visited the site, helped with the set-up and delivered the equipment in their own time – a great example of helping the community where we work.

RESPONSIBLE BUSINESS REPORT CONTINUED

At a local level, our stores across the country are involved in initiatives on a weekly basis. For example, our Liverpool centre helped transform a run-down community centre in Warrington by providing free equipment including tower scaffolding, access equipment, step-ups and ladders, to enable the exterior of the centre to be repainted. We regularly help deserving families and groups with building projects through our association with the BBC's DIY SOS: The Big Build. These include the renovation of 'The Yard', the only indoor and outdoor adventure play centre for disabled children and young people in the east of Scotland. Our Maidstone store turned one of our old accommodation units into a log cabin for the local Valley Conservation Society for the benefit of residents, wildlife and visitors. See before and after images to the left.

THE ENVIRONMENT

Why it matters

As mentioned elsewhere, a major priority of our corporate strategy is to increase our market share. As we establish more stores and develop our service offering, our impact on the environment increases. We are cognisant of this and make every effort to limit any negative impact we may have in the course of our work. This helps us save on costs, on any potential damage to our reputation and also helps build that level of trust which our customers require. It also helps our staff to feel good about where they work and helps to build good relationships with the communities around our centres.

We seek to fulfil our environmental obligations through:

- monitoring and managing compliance with relevant environmental regulations (such as the introduction of Tier 4 engines in the US) and requirements and carrying out self-audits to maintain compliance;
- investing in the regular renewal of our rental fleets to ensure that the equipment we provide to our customers incorporates the latest environmental technology available from our chosen manufacturers, where possible;
- ensuring that our stores are adequately equipped to operate in a safe and secure way, protective of the environment. Key matters covered are: wash-down bays to collect and safely dispose of materials released when we inspect and clean equipment returned from rent; enclosed paint booths and spray shops to ensure that repainting of equipment can be conducted safely and securely; and bunded fuel tanks to ensure secure fuelling of our fleet and, where relevant, vehicles;
- ensuring proper arrangements are made, through the use of reputable vendors, for the collection and disposal of waste fuels and oils, tyres and other old or broken parts released as we service and maintain our rental fleets;
- investing in a modern and efficient delivery truck fleet which enables us to ensure that our vehicles are purchased with regard for good emissions management and fuel efficiency;
- ensuring, wherever practicable, that we control noise and potential disruption in and around our stores so as not to unduly impact the communities immediately surrounding them; and
- reducing our waste to landfill by significantly increasing the amount of waste that goes to recycling.

Greenhouse gas emissions

We have supported the initiatives of the Carbon Disclosure Project in the management of carbon dioxide emissions and have reported on our carbon emissions voluntarily for a number of years now and sought to reduce these over time. Under the Companies Act 2006 (Strategic and Directors Reports) Regulations 2013 we are now mandated to report greenhouse gas (GHG) emissions data. As we are a growing business with aggressive expansion plans, our absolute GHG emissions will necessarily increase. However, we continue to evaluate how best we can limit that increase and mitigate the impact.

Our Scope 1 (fuel combustion and operation of facilities) and Scope 2 (purchased electricity) GHG emissions are reported below. We have opted not to report Scope 3 emissions due to the difficulty in gathering accurate and reliable information. The majority of these arise through our customers' use of our equipment on their sites and projects.

GHG EMISSION BY GHG PROTOCOL SCOPE (tCO_2e/YEAR*)

	2014	2013
Scope 1	**162,874**	147,411
Scope 2	**29,762**	25,158
Total	**192,636**	172,569

* tCO_2e/year defined as tonnes of CO_2 equivalent per year.

In order to calculate the GHG emissions, we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014, as well as the US Environmental Protection Agency.

In the UK, we collect data from all Scope 1 and Scope 2 vendors and hence, there is no estimation involved. In the US, due to the size of our operation, we collect data from the significant vendors and then use this to estimate emissions attributable to the balance. At April 2014, approximately 13% of the Sunbelt emissions balance was estimated.

We are also required to give an intensity ratio as appropriate for our business. Our level of GHG emissions vary with our activity levels and we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity. Our intensity metric is therefore an indication of emissions per £1 of revenue (tCO_2e/£).

	2014	2013
Revenue intensity ratio	**117.8**	126.7

The majority of our revenue is in dollars and so the reported ratio is affected by the exchange rate. On a constant currency basis (using this year's average exchange rate) our intensity ratio has reduced from 128.6 last year to 117.8 this year.

Environmental initiatives

This year we have continued our work to improve environmental efficiency across the Group. We now include environmental audit questions within our regular safety audits at Sunbelt, so we are better able to monitor environmental compliance.

Emergency preparation

We have improved our emergency preparation capability in the US this year. We have set up emergency response contracts with three US vendors and a network of local contractors to improve our response times in the event of any emergency and we file reports with state and local emergency coordinators on the chemicals kept at our locations. We have also invested in improved storage for our oils and fuel and provide full hazardous materials management guides to all our staff and online training modules on spill response.

Clean air

Our integration of the new Tier 4 lower emission equipment continues. By May 2015 we will have over 14,000 Tier 4 engines in the fleet valued at over $1bn and we continue training our staff on the proper maintenance of these to minimise harmful emissions. We have also been working to reduce the fuel used to meet customer delivery demands with a view to further reducing emissions as well as costs.

Resource efficiency

We have been upgrading our lighting across our US stores, reducing energy demand while improving safety with better lighting. We are also evaluating installing solar energy at several of our stores where we believe costs could be reduced as well as energy use. Oil is recycled in all our stores. It is collected by contractors and either refined for use as lubricant or burned for energy. We recycle some of our oil ourselves, burning it in specially designed burners to generate heat. In addition, we have been working with our drivers to evaluate and limit idling time as far as possible, again to save on energy costs and reduce emissions.

Greener equipment

We are increasingly investing in 'greener' equipment, sometimes as a result of customer demand. Recent purchases in the US include dry-ice blasters, natural gas generators, solar light towers and dual fuel man lifts using propane as a fuel source. This is in addition to the general shift to Tier 4 compliant fleet purchases.

In the UK to meet increasing demand for environmentally friendly and energy saving temporary accommodation, we have developed a range of 'Green Specification' accommodation units. These units incorporate a multitude of energy saving devices, including increased insulation levels, heavy duty door closers, passive infrared (PIR) low energy fluorescent lighting, double glazed windows, dual flush toilets, waterless urinals and thermostatically timed heaters. These units allow construction companies and other customers to reduce site energy consumption without adversely affecting the welfare of their teams.

A-Plant also continued its investment in Power Cube, an innovative new battery generator that works alongside our current power generation fleet and offers customers significant fuel savings, reductions in carbon footprint and the ability to remotely monitor energy usage. The Power Cube can be used on its own or in conjunction with a generator or mains supply, and can be supplied as road-towable, static or even with a solar panel. The use of batteries is a relatively new concept for power generation in the hire industry, but the Power Cube offers significant benefits over traditional lead-acid batteries and diesel generators. The gel batteries in the Power Cube have a high energy density which allows for the consumption of all stored energy, offer totally silent running and have a long life cycle.

GEOFF DRABBLE
CHIEF EXECUTIVE
16 June 2014

SUZANNE WOOD
FINANCE DIRECTOR

DIRECTORS' REPORT
DIRECTORS

CHRIS COLE
Non-executive chairman

Chris Cole has been a director since January 2002 and was appointed as non-executive chairman in March 2007. Chris is chairman of the Nomination Committee and a member of the Finance and Administration Committee. He is non-executive chairman of WSP Global Inc., a company formed from the merger of GENIVAR Inc. and WSP Group plc. Prior to the merger he was chief executive of WSP Group plc. He is also the non-executive chairman of Tracsis plc and Applus+ and senior independent director of Infinis Energy plc. ●●

GEOFF DRABBLE
Chief executive

Geoff Drabble was appointed as chief executive in January 2007, having served as chief executive designate from October 2006 and as a non-executive director since April 2005. Geoff was previously an executive director of The Laird Group plc where he was responsible for its Building Products division. Prior to joining The Laird Group, he held a number of senior management positions at Black & Decker. Geoff is chairman of the Finance and Administration Committee and a member of the Nomination Committee. ●●

SUZANNE WOOD
Finance director

Suzanne Wood was appointed as a director in July 2012 and is a member of the Finance and Administration Committee. Suzanne joined Sunbelt as its chief financial officer in 2003. Suzanne is a qualified accountant, having trained with Price Waterhouse. She is a US citizen and lives in Charlotte, North Carolina but also maintains a London residence. ●

OUR BOARD OF DIRECTORS

Details of the directors' contracts, emoluments and share interests can be found in the Directors' remuneration report.

Key:
- ● Audit Committee
- ● Remuneration Committee
- ● Nomination Committee
- ● Finance and Administration Committee

MICHAEL BURROW
Independent non-executive director

Michael Burrow was appointed as a non-executive director and member of the Audit, Remuneration and Nomination Committees effective from March 2007 and chairman of the Remuneration Committee in September 2010. Michael was formerly managing director of the Investment Banking Group of Lehman Brothers Europe Limited. ●●●

BRENDAN HORGAN
Chief executive, Sunbelt

Brendan Horgan was appointed chief executive of Sunbelt and a director in January 2011. Brendan joined Sunbelt in 1996 and has held a number of senior management positions including chief sales officer and chief operating officer. Brendan is a US citizen and lives in Charlotte, North Carolina.

SAT DHAIWAL
Chief executive, A-Plant

Sat Dhaiwal has been chief executive of A-Plant and a director since March 2002. Sat was managing director of A-Plant East, one of A-Plant's four operational regions, from May 1998 to March 2002. Before that he was an A-Plant trading director from 1995 and, prior to 1995, managed one of A-Plant's stores.

HUGH ETHERIDGE
Senior independent non-executive director

Hugh Etheridge has been a director, chairman of the Audit Committee and a member of the Remuneration and Nomination Committees since January 2004. He was appointed as senior independent non-executive director in March 2007. Hugh is chairman of William Sinclair Holdings plc. He was formerly chief financial officer of the Waste and Resources Action Programme ('WRAP'), a non-profit organisation established by the UK Government to promote sustainable waste management. Before joining WRAP, he was finance director of Waste Recycling Group plc and prior to that, of Matthew Clark plc. Hugh will be retiring as a director on 30 June 2014.

BRUCE EDWARDS
Independent non-executive director

Bruce Edwards was appointed as a non-executive director in June 2007 and a member of the Nomination Committee and Remuneration Committee effective from February 2009 and September 2010 respectively. Bruce was formerly the global chief executive officer for Exel Supply Chain at Deutsche Post World Net. Bruce is also a non-executive director of Greif Inc., a NYSE-listed packaging and container manufacturer. Bruce is a US citizen and lives in Columbus, Ohio.

IAN SUTCLIFFE
Independent non-executive director

Ian Sutcliffe was appointed as a non-executive director and member of the Audit, Remuneration and Nomination Committees in September 2010. Following the retirement of Hugh Etheridge, Ian will be appointed as senior independent non-executive director with effect from 1 July 2014. Ian is the executive chairman of Countryside Properties plc. He was formerly chief executive officer of Keepmoat and managing director, UK Property, at Segro plc. Prior to joining Segro he held senior executive positions with Taylor Wimpey plc and Royal Dutch Shell plc.

WAYNE EDMUNDS
Independent non-executive director

Wayne Edmunds was appointed as a non-executive director and member of the Audit Committee in February 2014. Wayne will become chairman of the Audit Committee and a member of the Remuneration and Nomination Committees with effect from 1 July 2014. He was formerly chief executive officer of Invensys plc. Wayne is a US citizen and lives in New Jersey but also maintains a London residence.

CORPORATE GOVERNANCE REPORT

CHRIS COLE
CHAIRMAN

Dear Shareholder

Your Board is committed to maintaining high standards of corporate governance. We recognise that good governance is essential in assisting the business manage its risk, deliver its strategy, generate shareholder value and safeguard shareholders' long-term interests. The Company is subject to the UK Corporate Governance Code published by the Financial Reporting Council ('the Code'), copies of which are publicly available at www.frc.org.uk. As Ashtead continues to grow, I will ensure the governance regime remains appropriately robust. The Board is accountable to the Company's shareholders for corporate governance and I, as chairman, am responsible for ensuring the Board operates effectively. I am pleased to introduce the corporate governance report for 2013/14. This report details the matters addressed by the Board and its committees during the year.

BOARD COMPOSITION AND DIVERSITY

Each member of our Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. It is also important that we address issues of diversity in terms of skills, geographical experience relevant to our business and gender. I believe the Board is appropriately balanced in terms of diversity with a good mix of specialist skills and market expertise.

Following the retirement of Hugh Etheridge on 30 June 2014, Ian Sutcliffe will be appointed as senior independent non-executive director on 1 July 2014.

Wayne Edmunds was appointed to the Board as an independent non-executive director on 10 February 2014 and will be appointed chairman of the Audit Committee and a member of the Remuneration and Nomination Committees with effect from 1 July 2014.

AREAS OF BOARD FOCUS

During the past year the Board has paid particular attention to the following important areas:

- continuing to develop and promote corporate responsibility throughout the business;
- assessing the effectiveness of our health and safety practices and monitoring across the Group, and identifying areas for improvement;
- evaluating our robust operating model and structure to ensure they remain fit for purpose as Ashtead grows and markets change;
- continuing review of the effectiveness of our capital structure as the economic environment changes;
- an ongoing evaluation of the efficacy of our strategy and the degree to which it remains appropriate as markets and opportunities change;
- ensuring our key management resource remains motivated and appropriately rewarded;
- succession planning and ongoing senior recruitment; and
- reviewing Board priorities and activities in line with our risk and ethics management regime.

BOARD EFFECTIVENESS REVIEW

The performance of the chairman, chief executive, the Board and its committees is evaluated against, amongst other things, their respective role profiles and terms of reference. The executive directors are evaluated additionally against the agreed budget for the generation of revenue, profit and value to shareholders.

Following last year's external performance evaluation, this year's evaluation was conducted by way of a questionnaire completed by all directors, the results of which were collated by the company secretary and presented to the entire Board. Based on this evaluation, the Board concluded that performance in the past year had been satisfactory.

In accordance with the Code, it is the Board's intention to have its and its committees' performance evaluation conducted by an external third party every three years.

COMPLIANCE

We endeavour to monitor and comply with ongoing changes in corporate governance and evolving best practice in this area. The Company complied throughout the year with the provisions of the Code and I am pleased to confirm this report provides a fair, balanced and understandable view of the Group's position and prospects.

CHRIS COLE
CHAIRMAN

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS HELD BETWEEN 1 MAY 2013 AND 30 APRIL 2014

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	5	5	2
Chris Cole	6	–	–	2
Sat Dhaiwal	6	–	–	–
Geoff Drabble	6	–	–	2
Brendan Horgan	6	–	–	–
Suzanne Wood	6	–	–	–
Michael Burrow	6	5	5	2
Bruce Edwards	6	–	4	2
Wayne Edmunds*	2	1	–	–
Hugh Etheridge	6	5	5	2
Ian Sutcliffe	6	5	5	2

* Wayne Edmunds was appointed as a director on 10 February 2014 since when there were two Board meetings and one Audit Committee meeting.

The Board

The Company's Board comprises the non-executive chairman, the chief executive, the finance director, the executive heads of Sunbelt and A-Plant, the senior independent non-executive director and ordinarily three other independent non-executive directors. Short biographies of the directors are given on pages 38 and 39.

The chairman undertakes leadership of the Board by agreeing Board agendas and ensures its effectiveness by requiring the provision of timely, accurate and clear information on all aspects of the Group's business, to enable the Board to take sound decisions and promote the success of the business. The chairman, assisted by other directors, reviews the effectiveness of each member of the Board no less than annually and facilitates constructive relationships between the executive and non-executive directors through both formal and informal meetings.

The chairman ensures that all directors are briefed properly to enable them to discharge their duties effectively. All newly appointed directors undertake an induction to all parts of the Group's business. Additionally, detailed management accounts are sent monthly to all Board members and, in advance of all Board meetings, an agenda and appropriate documentation in respect of each item to be discussed is circulated.

The chairman facilitates effective communication with shareholders through both the annual general meeting and by being available to meet with major shareholders, to develop an understanding of the views of the investors in the business. He also ensures that shareholders have access to other directors, including non-executive directors, as appropriate.

The chief executive's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The chief executive undertakes the leadership and responsibility for the direction and management of the day-to-day business and conduct of the Group. In doing so, the chief executive's role includes, but is not restricted to, implementing Board decisions, delegating responsibility, and reporting to the Board regarding the conduct, activities and performance of the Group. The chief executive chairs the Sunbelt and A-Plant board meetings and sets policies and direction to maximise returns to shareholders.

All directors are responsible under the law for the proper conduct of the Company's affairs. The directors are also responsible for ensuring that the strategies proposed by the executive directors are discussed in detail and assessed critically to ensure they are aligned with the long-term interests of shareholders and are compatible with the interests of employees, customers and suppliers.

Regular reports and briefings are provided to the Board, by the executive directors and the company secretary, to ensure the directors are suitably briefed to fulfil their roles. The Board normally meets six times a year and there is contact between meetings to advance the Company's activities. It is the Board's usual practice to meet regularly with the senior executives of Sunbelt and A-Plant. The directors also have access to the company secretary and are able to seek independent advice at the Company's expense.

The directors will retire at this year's Annual General Meeting and will offer themselves for election or re-election in accordance with the Code.

There is a schedule of matters reserved to the Board for decision. Other matters are delegated to Board committees, details of which are given on pages 44, 45 and 58.

MATTERS RESERVED TO THE BOARD

The schedule of matters reserved to the Board for decision includes:

- treasury policy;
- acquisitions and disposals;
- appointment and removal of directors or the company secretary;
- appointment and removal of the auditor;
- approval of the annual accounts and the quarterly financial reports to shareholders;
- approval of the issue of shares and debentures;
- the setting of dividend policy; and
- the buy-back of shares.

CORPORATE GOVERNANCE REPORT CONTINUED

SUMMARY OF THE BOARD'S WORK DURING THE YEAR

During the year, the Board considered all matters reserved to the Board for decision, focusing in particular on the following:

- Adoption of the 2014/15 budget
- Review of operations, current trading and outlook
- Approval of the quarterly financial statements
- Approval of the annual report and accounts
- Approval of the AGM resolutions
- Dividend policy
- Investor relations
- Treasury policy
- Issue of $400m of additional notes under the Group's second priority senior secured notes
- An upsizing of the Group's asset backed loan facility to $2.0bn
- Review of the work of the Group's Risk Committee
- Review and approval of the Group's risk register
- Growth and acquisition strategy
- Various acquisitions, including Contractors' Equipment Company and Shamrock Equipment Rental in the US and Accession Group Limited in the UK
- The appointment of a new non-executive director
- The recommendations of the Remuneration Committee

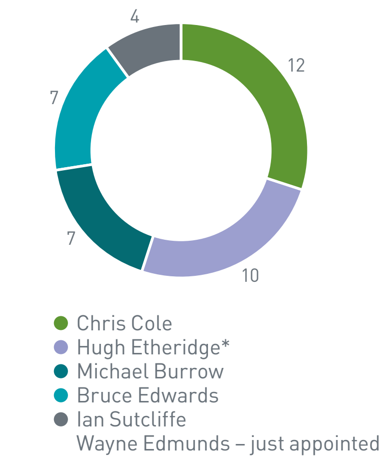
Non-executive directors

In the recruitment of non-executive directors, it is the Company's practice to utilise the services of an external search consultancy. This was the case with the selection of Wayne Edmunds who was engaged following an extensive search for an individual with relevant financial and operational experience. Before appointment, non-executive directors are required to assure the Board that they can give the time commitment necessary to fulfil properly their duties, both in terms of availability to attend meetings and discuss matters on the telephone and meeting preparation time. The non-executives' letters of appointment will be available for inspection at the Annual General Meeting. The approval of the chairman is required before a non-executive can take on other non-executive director roles.

The non-executive directors (including the chairman) meet as and when required in the absence of the executive directors to discuss and appraise the performance of the Board as a whole and the performance of the executive directors. In accordance with the Code, the non-executive directors, led by the senior independent non-executive director, also meet at least annually in the absence of the chairman to discuss and appraise his performance.

Non-executive directors are appointed for specified terms not exceeding three years and are subject to re-election and the provisions of the Companies Act 2006 relating to the removal of a director.

TENURE OF NON-EXECUTIVE DIRECTORS (YEARS)



* Hugh Etheridge will be retiring as a non-executive director on 30 June 2014.

Board committees

The Board has standing Audit, Nomination and Remuneration Committees. The membership roles and activities of the Audit and Nomination Committees are detailed on pages 43 to 45 and the Remuneration Committee in the separate report on pages 46 to 58.

Each committee reports to, and has its terms of reference agreed by, the Board. The terms of reference of these committees are available on our website and will be available for inspection at the Annual General Meeting.

FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee comprises Chris Cole, Geoff Drabble (chairman) and Suzanne Wood. The Board of directors has delegated authority to this committee to deal with routine financial and administrative matters between Board meetings. The Committee meets as necessary to perform its role and has a quorum requirement of two members with certain matters requiring the participation of Chris Cole, non-executive chairman, including, for example, the approval of material announcements to the London Stock Exchange.

Internal control

The directors acknowledge their responsibility for the Group's system of internal control and confirm they have reviewed its effectiveness. In doing so, the Group has taken note of the relevant guidance for directors, published by the Financial Reporting Council, 'Internal Control: Guidance to Directors'.

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place for the full financial year and is ongoing. Under its terms of reference the Group Risk Committee meets semi-annually or more frequently if required, with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Group Risk Committee reports annually to the Audit Committee.

The Board considers that the Group's internal control system is designed appropriately to manage, rather than eliminate, the risk of failure to achieve its business objectives. Any such control system, however, can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group reviews the risks it faces in its business and how these risks are managed. These reviews are conducted in conjunction with the management teams of each of the Group's businesses and are documented in an annual report. The reviews consider whether any matters have arisen since the last report was prepared which might indicate omissions or inadequacies in that assessment. It also considers whether, as a result of changes in either the internal or external environment, any new significant risks have arisen. The Group Risk Committee reviewed the draft report for 2014, which was then presented to, discussed by the Audit Committee on 19 May 2014 and approved by the Audit Committee and the Group Board on 12 June 2014.

Before producing the statement on internal control for the Annual Report and Accounts for the year ended 30 April 2014, the Board reconsidered the operational effectiveness of the Group's internal control systems. In particular, through the Audit Committee, it received reports from the operational audit teams and considered the internal control improvement recommendations made by the Group's internal auditors and its external auditor and management's implementation plans. The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority, and comprehensive reporting and analysis against budgets and latest forecasts.

In a group of the size, complexity and geographical diversity of Ashtead, minor breakdowns in established control procedures can occur. There are supporting policies and procedures for investigation and management of control breakdowns at any of the Group's stores or elsewhere. The Audit Committee also meets regularly with the external auditor to discuss their work.

In relation to internal financial control, the Group's control and monitoring procedures include:

- the maintenance and production of accurate and timely financial management information, including a monthly profit and loss account and selected balance sheet data for each store;
- the control of key financial risks through clearly laid down authority levels and proper segregation of accounting duties at the Group's accounting support centres;
- the preparation of a monthly financial report to the Board;
- the preparation of an annual budget and periodic update forecasts which are reviewed by the executive directors and then by the Board;
- a programme of rental equipment inventories and full inventory counts conducted at each store by equipment type and independently checked on a sample basis by our operational auditors and external auditor;
- detailed internal audits at the Group's major accounting centres undertaken periodically by internal audit specialists from a major international accounting firm;
- comprehensive audits at the stores generally carried out every two years by internal operational audit. A summary of this work is provided annually to the Audit Committee; and
- whistle-blowing procedures by which staff may, in confidence, raise concerns about possible improprieties or breaches of company policy or procedure.

Audit Committee

INTRODUCTION BY HUGH ETHERIDGE, AUDIT COMMITTEE CHAIRMAN

I am pleased to introduce the report of the Audit Committee for 2013/14.

The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chairman of the Committee, it is my responsibility to ensure that the Committee fulfils its responsibilities in a rigorous and effective manner. The Committee's agenda is designed, in conjunction with the Board's, to ensure that all significant areas of risk are covered and to enable it to provide timely input to Board deliberations.

Last year, following publication of the new UK Corporate Governance Code in September 2012 ('the Code'), we sought to provide more insight into the matters considered by the Committee during the year. This year we have provided further information which I believe will give shareholders the assurance that the control environment of the Company is being appropriately monitored and controlled.

I am satisfied that the Committee was provided with good quality and timely material to allow proper consideration to be given to the topics under review. I am also satisfied that the meetings were scheduled to allow sufficient time to ensure all matters were considered fully. In addition, we reviewed our policy on non-audit services which we concluded remained appropriate although we amended the level at which pre-approval of services is required by the Committee chairman and the Committee.

One of the principles introduced in the Code is the one that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects through its financial reporting. We have always sought to ensure our financial and other external reporting is fair, balanced and understandable. However, with this more formal reporting obligation, the Committee has kept this principle at the forefront of its thought process as it has reviewed all the Company's financial reports in advance of publication and is satisfied that they provide a fair, balanced and understandable assessment of the Company's position and prospects.

In February this year, Wayne Edmunds joined the Committee on his appointment to the Board. He was selected based on his strong financial experience and will assume my role as chairman of the Committee with effect from 1 July 2014.

HUGH ETHERIDGE
CHAIRMAN OF THE AUDIT COMMITTEE

MEMBERSHIP OF THE COMMITTEE

The Committee is comprised of independent non-executive directors, biographical details of which are set out on pages 38 and 39. The members of the Committee during the year were:

Hugh Etheridge	Chairman
Michael Burrow	
Wayne Edmunds (appointed 10 February 2014)	
Ian Sutcliffe	

Hugh Etheridge and Wayne Edmunds have relevant and recent financial experience. Hugh Etheridge retires from the Board at the end of June and will be replaced as chairman of the Committee by Wayne Edmunds. Eric Watkins is secretary to the Committee. Chris Cole, Geoff Drabble, Suzanne Wood, and the Group's deputy finance director generally attend meetings by invitation. In addition, the Group audit partner from our external auditor usually attends the Committee meetings.

The Audit Committee's terms of reference will be available for inspection at the Annual General Meeting.

CORPORATE GOVERNANCE REPORT CONTINUED

MAIN RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

The principal responsibilities of the Committee are to:

- monitor the integrity of the annual and quarterly results, including a review of the significant financial reporting judgements contained therein;
- establish and oversee the Company's relationship with the external auditor, including the external audit process, their audit and non-audit fees and independence and make recommendations to the Board on the appointment of the external auditor;
- review and assess the effectiveness of the Company's internal financial controls and internal control and risk management systems;
- oversee the nature, scope and effectiveness of the internal audit work undertaken; and
- monitor the Company's policies and procedures for handling allegations from whistle-blowers.

The Committee reports to the Board on its activities and minutes of meetings are available to the Board.

SUMMARY OF THE COMMITTEE'S WORK DURING THE YEAR

The Committee met on five occasions during the year. Meetings are scheduled to coincide with our financial reporting cycle, with four regular meetings scheduled prior to our quarterly, half-year and annual results announcements. An additional meeting was held in May this year to facilitate the handover from Hugh Etheridge to Wayne Edmunds as chair of the Committee. The Group audit partner from Deloitte attends all meetings of the Committee and reports formally at three of these meetings.

A similar process is undertaken at each reporting date whereby the Committee receives a paper from management which comments on the principal balances in the financial statements and discusses any matters of a financial reporting nature arising since the last meeting. In addition, we receive reports from Deloitte at three of the meetings. The first, in December, contains the results of Deloitte's review of our half-year results. The half-year review forms part of Deloitte's planning for the annual audit, and their full audit plan and proposed audit fee is presented to the February meeting of the Committee. Deloitte's final report of the year is at the June committee meeting when we review the draft annual report. Their report contains the findings from their audit work, including comments on the draft annual report.

Integrity of financial reporting

We reviewed the integrity of the quarterly and annual financial statements of the Company. This included the review and discussion of papers prepared by management and took account of the views of the external auditors. The key areas reviewed in the current year are set out below.

Carrying value of rental fleet

Management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment and assesses whether they continue to be appropriate and whether there are any indications of impairment. We are satisfied that the judgements taken are appropriate and consistent with prior years.

Accounting for acquisitions

The Group made a number of small acquisitions during the year. We reviewed the accounting for these acquisitions, including the identification of acquired intangible assets which relate predominantly to customer relationships. Under the terms of the acquisition of Eve, deferred consideration of up to £7m was payable based on increased earnings targets. The Group's initial assessment was that this would be paid in full. However, based on performance in the year following acquisition, £2.8m became due and was paid in May. The balance of £4.2m has been recorded in the income statement in accordance with IFRS 3.

Going concern

We reviewed the appropriateness of the going concern assumption in preparing the financial statements. We reviewed a paper prepared by management which considered the Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom. Taking account of reasonably possible changes in trading performance, used equipment values and other factors that might affect availability, the Group expects to maintain significant headroom under the ABL facility for the forthcoming year.

We are satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.

Goodwill impairment review

The Group undertakes a formal goodwill impairment review as at 30 April each year. This is based on the latest approved budget and three-year plan for Sunbelt and A-Plant. We reviewed this assessment and are satisfied that there is no impairment of the carrying value of goodwill in either Sunbelt or A-Plant.

External audit effectiveness

The Committee conducted an assessment of the effectiveness of the audit of the 2014 financial statements, based on its own experience and drawing on input from senior corporate management and senior finance management at Sunbelt and A-Plant. The review was based on questionnaires completed by the members of the Committee and senior management. The questionnaires focused on the quality and experience of the team assigned to the audit, the robustness of the audit process, the quality of delivery and communication and governance and independence of the audit firm. The review process identified areas where the audit process had improved over the prior year and certain areas where we believe further improvement can be achieved. These areas will be considered during the course of preparation for the audit of the 2015 financial statements. Overall, the Committee is satisfied that the audit process and strategy for the audit of the 2014 financial statements was effective.

Non-audit services and external auditor independence

The Committee has reviewed its policy on non-audit services during the year. The Committee concluded that the policy remains appropriate although it amended the level at which pre-approval is required. As a result, any engagement where the fee is expected to exceed £75,000 but be less than £150,000, should be pre-approved by the Committee chairman. If the fee is expected to exceed £150,000, the engagement must be pre-approved by the Committee. It is accepted that certain work of a non-audit nature is best undertaken by the external auditor, for example, in connection with our debt issue in December 2013. Each year we review the level of fees and nature of non-audit work undertaken and we were again satisfied that it was in line with our policy and did not detract from the objectivity and independence of the external auditor. The principal non-audit fees paid to the Company's auditor, Deloitte LLP, for the year relate to their review of the Company's interim results, comfort letters related to our December 2013 debt issue and due diligence support. Details of the fees payable to the external auditor are given in Note 4 to the financial statements.

Reappointment of external auditor
Deloitte was appointed external auditor in 2004. The external auditor is required to rotate the audit partner responsible for the Group audit every five years and this year is the current lead audit partner's first year. The Committee considers the re-appointment of the external auditor each year and is recommending to the Board that a proposal be put to shareholders at the 2014 Annual General Meeting for the re-appointment of Deloitte. There are no contractual restrictions on the Company's choice of external auditor and in making its recommendation the Committee took into account, amongst other matters, the tenure, objectivity and independence of Deloitte, as noted above, and its continuing effectiveness and cost. The Committee is monitoring the proposed legislative changes on audit tendering and rotation from the European Union and the Competition Commission and will implement them when they become final. As a result of these proposed changes, the Financial Reporting Council ('FRC') has indicated its intention to withdraw the tendering provisions included within the Code. Under the transitional provisions suggested by the FRC, we would not have been required to undertake a formal tender process until 2018. The Committee will continue to review annually the need to tender the audit due to quality, effectiveness or independence reasons and will decide when a tender process would be sensible from a company and shareholder perspective.

Financial control and risk management
The Company's objective is to maintain a strong control environment which minimises the financial risk faced by the business. It is the Committee's responsibility to review and assess the effectiveness of the Company's internal financial controls and internal control and risk management factors.

The Committee receives regular reports from internal operational audit, outsourced internal audit and the Group Risk Committee. The Group's risk management processes are an area of focus as they adapt to reflect changes to our risk profile as a result of our significant growth, both organic and through bolt-on acquisitions.

Internal audit
The internal operational audit teams in the two businesses undertake operational audits across the store network using a risk based methodology. Each year we agree the scope of work and the coverage in the audit plan at the start of the year and receive formal reports on the results of the work at the half year and full year. During the year 289 audits were completed, which is consistent with our goal for each of our nearly 600 stores to receive an audit visit at least once every two years. The audits are scored and action plans agreed with store management to remedy identified weaknesses. This continual process of reinforcement is key to the store level control environment.

In addition, we engage a major international accounting firm to perform detailed internal audits at the Group's major support centres periodically. The last review was undertaken in 2012/13 and we have ensured that the improvement actions agreed by management have been implemented.

Whistle-blowing
There are policies and procedures in place whereby staff may, in confidence, report concerns about possible improprieties or breaches of Company policy or procedure. These suspicions are investigated and the results of the investigation are reported to the whistle-blower. The Committee receives a report from the company secretary on control issues arising from whistle-blowing as well as from other sources.

Nomination Committee

The Nomination Committee meets as and when required to consider the structure size and composition of the Board of directors. The Committee's primary focus during the year remained succession planning and, in particular, the orderly replacement of the long-serving non-executive directors.

The only change to the Board during the year was the appointment of Wayne Edmunds. Wayne is replacing Hugh Etheridge who retires from the Board on 30 June 2014 after ten years' service.

The Committee also recommended to the Board that Ian Sutcliffe, who has served as a non-executive director for three years, be reappointed for a further term of three years.

MEMBERSHIP OF THE COMMITTEE

Chris Cole	Chairman
Michael Burrow	
Geoff Drabble	
Bruce Edwards	
Hugh Etheridge	
Ian Sutcliffe	

Eric Watkins is secretary to the Committee.

MAIN RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The principal duties of the Committee are making recommendations to the Board on:

- the Board's structure, size, composition and balance;
- the appointment, reappointment, retirement or continuation of any director; and
- the continuation of any non-executive director who has served for a period of three years or more.

The Nomination Committee's terms of reference will be available for inspection at the Annual General Meeting.

SUMMARY OF THE COMMITTEE'S WORK DURING THE YEAR

The Committee met twice during the year and the principal matters discussed were:

- succession planning;
- the review of the Committee's terms of reference;
- the reappointment of Ian Sutcliffe; and
- the appointment of Wayne Edmunds.

By order of the Board

ERIC WATKINS
COMPANY SECRETARY
16 June 2014

REMUNERATION REPORT

MICHAEL BURROW
CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder

I am pleased to present the Directors' remuneration report for the year ended 30 April 2014.

We restructured our report last year ahead of the new regulations from the Department for Business, Innovation and Skills for remuneration reporting applicable from 30 September 2013, and are fully compliant this year. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration.

As you can see from the rest of the Annual Report and Accounts, performance throughout the year has again been extremely strong with the business continuing to grow its market share whilst at the same time improving margins in both the US and the UK. We are delighted that this performance has been reflected in the increase in the Group's share price which enabled it to enter the FTSE 100 on 23 December 2013 for the first time in its history. This coupled with yet another record dividend this year has provided very strong total shareholder returns.

The Committee considers that the Group's chief executive, ably supported by his executive team, has been the architect of the strategy that has delivered such exceptional growth and a sixteen-fold increase in shareholder value over the last six years and that he should be suitably rewarded for his efforts. It will be seen that the Group's policy is, subject to appropriate performance, to pay a base salary commensurate with a business of our size and complexity. As I stated last year some of our executives' salaries were below those of their peers and we have addressed that issue this year. With effect from 1 May 2014 we have increased base salaries for Group and Sunbelt employees between 3% and 10%. A-Plant's salaries are scheduled to be reviewed in November. The salary of the chief executive has been increased by 20% from that date reflecting his contribution to the growth and maturity of the business.

The Committee believes that the Group's Performance Share Plan has worked well for both shareholders and participants and the more balanced and holistic approach has aligned our long-term incentive plan even more closely with shareholder interests. The current plan will come to the end of its ten-year life in September this year and a new Performance Share Plan will be proposed to shareholders at our forthcoming annual general meeting. Details of the new plan appear in the Notice of Annual General Meeting which shareholders have now received. The Committee is proposing essentially the same plan that it believes has operated successfully for the last ten years with the only significant change being the increase of the maximum award to 200% of base salary. This increased maximum award will not be implemented until I have had the opportunity to consult with shareholders on both the performance targets and the quantum of awards.

The Deferred Bonus Plan, which was introduced in 2011 following consultation with shareholders, is coming to the end of its first three-year period. The Committee believes that this plan has worked well in incentivising executives to deliver stretching annual financial performance while aligning short-term and long-term reward. The second three-year plan period commenced in May of this year. The only significant change is the alignment of the chief executive's bonus deferral with those of the other executive participants at one-third.

I wrote to larger shareholders notifying them of the changes to the chief executive's remuneration package and the proposed increase in the maximum award under the new Performance Share Plan during the year. In addition, we have increased the shareholding requirement for the chief executive to 200% of base salary.

The Committee believes that the Remuneration Policy articulated on pages 47 to 52 are in the best long-term interests of the Company and all of its stakeholders.

MICHAEL BURROW
CHAIRMAN OF THE REMUNERATION COMMITTEE

Introduction

This report has been prepared in accordance with the Listing Rules of the Financial Conduct Authority, the relevant sections of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'). It explains how the Board has applied the Principles of Good Governance relating to directors' remuneration, as set out in the UK Corporate Governance Code. The Regulations require the auditor to report to the Company's members on elements of the Remuneration report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The audited information is included on pages 52 to 56.

This report will be subject to two votes at the Annual General Meeting on 3 September 2014 – a binding vote in relation to the Remuneration Policy below which, subject to shareholder approval, will take effect for three years from 4 September 2014, and an advisory vote in relation to the Annual Report on Remuneration (pages 52 to 58). In addition, there will be a vote to approve the reviewed and updated Performance Share Plan.

The aim of the Company's remuneration policy ('the Policy') set out below is to reward executives for delivering a sustainable increase in shareholder value over a long period of time.

Accordingly, we seek to:

- set the total remuneration package at a level that is competitive in the markets in which we operate;
- align executives' interests with those of shareholders;
- link a significant element of total remuneration to the achievement of stretching performance targets over the long term;
- provide a total remuneration package that is balanced between fixed remuneration and variable, performance-based remuneration; and
- enable recruitment and retention of high calibre executives without paying more than necessary to fill the role.

Remuneration policy

SUMMARY OF THE GROUP'S REMUNERATION POLICY

LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
BASE SALARY The purpose of the base salary is to attract and retain directors of the high calibre needed to deliver the Group's strategy without paying more than is necessary to fill the role.	Ordinarily, base salary is set annually and is payable on a monthly basis. An executive director's basic salary is determined by the Committee. In deciding appropriate levels, the Committee considers the experience and performance of individuals and relationships across the Board and seeks to be competitive using information drawn from both internal and external sources and taking account of pay and conditions elsewhere in the Company. The comparator group currently used to inform decisions on base salary is principally the FTSE 75 to 125 as these organisations reflect the size and index positioning of the Company. The Committee intends to review the comparator group each year, to ensure this remains appropriate, and any changes would be disclosed to shareholders in setting out the operation of the remuneration policy for the subsequent year. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the policy level until they become established in their role. In such cases subsequent increases in salary may be higher until the target positioning is achieved.	The policy for salary is around the median level for comparable positions in relation to the comparator groups. Increases will normally be in line with both the market and typical increases for other employees across the Group. Details of the executive directors' salaries, and any increases awarded will be set out in the statement of implementation of remuneration policy for the following financial year.	N/A

REMUNERATION REPORT CONTINUED

LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
BENEFITS To provide competitive employment benefits.	The executive directors' benefits will generally include medical insurance, life cover, car allowance and travel and accommodation allowances. The type and level of benefits provided is reviewed periodically to ensure they remain market competitive.	The maximum will be set at the cost of providing the listed benefits.	N/A
PENSION To provide a competitive retirement benefit.	The Company makes pension contributions (or pays a salary supplement in lieu of pension contributions) of between 5% and 40% of an executive's base salary.	The maximum contribution is 40% of salary.	N/A
DEFERRED BONUS PLAN ('DBP') The purpose of the DBP is to incentivise executives to deliver stretching annual financial performance while aligning short-term and long-term reward through compulsory deferral of a proportion into share equivalents. This promotes the alignment of executive and shareholder interests.	The DBP runs for consecutive three-year periods with a significant proportion of any earned bonus being compulsorily deferred into share equivalents. Based on achievement of annual performance targets, participants receive two-thirds of the combined total of their earned bonus for the current year and the value of any share equivalent awards brought forward from the previous year at the then share price. The other one-third is compulsorily deferred into a new award of share equivalents evaluated at the then share price. Deferred share equivalents are subject to 50% forfeiture for each subsequent year of the plan period where performance falls below the forfeiture threshold set by the Committee. At the expiration of each three-year period, participants will, subject to attainment of the performance conditions for that year, receive in cash their bonus for that year plus any brought forward deferral at its then value. Dividend equivalents may be provided on deferred share equivalents.	The maximum annual bonus opportunity under the DBP is 200% of base salary. Target performance earns 50% of the maximum bonus opportunity.	The current DBP performance conditions are: • Group underlying pre-tax profit for the Group chief executive and finance director. • Sunbelt underlying operating profit for the Sunbelt chief executive. • A-Plant underlying operating profit for the A-Plant chief executive. Stretching financial targets are set by the Committee at the start of each financial year. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate. The Committee has the discretion to adjust targets or weightings for any exceptional events that may occur during the year. The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the DBP, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the plan.

LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
PERFORMANCE SHARE PLAN ('PSP') The purpose of the PSP is to attract, retain and incentivise executives to optimise business performance through the economic cycle, and hence build a stronger underlying business with sustainable long-term shareholder value creation. This is an inherently cyclical business with high capital requirements. The performance conditions have been chosen to ensure that there is an appropriate dynamic tension between growing earnings, delivering strong RoI, whilst maintaining leverage discipline.	PSP awards are granted annually and vesting is dependent on the achievement of performance conditions. Performance is measured over a three-year period. The operation of the PSP is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances. Dividend equivalents may be provided on vested shares. Malus provisions exist which enable the Committee to reduce or eliminate the number of shares subject to unvested awards in case of material misstatement of accounts or action or conduct of an award holder or award holders which in the reasonable opinion of the Board, amounts to fraud or gross misconduct.	The maximum annual award which can be made under the new PSP scheme, which is subject to shareholder approval at the 2014 AGM, has a market value at the grant date of 200% of base salary. At target performance 32.5% of the award vests. In 2014/15 the award for the executive directors (excluding the Group chief executive) will be up to 125%. In 2014/15 the Group chief executive will receive an award of 150% of his base salary at the date of grant, in line with previous policy.	Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are maintained across the cycle. The current performance criteria are total shareholder return (40%), earnings per share (25%), return on investment (25%) and leverage (10%). Awards vest on a pro rata basis as follows: Total shareholder return – median to upper quartile performance against an appropriate comparator group. Earnings per share – compound growth of 6–12% per annum Return on investment – 10–15% Leverage – less than, or equal to, 2.5 times
SHAREHOLDING POLICY Ensures a long-term locked-in alignment between the executive directors and shareholders.	The Committee requires the chief executive to build and maintain a material shareholding in the Company of at least two times base salary and any other executive directors to build and maintain a shareholding of at least one times base salary over a reasonable time frame, which would normally be five years. The Committee has discretion to increase the shareholding requirement.	Minimum shareholding requirement: • Chief executive: 200% of salary • Other executive directors: 100% of salary	N/A

There were no changes to the remuneration policy during the year.

Notes to the policy table
(1) In relation to the DBP, individual awards to directors are dependent on the most relevant measure of profit for the role which they perform, and thus over which they have the most direct influence. Profit is a key component of earnings per share, one of the Company's key performance indicators and is considered the primary measure which aligns with shareholders' interests.
(2) In relation to the PSP:
a. Total shareholder return measures the relative return from Ashtead against an appropriate comparator group, providing alignment with shareholders' interests.
b. Earnings per share is also a key measure ensuring sustainable profit generation over the longer term and is a measure which is aligned with shareholders' interests.
c. Return on investment is a key internal measure to ensure the effective use of capital in the business which is highly cyclical and with high capital requirements.
d. The use of leverage alongside the other performance measures ensures there is an appropriate dynamic tension and balance in maintaining leverage discipline in a capital-intensive business.

REMUNERATION REPORT CONTINUED

Share-based incentives and dilution limits
The Company observes an overall dilution limit of 10% in 10 years for all company share schemes, together with a limit of 5% in 10 years for discretionary schemes.

REMUNERATION POLICY ON NEW HIRES

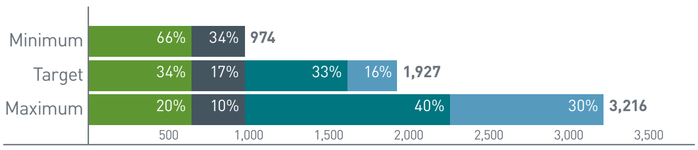
When hiring a new executive director, the Committee will seek to align the remuneration package with the remuneration policy summarised above. In addition, where the executive has to relocate, the level of relocation package will be assessed on a case by case basis. Although it is not the Committee's policy to buy-out former incentive arrangements as a matter of course, it will consider compensating an incoming executive with like-kind incentive arrangements for foregone incentives with their previous employer, taking into account the length of the period they were held and an assessment of the likely vesting value. The Committee will ensure that such arrangements are in the best interests of both the Company and the shareholders without paying more than is necessary.

TOTAL REMUNERATION OPPORTUNITY

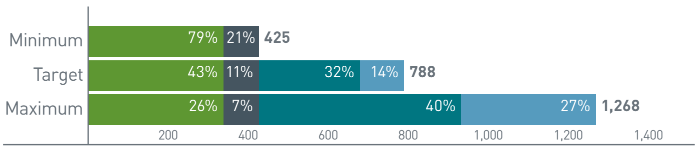
Our remuneration arrangements are designed so that a significant proportion of pay is dependent on the delivery of short and long-term objectives designed to create shareholder value.

The graphs below illustrate the potential future reward opportunity for each of the executive directors, based on the remuneration policy set out on pages 47 to 49 and the base salary at 1 May 2014.

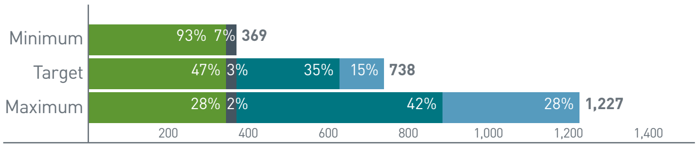
CHIEF EXECUTIVE – GEOFF DRABBLE (£'000)



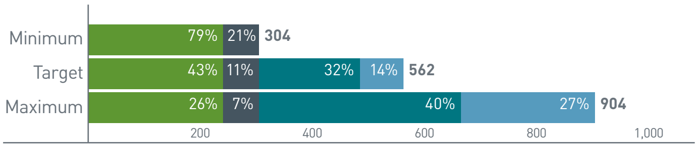
FINANCE DIRECTOR – SUZANNE WOOD (£'000)



SUNBELT CHIEF EXECUTIVE – BRENDAN HORGAN (£'000)



A-PLANT CHIEF EXECUTIVE – SAT DHAIWAL (£'000)



● Salary ● Pension and benefits ● Annual bonus ● PSP

In illustrating potential reward opportunities, the following assumptions have been made:

	BASE AND PENSION	DBP	PSP
Minimum	Base salary, benefits and pension or cash in lieu of pension	No DBP award	No vesting
Target	As above	On target DBP award (50% of maximum)	32.5% vesting
Maximum	As above	Maximum DBP award	Full vesting

In all scenarios, the impact of share price movements on the value of PSPs and mandatory bonus deferrals into the DBP have been excluded.

SERVICE CONTRACTS

The Company's policy is that executive directors have rolling contracts which are terminable by either party giving the other 12 months' notice, which are available for inspection at the Company's registered office. The service contracts for each of the executive directors all contain non-compete provisions appropriate to their roles.

POLICY ON PAYMENT FOR LOSS OF OFFICE

Upon the termination of employment of any executive director, any compensation will be determined in accordance with the relevant provisions of the director's employment contract and the rules of any incentive scheme which are summarised opposite.

ELEMENT	APPROACH	APPLICATION OF COMMITTEE DISCRETION
BASE SALARY AND BENEFITS	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, executive directors may be entitled to receive compensation for loss of office which will be a maximum of twelve months' salary. Such payments will be equivalent to the monthly salary and benefits that the executive would have received if still in employment with the Company. Executive directors will be expected to mitigate their loss within a twelve month period of their departure from the Company.	The Committee has discretion to make a lump sum payment in lieu.
PENSION	Pension contributions or payments in lieu of pension contribution will be made during the notice period. No additional payments will be made in respect of pension contributions for loss of office.	The Committee has discretion to make a lump sum payment in lieu.
DEFERRED BONUS PLAN	The treatment of the Deferred Bonus Plan is governed by the rules of the Plan. Cessation of employment If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business). If the Committee determines that deferred awards held in a participant's plan account shall not lapse on cessation of employment, all deferred awards held in the participant's plan account shall vest immediately and the Committee shall determine: (a) whether the measurement date for that plan year is brought forward to the date of cessation or remains at the end of the plan year; and (b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the contribution to the Group. If the Committee determines that the measurement date is the date of cessation, the Committee shall pro-rate the performance conditions to the date of cessation.	The Committee has the discretion to determine that an executive director is a good leaver. The Committee retains discretion to set the measurement date for the purposes of determining performance measurement and whether to pro-rate the contribution for that plan year. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.
	Change of control On a change of control, all deferred awards held in a participant's plan account shall vest immediately and the Committee shall determine: (a) that the measurement date is the date of the change of control; and (b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the participant's contribution to the Group. The Committee shall pro-rate the performance conditions to the measurement date. In the event of an internal reorganisation, the Committee may determine that awards are replaced by equivalent awards.	The Committee retains discretion to pro-rate the contribution for that plan year. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met, the Committee will consider whether pro-rating is equitable.
PSP	The treatment of awards is governed by the rules of the Plan. Cessation of employment If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business). Where the participant is a good leaver, and at the discretion of the Committee, awards may continue until the normal time of vesting and with the performance target and any other conditions considered at the time of vesting. If the participant's awards vest, the proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the Plan. Alternatively, the Committee may decide that the award may vest on the date of cessation taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the Plan.	The Committee has the discretion to determine that an executive director is a good leaver. The Committee retains discretion to set the vesting date. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.
	Change of control The proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the Plan.	It is the Committee's policy to measure the level of satisfaction of performance targets on a change of control. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether pro-rating is equitable.

REMUNERATION REPORT CONTINUED

There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment.

When determining any loss of office payment for a departing individual the Committee will always seek to minimise cost to the Company whilst seeking to address the circumstances at the time.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE COMPANY

The constituent parts of the senior management team's remuneration package mirror those of the executives. The performance conditions attaching to PSP awards are common throughout the Company.

When considering executive compensation, the Committee is advised of, and takes into account, changes to the remuneration of employees elsewhere within the Company. The Committee does not consider it appropriate to consult with employees when determining executive remuneration.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association. None of the non-executive directors has a service contract with the Company and their appointment is therefore terminable by the Board at any time. When recruiting a non-executive director, the remuneration arrangements offered will be in line with the policy table below:

APPROACH TO FEES	BASIS OF FEES
Fees are set at a level to attract and retain high calibre non-executive directors.	Each non-executive director is paid a basic fee for undertaking non-executive director and board responsibilities.
Fees are reviewed on a regular basis to ensure they reflect the time commitment required and practice in companies of a similar size and complexity.	Additional fees are paid to the chairman and the chairs of the audit and remuneration committees and the senior independent director.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee believes that it is important to maintain an open and transparent dialogue with shareholders on remuneration matters.

The Committee last consulted formally with major shareholders during 2011/12 with regards to the introduction of the Deferred Bonus Plan and the balanced scorecard approach for the Performance Share Plan. The views of shareholders were integral to the changes introduced.

The Committee sought the views of its major shareholders on the changes made to the base salary of the chief executive with effect from 1 May 2014 and the deferred element under the DBP. The views expressed by the shareholders will be taken into account in any future decisions on base pay.

The Committee will be consulting with shareholders before implementing any increased awards to executives under the new PSP which is subject to shareholder approval at the forthcoming annual general meeting.

Looking forward, the Committee will continue to engage with shareholders regarding material changes to the application of the approved policy or proposed changes to the policy.

Annual report on remuneration

SINGLE TOTAL FIGURE FOR REMUNERATION (AUDITED INFORMATION)

Executive directors

The single figure for the total remuneration received by each executive director for the year ended 30 April 2014 and the prior year is shown in the table below:

	Salary		Benefits[i]		Pension[ii]		Deferred Bonus Plan[iii]		Annual Performance Bonus[iv]		PSP[v]		Total	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Sat Dhaiwal	**230**	220	**16**	16	**19**	45	**–**	–	**240**	220	**1,185**	1,506	**1,690**	2,007
Geoff Drabble	**534**	481	**76**	73	**213**	193	**2,593**	1,079	**–**	–	**3,683**	4,684	**7,099**	6,510
Brendan Horgan	**324**	296	**14**	20	**11**	12	**869**	539	**–**	–	**1,479**	1,154	**2,697**	2,021
Suzanne Wood[vi]	**307**	232	**73**	47	**15**	12	**810**	492	**–**	–	**1,150**	848	**2,355**	1,631
	1,395	1,229	**179**	156	**258**	262	**4,272**	2,110	**240**	220	**7,497**	8,192	**13,841**	12,169

(i) Benefits include the taxable benefit of company owned cars, private medical insurance and subscriptions and other taxable allowances. Other taxable allowances include car, travel and accommodation allowances.

(ii) Sat Dhaiwal was a contributory member of the Ashtead Group Retirement Benefits Plan until 31 March 2014. The Company has agreed a cash payment in lieu of pension contributions at 20% of salary. The amount shown above represents the increase in his accrued pension benefit calculated on the basis of the Regulations, plus one month's payment in lieu of pension contributions. This methodology differs from that prescribed by the occupational transfer value regulations and so the figure differs from that shown in the pension section on page 53. The amount for Geoff Drabble represents a cash payment in lieu of pension contributions at 40% of salary. The amounts included for Brendan Horgan and Suzanne Wood represent the co-match under Sunbelt's 401K defined contribution pension plan and 409A deferred compensation plan.

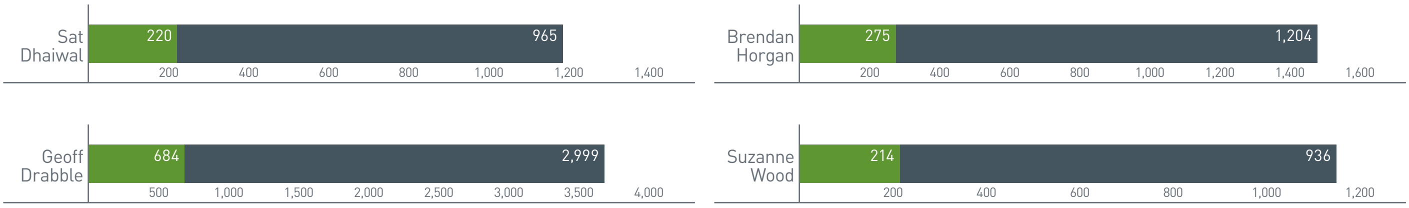
(iii) Deferred Bonus Plan includes the cash received by each director from the DBP for 2013/14 performance as explained on page 48. This includes 100% of this year's bonus and 100% of the brought forward deferred share equivalents for Geoff Drabble, Brendan Horgan and Suzanne Wood.

(iv) Annual Performance Bonus represents the cash award under the Annual Performance Bonus plan for 2013/14 performance.

(v) The PSP value is calculated as the number of shares vesting, valued at the market value of those shares, plus the payment in lieu of dividends paid during the vesting period. Market value is the market value on the day the awards vest (if they vest before the date the financial statements are approved) or the average market value for the last three months of the financial year (if the awards vest after the date the financial statements are approved). The 2011 award is expected to vest fully on 26 July 2014 and has been valued at an average market value of 891p for the three months ended 30 April 2014, plus 15.3p per share in lieu of dividends paid during the vesting period.

(vi) Suzanne Wood was appointed a director on 16 July 2012 and her salary, benefits and pension are included from that date.

The significant value attributable to the PSP awards within the single total figure for remuneration reflects the significant appreciation of the share price since the awards were granted. This is illustrated as follows:



● Performance element based on share price at date of grant.
● Share price appreciation element since grant date plus cash in lieu of dividends.

DIRECTORS' PENSION BENEFITS (AUDITED INFORMATION)

In advance of the reduction in the lifetime allowance, the Company and Sat Dhaiwal agreed that his contributory membership of the Ashtead Group plc Retirement Benefits Plan ('Retirement Benefits Plan') would cease at the end of March 2014 and that the Company would, from April 2014, make a payment to him of 20% of base salary in lieu of the Company making any further pension contributions. The accrued benefits at 30 April 2014 were a pension of £73,000 per annum (2013: £70,000), payable from the age of 65. The transfer value at 30 April 2014 was £581,000 (2013: £557,000).

The Company makes a payment of 40% of Geoff Drabble's base salary in lieu of providing him with any pension arrangements. This was agreed prior to his joining the Company in 2006 and reflected the fact that he was leaving a generous defined benefit arrangement at his previous employer.

Brendan Horgan and Suzanne Wood are members of the Sunbelt 401K defined contribution pension plan and the 409A deferred compensation plan. They are entitled to a company co-match conditional on contributing into the 401K plan or deferring into the 409A plan. The co-match is limited to amounts permitted by regulatory agencies and is effected either by a company payment into the 401K plan or an enhanced deferral into the 409A plan and was $17,570 for Brendan Horgan and $23,490 for Suzanne Wood in 2013/14.

At 30 April 2014, the total amount available to Brendan Horgan but deferred under the Sunbelt deferred compensation plan was $338,988 or £200,751. This includes an allocated investment return of $34,337 or £21,435 (2013: £19,663). The amount available to Suzanne Wood under the same plan was $218,685 or £129,507. This includes an allocated investment return of $25,894 or £16,165 (2013: £12,289).

THE DEFERRED BONUS PLAN (AUDITED INFORMATION)

The performance targets for the Deferred Bonus Plan for the year were as follows:

	Group pre-tax profit*	Sunbelt operating profit*	Bonus potential
Forfeiture	£200m	$375m	Loss of 50% of previously deferred bonus
Threshold	£277m	$495m	10%
Target	£310m	$550m	50%
Maximum	£340m	$585m	100%
Actual	**£362m**	**$631m**	**100%**

* Underlying profit.

The performance targets for Geoff Drabble and Suzanne Wood for the year to 30 April 2014 related directly to the underlying pre-tax profits of the Group and for Brendan Horgan, the underlying operating profit of Sunbelt. The Group target set by the Committee for full entitlement under the DBP was significantly ahead of both prior year (£245m) and consensus market expectation of £293m when the target was set. The target for Sunbelt was significantly ahead of the prior year ($453m). For the year to 30 April 2014, the underlying pre-tax profit for the Group was £362m and underlying operating profit for Sunbelt was $631m. As a result, the maximum bonus entitlements were earned and were equivalent to 200% of base salary for Geoff Drabble and 150% of base salary for Suzanne Wood and Brendan Horgan.

The first three-year period of the Deferred Bonus Plan ended on 30 April 2014. Under the terms of the DBP, there was no forfeiture of brought forward share equivalent awards and accordingly, the brought forward share equivalent awards and the bonus for 2013/14 were released to the executives in full on 16 June 2014 when the share price was 887p. The share equivalent awards are summarised below:

	Number of share equivalent awards			Value of released awards
	Brought forward	Released	Carried forward	£'000
Geoff Drabble	172,049	(172,049)	–	1,526
Brendan Horgan	43,175	(43,175)	–	383
Suzanne Wood	39,426	(39,426)	–	350

REMUNERATION REPORT CONTINUED

THE ANNUAL PERFORMANCE BONUS

The performance targets for the annual performance bonus were as follows:

	A-Plant operating profit*	Bonus potential
Threshold	£17m	20%
Target	£20m	50%
Maximum	£22m	100%
Actual	**£25m**	**100%**

* Underlying profit.

The maximum bonus entitlement for Sat Dhaiwal was 100% of base salary and related directly to the profitability of A-Plant. The target for maximum pay-out was significantly ahead of the prior year profit of £12m. A-Plant's underlying operating profit was £25m and, as a result, the maximum bonus entitlement was earned equivalent to 100% of base salary.

THE PERFORMANCE SHARE PLAN

The performance criteria have varied in prior years. Following consultation with shareholders in 2011/12, a balanced and holistic approach was adopted involving four performance measures selected because delivery of them through the cycle is a significant challenge and the achievement of them will deliver optimum sustainable performance over the long term. The performance criteria are as follows:

		Performance criteria (measured over three years)		
Award date	Financial year	TSR (% of award)	EPS (% of award)	Status
29/6/10	2010/11	From date of grant versus FTSE 250 Index (12.5% at median; 50% at upper quartile)	2012/13 EPS between 1p (12.5% vested) and 2.5p (50% vested)	Vested in full in June 2013
27/7/11	2011/12	From date of grant versus FTSE 250 Index (12.5% at median; 50% at upper quartile)	2013/14 EPS between 8p (12.5% vested) and 12p (50% vested)	Expected to vest fully in July 2014

		Performance criteria (measured over three years)				
Award date	Financial year	TSR (40%)	EPS (25%)	RoI (25%)	Leverage (10%)	Status
19/9/12	2012/13	From date of grant versus FTSE 250 Index (25% of this element of the award will vest at median; 100% at upper quartile)	25% of this element of the award will vest if EPS compound growth for the three years ending 30 April immediately prior to the vesting date is 6% per annum, rising to 100% vesting if EPS compound growth is equal to, or exceeds, 12% per annum	25% of this element of the award will vest at an RoI of 10% with 100% vesting with an RoI of 15%	100% of this element of the award will vest if the ratio of net debt to EBITDA is equal to, or is less than, 2.5 times	2012 award TSR performance is in the upper quartile, EPS growth of 64%, RoI of 19% and leverage of 1.8 times
1/7/13	2013/14					2013 award TSR performance is in the upper quartile, EPS growth of 48%, RoI of 19% and leverage of 1.8 times

For performance between the lower and upper target ranges, vesting of the award is scaled on a straight-line basis.

The 2010 PSP award vested in full on 28 June 2013 with EPS for 2012/13 of 31.6p exceeding the upper target of 2.5p and the Company's TSR performance ranked it first within the FTSE 250 (excluding investment trusts).

The 2011 PSP award, for which the performance period completes on 26 July 2014, is expected to vest in full. EPS for 2013/14 of 46.6p exceeds the upper target of 12p and at 13 June 2014, the Company's TSR performance ranked it first within the FTSE 250 (excluding investment trusts) at the date of this report.

EPS is based on the profit before exceptional items, fair value remeasurements and amortisation of acquired intangibles less the tax charge included in the accounts. Historically TSR performance has been measured relative to the FTSE 250 (excluding investment trusts) rather than a specific comparator group of companies because there are few direct comparators to the Company listed in London and because the Company was a FTSE 250 company. The Company's TSR performance relative to the FTSE 250 (excluding investment trusts) is shown on page 56. For the 2014/15 award the comparator group will be comprised of those companies in the FTSE 350 ranked 75th to 125th by market capitalisation (excluding investment trusts).

The executive directors are required to retain at least 50% of shares that vest under the PSP until such time as they have achieved the shareholding guideline detailed on page 49.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

Non-executive directors

	Fees 2014 £'000	Fees 2013 £'000
Chris Cole	**160**	150
Michael Burrow	**55**	45
Wayne Edmunds	**10**	–
Bruce Edwards	**45**	40
Hugh Etheridge	**65**	55
Ian Sutcliffe	**45**	40
	380	330

The non-executive directors did not receive any remuneration in addition to the fees detailed above.

SCHEME INTERESTS AWARDED BETWEEN 1 MAY 2013 AND 30 APRIL 2014 (AUDITED INFORMATION)

Deferred Bonus Plan

Under the DBP, participants deferred one-third of their bonus for 2012/13 (half in respect of the chief executive) into share equivalents. Share equivalent awards made under the DBP on 19 June 2013 are summarised below:

	Number of share equivalent awards	Face value of award £'000
Geoff Drabble	77,352	485
Brendan Horgan	24,114	151
Suzanne Wood	23,542	148

Performance Share Plan

The awards made on 1 July 2013 are subject to the rules of the PSP and the achievement of stretching performance conditions, which are set out on page 49, over a three-year period to 30 June 2016. The awards are summarised below:

	Number	Face value of award £'000	Face value of award as % of base salary	% of award vesting for minimum performance
Geoff Drabble	120,429	800	150%	32.5%
Sat Dhaiwal	33,108	220	100%	32.5%
Brendan Horgan	51,300	341	100%	32.5%
Suzanne Wood	48,631	323	100%	32.5%

Note
PSP awards were allocated on 1 July 2013 using the closing mid-market share price (665p) of Ashtead Group plc on that day.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

Ian Robson retired as an executive director of the Company on 13 July 2012. Under the terms of his contract, Ian was entitled to draw a pension equal to one-thirtieth of his final salary for each year of pensionable service, but without deduction for early payment, from retirement on 13 July 2012. Accordingly, he received a retirement allowance of £118,000 per annum from the Company from 14 July 2012 until September 2013 when he attained age 55. Since that date, his pension is the responsibility of the Ashtead Group plc Retirement Benefits Plan.

PAYMENTS FOR LOSS OF OFFICE (AUDITED INFORMATION)

During the year there have been no payments made to directors for loss of office.

STATEMENT OF EXECUTIVE DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED INFORMATION)

The executive directors are subject to a minimum shareholding obligation. As stated in the letter from the Remuneration Committee chairman, the requirement for the chief executive was increased to 200% of base salary on 1 May 2014. The remaining executive directors are expected to hold shares at least equal to 100% of base salary. As shown below, the executive directors comply with these shareholding requirements.

	Shares held outright at 30 April 2014	Shares held outright at 30 April 2014 as a % of salary	Outstanding unvested scheme interests subject to performance measures	Total of all share interests and outstanding scheme interests at 30 April 2014
Sat Dhaiwal	398,375	1,480%	230,761	629,136
Geoff Drabble	1,303,297	1,813%	743,285	2,046,582
Brendan Horgan	493,874	1,352%	298,840	792,714
Suzanne Wood	208,805	582%	259,938	468,743

Notes
(1) Interests in shares held at 30 April 2014 include shares held by connected persons.
(2) All outstanding scheme interests take the form of rights to receive shares.
(3) In calculating shareholding as a percentage of salary, the average share price for the three months ended 30 April 2014, the sterling/dollar exchange rate at 30 April 2014, and the directors' salaries at 1 May 2014, have been used.

REMUNERATION REPORT CONTINUED

PERFORMANCE SHARE PLAN AWARDS

Awards made under the PSP, and those which remain outstanding at 30 April 2014, are shown in the table below:

	Date of grant	Held at 30 April 2013	Exercised during the year	Granted during the year	Held at 30 April 2014
Sat Dhaiwal	29.06.10	223,350	223,350	–	–
	27.07.11	130,641	–	–	130,641
	19.09.12	67,012	–	–	67,012
	01.07.13	–	–	33,108	33,108
Geoff Drabble	29.06.10	694,416	694,416	–	–
	27.07.11	406,176	–	–	406,176
	19.09.12	216,680	–	–	216,680
	01.07.13	–	–	120,429	120,429
Brendan Horgan	29.06.10	171,017	171,017	–	–
	27.07.11	163,049	–	–	163,049
	19.09.12	84,491	–	–	84,491
	01.07.13	–	–	51,300	51,300
Suzanne Wood	29.06.10	125,757	125,757	–	–
	27.07.11	126,816	–	–	126,816
	19.09.12	84,491	–	–	84,491
	01.07.13	–	–	48,631	48,631

The performance conditions attaching to the PSP awards are detailed on page 54. The market price of the awards granted during the year was 665p on the date of grant.

STATEMENT OF NON-EXECUTIVE DIRECTORS' SHAREHOLDING (AUDITED INFORMATION)

As at 30 April 2014, the non-executive directors' interests in ordinary shares of the Company were:

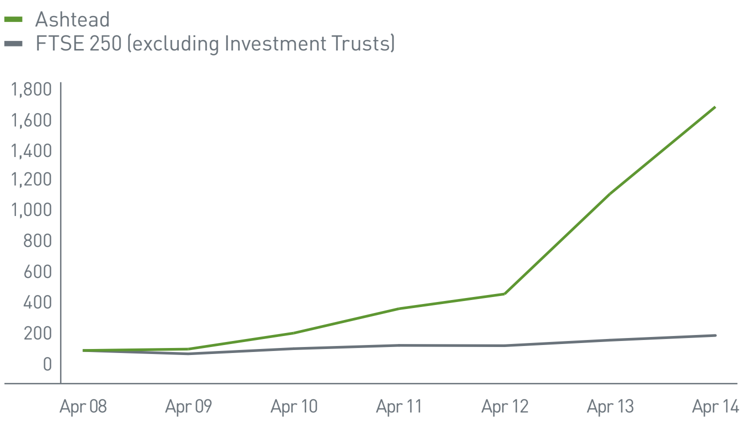
	Number
Michael Burrow	100,000
Chris Cole	132,082
Wayne Edmunds	–
Bruce Edwards	40,000
Hugh Etheridge	20,000
Ian Sutcliffe	11,959

The market price of the Company's shares at the end of the financial year was 875p and the highest and lowest closing prices during the financial year were 983p and 574p respectively.

PERFORMANCE GRAPH AND TABLE

Over the last six years the Company has generated a sixteen-fold total shareholder return ('TSR') which is shown below. The following graph compares the Company's TSR performance with the FTSE 250 Index (excluding investment trusts) over the six years ended 30 April 2014. The FTSE 250 is the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations over that period.

TOTAL SHAREHOLDER RETURN (£)



During the same period, the total remuneration received by the Group chief executive has increased seven-fold as a result of the strong performance of the business:

	2008	2009	2010	2011	2012	2013	2014
Total remuneration (£'000)	1,061	826	1,037	2,166	4,613	6,510	7,099
Underlying profit before tax (£m)	112	87	5	31	131	245	362
Proportion of maximum annual bonus potential awarded	60%	25%	75%	100%	100%	100%	100%
Proportion of PSP vesting	0%	0%	0%	50%	100%	100%	100%

PERCENTAGE CHANGE IN REMUNERATION OF CHIEF EXECUTIVE

The table below summarises the percentage change in remuneration of Geoff Drabble, the chief executive, between the years ended 30 April 2013 and 30 April 2014 and the average percentage change over the same period for the Group as a whole.

	Salary	Benefits	Annual bonus
Chief executive percentage change	11%	6%	10%
Group percentage change	3%	0%	15%

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table shows the year-on-year change in underlying profit before tax, dividends and aggregate staff costs (see Note 4: Operating costs and other income to the consolidated financial statements).

	2014 £m	2013 £m	Change %
Underlying profit before tax	**362**	245	48%
Dividend declared	**57.6**	37.5	54%
Aggregate staff costs	**417**	366	14%

REMUNERATION FOR THE YEAR COMMENCING 1 MAY 2014

Basic salary

Salary with effect from 1 May 2014:

Sat Dhaiwal	£240,000
Geoff Drabble	£640,800
Brendan Horgan	$550,000
Suzanne Wood	$540,000

The salaries of A-Plant employees, including Sat Dhaiwal, will be reviewed in November 2014.

Benefits

Benefits will continue to be applied as per the Policy and application in previous years.

Retirement benefits

Retirement benefits will continue to be applied as per the Policy and application in previous years.

Deferred Bonus Plan

In 2014/15 Geoff Drabble, Suzanne Wood, Brendan Horgan and Sat Dhaiwal will participate in the DBP. The maximum annual bonus opportunities as a percentage of salary will be 200% for Geoff Drabble and 150% for Suzanne Wood, Brendan Horgan and Sat Dhaiwal. The performance measures are set out on page 48. These performance measures should be viewed in conjunction with the wider performance targets set for the 2014/15 PSP awards as detailed on page 49.

Performance Share Plan

It is anticipated that a PSP award will be made as follows:

	Anticipated value of July 2014 award £'000
Sat Dhaiwal	240
Geoff Drabble	961
Brendan Horgan	407
Suzanne Wood	400

These awards are based on the directors' salaries as at 1 May 2014 and, where appropriate, the sterling/dollar exchange rate at 30 April 2014. The performance measures and targets are set out on page 49.

Non-executive fees

Fees for non-executive directors will be increased with effect from 1 July 2014. Their fees with effect from that date will be:

Chris Cole	£200,000
Michael Burrow	£60,000
Wayne Edmunds	£60,000
Bruce Edwards	£50,000
Ian Sutcliffe	£60,000

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Company has established a Remuneration Committee ('the Committee') in accordance with the recommendations of the UK Corporate Governance Code. The Committee is comprised of independent non-executive directors. The members of the Committee are as follows:

Michael Burrow	Chairman
Hugh Etheridge	
Bruce Edwards	
Ian Sutcliffe	

None of the Committee members has any personal financial interests, other than as shareholders, in the matters to be decided. None of the members of the Committee is or has been at any time one of the Company's executive directors or an employee. None of the executive directors serves, or has served, as a member of the board of directors of any other company which has one or more of its executive directors serving on the Company's Board or Remuneration Committee.

The Group's chief executive, Geoff Drabble, normally attends the meetings of the Committee to advise on operational aspects of the implementation of existing policies and policy proposals, except where his own remuneration is concerned, as does the non-executive chairman, Chris Cole. Eric Watkins acts as secretary to the Committee. Under Michael Burrow's direction, the company secretary and Geoff Drabble have responsibility for ensuring the Committee has the information relevant to its deliberations.

REMUNERATION REPORT CONTINUED

In formulating its policies, the Committee has access to professional advice from outside the Company, as required, and to publicly available reports and statistics. The Committee appointed PricewaterhouseCoopers LLP ('PwC') to provide independent advice on various matters it considered. PwC was appointed in 2011 following an interview process by the Committee. PwC is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration consulting in the UK. The fees paid to PwC for its professional advice on remuneration during the year were £30,000. PwC also provided specific tax services to the Company during the year. The Committee is satisfied that neither the nature nor scope of these non-remuneration services by PwC impaired its independence as advisers to the Committee.

MAIN RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The principal duties of the Committee are:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- ensuring that executive management is provided with appropriate incentives to encourage enhanced performance in a fair and responsible manner;
- reviewing and determining the total remuneration packages for each executive director including bonuses and incentive plans;
- determining the policy for the scope of pension arrangements, service agreements, termination payments and compensation commitments for each of the executive directors; and
- ensuring compliance with all statutory and regulatory provisions.

SUMMARY OF THE COMMITTEE'S WORK DURING THE YEAR

The principal matters addressed during the year were:

- assessment of the achievement of the executive directors against their annual bonus and Deferred Bonus Plan objectives;
- setting annual bonus and Deferred Bonus Plan performance targets for the year;
- assessment of performance for the vesting of the 2010 PSP awards;
- grant of 2013 PSP awards and setting the performance targets attaching thereto;
- review of executive base salaries; and
- approval of the Remuneration report for the year ended 30 April 2013.

SHAREHOLDER VOTING

Ashtead is committed to ongoing shareholder dialogue and considers carefully voting outcomes. In the event of a substantial vote against a resolution in relation to directors' remuneration, Ashtead would seek to understand the reasons for any such vote and would detail any actions taken in response to it in the Remuneration report the following year.

The following table sets out the voting results in respect of our previous report in 2013:

	For	Against
2012/13 Directors' Remuneration Report	97.6%	2.4%

17,317,424 votes were withheld (c.3% of share capital) out of total votes cast of 351,738,664.

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

MICHAEL BURROW
CHAIRMAN, REMUNERATION COMMITTEE
16 June 2014

OTHER STATUTORY DISCLOSURES

CONTENTS

Pages 38 to 61 inclusive (together with the sections of the Annual Report incorporated by reference) form part of the Directors' Report.

Other information, which forms part of the Directors' Report, can be found in the following sections of the Annual Report:

Share capital and major shareholders

Details of the Company's share capital are given in Note 20 to the financial statements.

ACQUISITION OF OWN SHARES

At the 2013 annual general meeting, the Company was authorised to make market purchases of up to 75,451,260 ordinary shares. The Company has not acquired any shares under this authority during the year. This authority will expire on the earlier of the next annual general meeting of the Company or 4 March 2016.

A special resolution will be proposed at this year's annual general meeting to authorise the Company to make market purchases of up to 75.5m ordinary shares.

VOTING RIGHTS

Subject to the Articles of Association, every member who is present in person at a general meeting shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Trustees of the Employee Share Ownership Trust ordinarily follow the guidelines issued by the Association of British Insurers and do not exercise their right to vote at general meetings.

Under the Companies Act 2006, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and speak and vote on their behalf at a general meeting or any class of meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A corporate member may appoint one or more individuals to act on its behalf at a general meeting or any class of meeting as a corporate representative. The deadline for the exercise of voting rights is as stated in the notice of the relevant meeting.

TRANSFER OF SHARES

Certified shares

(i) Transfers may be in favour of more than four joint holders, but the directors can refuse to register such a transfer.

(ii) The share transfer form must be delivered to the registered office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the Company was not required to, and did not send, a certificate. The directors can also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the shares is entitled to do so.

CREST shares

(i) Registration of CREST shares can be refused in the circumstances set out in the Uncertified Securities Regulations.

(ii) Transfers cannot be in favour of more than four joint holders.

SIGNIFICANT SHAREHOLDERS

Based on notifications received, the holdings of 3% or more of the issued share capital of the Company as at 13 June 2014 (the latest practicable date before approval of the financial statements) are as follows:

	%
BlackRock, Inc.	10
AXA Investment Managers, S.A.	5
Baillie Gifford & Co.	5
Old Mutual Asset Managers (UK) Ltd	4
Legal & General Group PLC	3

Details of directors' interests in the Company's ordinary share capital and in options over that share capital are given in the Remuneration report on pages 46 to 58. Details of all shares subject to option are given in the notes to the financial statements on page 84.

Change of control provisions in loan agreements

A change in control of the Company (defined, inter alia, as a person or a group of persons acting in concert gaining control of more than 30% of the Company's voting rights) leads to an immediate event of default under the Company's asset-based senior lending facility. In such circumstances, the agent for the lending group may, and if so directed by more than 50% of the lenders shall, declare the amounts outstanding under the facility immediately due and payable.

Such a change of control also leads to an obligation, within 30 days of the change in control, for the Group to make an offer to the holders of the Group's $900m senior secured notes, due 2022, to redeem them at 101% of their face value.

OTHER STATUTORY DISCLOSURES CONTINUED

Appointment and removal of directors

Unless determined otherwise by ordinary resolution, the Company is required to have a minimum of two directors and a maximum of 15 directors (disregarding alternate directors).

The directors are not required to hold any shares in the Company by the Articles of Association.

The Board can appoint any person to be a director. Any person appointed as a director by the Board must retire from office at the first annual general meeting after appointment. A director who retires in this way is then eligible for reappointment.

The Articles state that each director must retire from office if he held office at the time of the two preceding annual general meetings and did not retire at either of them. In accordance with the UK Corporate Governance Code, all directors are subject to annual election by the shareholders.

In addition to any power to remove directors conferred by legislation, the Company can pass a special resolution to remove a director from office even though his time in office has not ended and can appoint a person to replace a director who has been removed in this way by passing an ordinary resolution.

Any director stops being a director if (i) he gives the Company written notice of his resignation; (ii) he gives the Company written notice in which he offers to resign and the directors decide to accept this offer; (iii) all the other directors (who must comprise at least three people) pass a resolution or sign a written notice requiring the director to resign; (iv) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; (v) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; (vi) he has missed directors' meetings (whether or not an alternate director appointed by him attends those meetings) for a continuous period of six months without permission from the directors and the directors pass a resolution removing the director from office; (vii) a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally; (viii) he is prohibited from being a director under the legislation; or (ix) he ceases to be a director under the legislation or he is removed from office under the Articles of Association.

Powers of the directors

Subject to the legislation, the Articles of Association and any authority given to the Company in general meeting by special resolution, the business of the Company is managed by the Board of Directors that can use all of the Company's powers to borrow money and to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other security and to give security, either outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

Directors and directors' insurance

Details of the directors of the Company are given on pages 38 and 39. The policies related to their appointment and replacement are detailed on pages 41 and 42. Each of the directors as at the date of approval of this report confirms, as required by section 418 of the Companies Act 2006 that to the best of their knowledge and belief:

(i) there is no relevant audit information of which the Company's auditor is unaware; and

(ii) each director has taken all the steps that he ought to have taken to make himself aware of such information and to establish that the Company's auditor is aware of it.

The Company has maintained insurance throughout the year to cover all directors against liabilities in relation to the Company and its subsidiary undertakings.

Amendment of Articles of Association

Unless specified to the contrary in 'The Articles', the Articles of the Company may be amended by a special resolution.

Policy on payment of suppliers

Suppliers are paid in accordance with the individual payment terms agreed with each of them. The number of Group creditor days at 30 April 2014 was 63 days (30 April 2013: 67 days) which reflects the terms agreed with individual suppliers. There were no trade creditors in the Company's balance sheet at any time during the past two years.

Political and charitable donations

Charitable donations in the year amounted to £127,641 in total (2013: £80,625). No political donations were made in either year.

Post balance sheet events

Details of post balance sheet events are included in Note 29 of the consolidated financial statements.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and consequently, that it is appropriate to adopt the going concern basis in preparing the financial statements.

Auditor

Deloitte LLP has indicated its willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution concerning its reappointment and authorising the directors to fix its remuneration, will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at 2.30pm on Wednesday, 3 September 2014 at Wax Chandlers Hall, 6 Gresham Street, London EC2V 7AD. An explanation of the business to be transacted at the AGM has been circulated to shareholders and can be found on the website, www.ashtead-group.com.

By order of the Board

ERIC WATKINS
COMPANY SECRETARY
16 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Article 4 of the IAS Regulation and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted by the EU.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the 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

We confirm to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as issued by the International Accounting Standards Board and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

ERIC WATKINS
COMPANY SECRETARY
16 June 2014

CONTENTS

JANET TARLETON
A-Plant

OUR FINANCIAL STATEMENTS 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC

OPINION ON THE FINANCIAL STATEMENTS OF ASHTEAD GROUP PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 30 April 2014 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 ('IFRS') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements, and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

SEPARATE OPINION IN RELATION TO IFRS AS ISSUED BY THE IASB

As explained in Note 2 to the Group financial statements, in addition to complying with its legal obligation to apply IFRS as adopted by the European Union, the Group has also applied IFRS as issued by the International Accounting Standards Board ('IASB').

In our opinion the group financial statements comply with IFRS as issued by the IASB.

GOING CONCERN

As required by the Listing Rules we have reviewed the directors' statement on page 60 that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Carrying value of rental fleet	
There is a risk that the judgements made by management around the annual impairment review of rental fleet are not appropriate and that the carrying value of these assets are overstated.	We have considered management's impairment analysis, understood and challenged the key judgements and sensitivities and the impact that each of these have in determining whether an impairment exists. In particular we focused our analysis on returns on investment by asset class, fleet utilisation, profits and losses on asset disposals, depreciation rates and residual values. We audited the key metrics noted, including asset utilisation statistics and recalculating profit on disposal. We also confirmed that the accounting for the rental fleet and associated disclosures were in line with the Group's accounting policies.
Carrying value of goodwill	
As with the carrying value of rental fleet, there is a risk that the judgements made by management in the annual impairment review of goodwill are inappropriate and that goodwill is overstated.	We have assessed the Group's current and forecast performance and considered whether any other factors exist that would suggest the goodwill is impaired. We have performed the following procedures: • assessed management's identification of cash-generating units ('CGUs') against our understanding of the business and the definition as set out in the accounting standards; • assessed the appropriateness of the calculation of the value in use of each CGU and the associated headroom; • forecast inputs and growth assumptions were compared against historical trends to assess the reliability of management's forecast, in addition to comparing forecast assumptions to external market analysis; • with the assistance of specialists, we recalculated the discount rate applied to the future cash flows and benchmarked this against other companies in the industry; and • performed sensitivity analysis.
Accounting for acquisitions	
There is risk that the acquisition accounting for the 12 acquisitions made in the period has not been correctly applied because of the judgements involved in the identification of acquired assets and liabilities, their estimated fair values (including intangible assets) and the assessment of contingent consideration.	We have challenged the key assumptions made by management in accounting for the acquisitions including: • a review of the asset purchase agreements, confirming the correct accounting treatment has been applied and appropriate disclosure has been made; • auditing the valuation and accounting for consideration payable, including any contingent consideration and traced payments to bank statements; • the identification and fair valuation of the assets and liabilities the Group acquired including any fair value adjustments; and • valuation assumptions such as discount, tax and royalty rates by recalculating these, reviewing assumptions used in such calculations and recalculating using external evidence. In doing so we have utilised specialists to assist with considering the appropriateness of the discount rate. We have reviewed the acquisition accounting and respective disclosures made in the financial statements.
Revenue recognition	
There is a risk that earned not billed and billed not earned revenue is incorrectly calculated and recorded.	We have focused our testing on the earned not billed and billed not earned valuation of revenue. In doing so we have reviewed management's calculations, performed analytical reviews over movements in the period and assessed the historical accuracy of management's estimations of such amounts by comparing to actual amounts. We have also sought to identify any new or complex customer contracts and reviewed the terms and conditions of these.

The Audit Committee's consideration of these risks is set out on page 44.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC CONTINUED

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £14 million, which is 3.9% of pre-tax profit for the year.

In calculating our materiality we have used a two-year average profit before tax to reflect the cyclical nature of the industry in which the Group operates.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £300,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Audit work to respond to the risks of material misstatement was performed by a combination of the work performed by component teams in the US and UK, and the Group audit team at Head Office.

The Group is comprised of three principal locations: the Head Office in London; A-Plant in Warrington, UK; and Sunbelt in Charlotte, US. The Group audit team performed a full scope audit of the Head Office and component audit teams performed full-scope audits at both A-Plant and Sunbelt. These three locations represent 100% of the Group's revenue, profit before tax and net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the three locations was executed at levels of materiality applicable to each individual location which were lower than Group materiality.

The Group audit team have made several site visits to component audit teams to ensure sufficient involvement and oversight of work performed. At the parent entity level we also tested the consolidation process.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

EDWARD HANSON
(SENIOR STATUTORY AUDITOR)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
16 June 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 30 April 2014

	Notes	2014 Before exceptional items and amortisation £m	2014 Exceptional items and amortisation £m	2014 Total £m	2013 Before exceptional items, amortisation and remeasurements £m (restated)	2013 Exceptional items, amortisation and remeasurements £m	2013 Total £m (restated)
Revenue							
Rental revenue		**1,475.3**	**–**	**1,475.3**	1,206.4	–	1,206.4
Sale of new equipment, merchandise and consumables		**68.1**	**–**	**68.1**	60.3	–	60.3
Sale of used rental equipment		**91.3**	**–**	**91.3**	95.2	–	95.2
		1,634.7	**–**	**1,634.7**	1,361.9	–	1,361.9
Operating costs							
Staff costs	4	**(417.3)**	**–**	**(417.3)**	(365.8)	–	(365.8)
Used rental equipment sold	4	**(73.4)**	**–**	**(73.4)**	(80.9)	–	(80.9)
Other operating costs	4	**(458.9)**	**4.2**	**(454.7)**	(396.2)	–	(396.2)
		(949.6)	**4.2**	**(945.4)**	(842.9)	–	(842.9)
EBITDA*		**685.1**	**4.2**	**689.3**	519.0	–	519.0
Depreciation	4	**(275.9)**	**–**	**(275.9)**	(229.0)	–	(229.0)
Amortisation of intangibles	4	**–**	**(9.8)**	**(9.8)**	–	(5.8)	(5.8)
Operating profit	3, 4	**409.2**	**(5.6)**	**403.6**	290.0	(5.8)	284.2
Investment income	6	**–**	**–**	**–**	0.2	–	0.2
Interest expense	6	**(47.1)**	**–**	**(47.1)**	(44.8)	(25.4)	(70.2)
Profit on ordinary activities before taxation		**362.1**	**(5.6)**	**356.5**	245.4	(31.2)	214.2
Taxation	7, 19	**(128.6)**	**3.3**	**(125.3)**	(88.3)	11.9	(76.4)
Profit attributable to equity holders of the Company		**233.5**	**(2.3)**	**231.2**	157.1	(19.3)	137.8
Basic earnings per share	9	**46.6p**	**(0.5p)**	**46.1p**	31.4p	(3.8p)	27.6p
Diluted earnings per share	9	**46.3p**	**(0.5p)**	**45.8p**	30.9p	(3.8p)	27.1p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.

All revenue and profit for the year is generated from continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2014

	Note	2014 £m	2013 £m (restated)
Profit attributable to equity holders of the Company for the financial year		**231.2**	137.8
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit pension plan	23	**5.3**	(3.8)
Tax on defined benefit pension plan		**(1.0)**	0.9
		4.3	(2.9)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(41.3)**	14.0
Total comprehensive income for the year		**194.2**	148.9

CONSOLIDATED BALANCE SHEET
at 30 April 2014

	Notes	2014 £m	2013 £m
Current assets			
Inventories	10	**18.5**	16.7
Trade and other receivables	11	**259.8**	218.6
Current tax asset		**9.9**	0.8
Cash and cash equivalents	12	**2.8**	20.3
		291.0	256.4
Non-current assets			
Property, plant and equipment			
– rental equipment	13	**1,716.3**	1,407.8
– other assets	13	**212.8**	176.8
		1,929.1	1,584.6
Goodwill	14	**400.4**	397.3
Other intangible assets	14	**45.8**	32.6
Deferred tax asset	19	**–**	1.3
Net defined benefit pension plan asset	23	**6.1**	0.4
		2,381.4	2,016.2
Total assets		**2,672.4**	2,272.6
Current liabilities			
Trade and other payables	15	**345.8**	296.1
Current tax liability		**5.8**	3.8
Debt due within one year	16	**2.2**	2.2
Provisions	18	**15.0**	11.9
		368.8	314.0
Non-current liabilities			
Debt due after more than one year	16	**1,149.2**	1,032.2
Provisions	18	**20.3**	24.9
Deferred tax liabilities	19	**309.7**	219.0
		1,479.2	1,276.1
Total liabilities		**1,848.0**	1,590.1
Equity			
Share capital	20	**55.3**	55.3
Share premium account		**3.6**	3.6
Capital redemption reserve		**0.9**	0.9
Non-distributable reserve	20	**90.7**	90.7
Own shares held by the Company	20	**(33.1)**	(33.1)
Own shares held through the ESOT	20	**(11.8)**	(7.4)
Cumulative foreign exchange translation differences		**(20.2)**	21.1
Retained reserves		**739.0**	551.4
Equity attributable to equity holders of the Company		**824.4**	682.5
Total liabilities and equity		**2,672.4**	2,272.6

These financial statements were approved by the Board on 16 June 2014.

GEOFF DRABBLE
CHIEF EXECUTIVE

SUZANNE WOOD
FINANCE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2014

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m (restated)	Total £m (restated)
At 1 May 2012	55.3	3.6	0.9	90.7	(33.1)	(6.2)	7.1	436.4	554.7
Profit for the year	–	–	–	–	–	–	–	137.8	137.8
Other comprehensive income:									
Foreign currency translation differences	–	–	–	–	–	–	14.0	–	14.0
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	–	(3.8)	(3.8)
Tax on defined benefit pension plan	–	–	–	–	–	–	–	0.9	0.9
Total comprehensive income for the year	–	–	–	–	–	–	14.0	134.9	148.9
Dividends paid	–	–	–	–	–	–	–	(20.0)	(20.0)
Own shares purchased by the ESOT	–	–	–	–	–	(10.2)	–	–	(10.2)
Share-based payments	–	–	–	–	–	9.0	–	(6.3)	2.7
Tax on share-based payments	–	–	–	–	–	–	–	6.4	6.4
At 30 April 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	21.1	551.4	682.5
Profit for the year	–	–	–	–	–	–	–	231.2	231.2
Other comprehensive income:									
Foreign currency translation differences	–	–	–	–	–	–	(41.3)	–	(41.3)
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	–	5.3	5.3
Tax on defined benefit pension plan	–	–	–	–	–	–	–	(1.0)	(1.0)
Total comprehensive income for the year	–	–	–	–	–	–	(41.3)	235.5	194.2
Dividends paid	–	–	–	–	–	–	–	(41.3)	(41.3)
Own shares purchased by the ESOT	–	–	–	–	–	(22.4)	–	–	(22.4)
Share-based payments	–	–	–	–	–	18.0	–	(14.6)	3.4
Tax on share-based payments	–	–	–	–	–	–	–	8.0	8.0
At 30 April 2014	**55.3**	**3.6**	**0.9**	**90.7**	**(33.1)**	**(11.8)**	**(20.2)**	**739.0**	**824.4**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2014

	Notes	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items and changes in rental equipment	25(a)	**645.5**	501.3
Exceptional operating costs paid		**(2.2)**	(2.4)
Payments for rental property, plant and equipment		**(655.2)**	(524.2)
Proceeds from disposal of rental property, plant and equipment		**90.4**	87.6
Cash generated from operations		**78.5**	62.3
Financing costs paid (net)		**(40.5)**	(41.5)
Exceptional financing costs paid		**–**	(13.4)
Tax paid (net)		**(14.9)**	(6.8)
Net cash from operating activities		**23.1**	0.6
Cash flows from investing activities			
Acquisition of businesses	25(c)	**(103.3)**	(33.8)
Payments for non-rental property, plant and equipment		**(85.3)**	(57.3)
Proceeds from disposal of non-rental property, plant and equipment		**11.5**	7.9
Payments for purchase of intangible assets		**–**	(1.0)
Net cash used in investing activities		**(177.1)**	(84.2)
Cash flows from financing activities			
Drawdown of loans		**578.7**	614.1
Redemption of loans		**(377.7)**	(502.5)
Capital element of finance lease payments		**(0.7)**	(1.0)
Purchase of own shares by the ESOT		**(22.4)**	(10.2)
Dividends paid		**(41.3)**	(20.0)
Net cash from financing activities		**136.6**	80.4
Decrease in cash and cash equivalents		**(17.4)**	(3.2)
Opening cash and cash equivalents		**20.3**	23.4
Effect of exchange rate difference		**(0.1)**	0.1
Closing cash and cash equivalents		**2.8**	20.3

	2014 £m	2013 £m
Reconciliation of net debt		
Decrease in cash in the period	**17.4**	3.2
Increase in debt through cash flow	**200.3**	110.6
Change in net debt from cash flows	**217.7**	113.8
Exchange differences	**(87.7)**	39.0
Debt acquired	**1.4**	–
Non-cash movements:		
– deferred costs of debt raising	**2.0**	6.7
– capital element of new finance leases	**1.1**	0.3
Increase in net debt in the period	**134.5**	159.8
Net debt at 1 May	**1,014.1**	854.3
Net debt at 30 April	**1,148.6**	1,014.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements are presented in pounds sterling, the functional currency of the parent. Foreign operations are included in accordance with the policies set out in Note 2.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Accordingly, the Group complies with all IFRS, including those adopted for use in the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. A more detailed discussion of the principal accounting policies and management estimates and assumptions is included in the Financial Review on pages 26 and 27 and forms part of these financial statements. Actual results could differ from these estimates.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards adopted by the Group

The following revised and amended standards are mandatory for the first time for the financial year beginning 1 May 2013 and have affected amounts reported in these financial statements:

- IAS 19, 'Employee Benefits' was revised in June 2011. The impact on the Group was to replace the interest expense and expected return on plan assets with a 'net interest' amount, which is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The effect of this will be to reduce the asset returns recognised in the profit and loss account. The revised standard also introduces more extensive disclosures in the presentation of the defined benefit cost.

  These consolidated financial statements are the first financial statements in which the Group has adopted IAS 19 (revised June 2011). The revision has been adopted retrospectively in accordance with IAS 8. As the Group has always recognised actuarial gains and losses immediately, there is no effect on the prior year defined benefit obligation and balance sheet disclosure. For the year ended 30 April 2013, operating costs were £0.3m higher, net financing costs were £1.0m higher and profit before tax was £1.3m lower than reported previously.

- Amendment to IAS 1, 'Presentation of financial statements' regarding the presentation of other items of other comprehensive income. The amendment increased the required level of disclosure within the statement of comprehensive income.

  The impact of this amendment has been to analyse items within the consolidated statement of comprehensive income between items that will not be classified to profit or loss and items that may be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates.

  The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. Other than the above-mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income.

There are no other IFRS or IFRIC Interpretations that impact the Group and are effective for the first time this financial year.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 May 2013 and not early adopted

There are no IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Company and all its subsidiaries for the year to 30 April each year. The results of businesses acquired or sold during the year are incorporated for the periods from or to the date on which control passed and acquisitions are accounted for under the acquisition method. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities in foreign currencies are translated into pounds sterling at rates of exchange ruling at the balance sheet date. Income statements and cash flows of overseas subsidiary undertakings are translated into pounds sterling at average rates of exchange for the year. The exchange rates used in respect of the US dollar are:

	2014	2013
Average for year	**1.60**	1.57
Year end	**1.69**	1.56

Exchange differences arising from the retranslation of the opening net investment of overseas subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate used for the balance sheet are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

REVENUE

Revenue represents the total amount receivable for the provision of goods and services including the sale of used rental plant and equipment to customers net of returns and VAT/sales tax. Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. Because a rental contract can extend across financial reporting period ends, the Group records accrued revenue (unbilled rental revenue) and deferred revenue at the beginning and end of each reporting period so that rental revenue is appropriately stated in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 Accounting policies continued

Revenue from rental equipment delivery and collection is recognised when delivery or collection has occurred and is reported as rental revenue.

Revenue from the sale of rental equipment, new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all obligations under the sales contract have been fulfilled.

Revenue from sales of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment is accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

CURRENT/NON-CURRENT DISTINCTION

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle and those assets receivable within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Property, plant and equipment is stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment. In respect of aerial work platforms, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group. Rebuild costs include the cost of transporting the equipment to and from the rebuild supplier. Depreciation is not charged while the asset is not in use during the rebuild period.

Leased assets

Finance leases are those leases which transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised within property, plant and equipment at the fair value of the leased assets at inception of the lease and depreciated in accordance with the Group's depreciation policy. Outstanding finance lease obligations are included within debt. The finance element of the agreements is charged to the income statement on a systematic basis over the term of the lease.

All other leases are operating leases, the rentals on which are charged to the income statement on a straight-line basis over the lease term.

Depreciation

Leasehold properties are depreciated on a straight-line basis over the life of each lease. Other fixed assets, including those held under finance leases, are depreciated on a straight-line basis applied to the opening cost to write down each asset to its residual value over its useful economic life. Residual values and estimated useful economic lives are reassessed annually, recognising the cyclical nature of the business. The rates in use are as follows:

	Per annum
Freehold property	2%
Motor vehicles	7% to 25%
Rental equipment	5% to 33%
Office and workshop equipment	20%

Residual values are estimated at 10–15% of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 30%.

REPAIRS AND MAINTENANCE

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred.

INTANGIBLE ASSETS

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, including any intangible assets other than goodwill.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to the Group's two reporting units, Sunbelt and A-Plant.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis over the expected useful life of each asset. Contract related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows:

	Per annum
Brand names	7% to 15%
Customer lists	10% to 20%

IMPAIRMENT OF ASSETS

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment (cash-generating unit). In the case of goodwill, the cash-generating units are considered to be the Group's two reporting units, Sunbelt and A-Plant.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

TAXATION

The tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are not recognised for temporary differences arising on investment in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

INVENTORIES

Inventories, which comprise new equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value.

EMPLOYEE BENEFITS

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plans

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

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of comprehensive income. The increase in the present value of plan liabilities arising from employee service during the period is charged to operating profit.

Net interest is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The net interest income or net interest expense is included in investment income or interest expense, respectively.

The defined pension surplus or deficit represents the fair value of the plan assets less the present value of the defined benefit obligation. A surplus is recognised in the balance sheet to the extent that the Group has an unconditional right to the surplus, either through a refund or reduction in future contributions. A deficit is recognised in full.

Share-based compensation

The fair value of awards made under share-based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual award. The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market based criteria not being achieved.

INSURANCE

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date. The estimate includes events incurred but not reported at the balance sheet date. This estimate is discounted and included in provisions in the balance sheet.

INVESTMENT INCOME AND INTEREST EXPENSE

Investment income comprises interest receivable on funds invested, fair value gains on derivative financial instruments and the net interest on the net defined benefit asset.

Interest expense comprises interest payable on borrowings, amortisation of deferred finance costs, fair value losses on derivative financial instruments and the unwind of the discount on the self-insurance and deferred consideration provisions.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

Trade receivables do not carry interest and are stated at face value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturity of less than, or equal to, three months.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are stated at face value.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including amortisation of direct transaction costs, are charged to the income statement using the effective interest rate method.

Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

Net debt

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are retranslated to pounds sterling at rates of exchange ruling at the balance sheet date.

Derivative financial instruments

The Group may use derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. These are principally swap agreements used to manage the balance between fixed and floating rate finance on long-term debt and forward contracts for known future foreign currency cash flows. The Group does not hold or issue derivative instruments for speculative purposes.

All derivatives are held at fair value in the balance sheet. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss. Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement.

Secured notes

The Group's secured notes contain early repayment options, which constitute embedded derivatives in accordance with 'IAS 39, Financial Instruments: Recognition and Measurement'. The accounting for these early repayment options depends on whether they are considered to be closely related to the host contract or not based on IAS 39. Where they are closely related, the early repayment option is not accounted for separately and the notes are recorded within borrowings, net of direct transaction costs. The interest expense is calculated by using the effective interest rate method.

In circumstances where the early repayment option is not considered closely related the repayment option has to be valued separately. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no repayment option and is recorded within borrowings, net of direct transaction costs. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within 'Other financial assets – derivatives'. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model and fair value remeasurement gains and losses are included in investment income and interest expense respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 Accounting policies continued

Where the Group's senior secured notes are issued at a premium or a discount, they are initially recognised at their face value plus or minus the premium or discount. The notes are subsequently measured at amortised cost using the effective interest method.

EXCEPTIONAL ITEMS

Exceptional items are those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group.

EARNINGS PER SHARE

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year. For this purpose the number of ordinary shares in issue excludes shares held by the Company or by the Employee Share Ownership Trust in respect of which dividends have been waived. Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year.

Underlying earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items, amortisation of intangibles and fair value remeasurements of embedded derivatives in long-term debt.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

EMPLOYEE SHARE OWNERSHIP TRUST

Shares in the Company acquired by the Employee Share Ownership Trust ('ESOT') in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds. When the shares vest to satisfy share-based payments, a transfer is made from own shares held through the ESOT to retained earnings.

OWN SHARES HELD BY THE COMPANY

The cost of own shares held by the Company is deducted from shareholders' funds. The proceeds from the reissue of own shares are added to shareholders' funds with any gains in excess of the average cost of the shares being recognised in the share premium account.

ASSETS HELD FOR SALE

Non-current assets held for sale and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Such assets are not depreciated. Assets are regarded as held for sale only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale which must be expected to qualify for recognition as a completed sale within one year from the date of classification.

3 Segmental analysis

BUSINESS SEGMENTS

The Group operates one class of business; rental of equipment. Operationally, the Group is split into two business units, Sunbelt and A-Plant which report separately to, and are managed by, the chief executive and align with the geographies in which they operate, being the US and UK, respectively. These business units are the basis on which the Group reports its segment information. The Group manages debt and taxation centrally, rather than by business unit. Accordingly, segmental results are stated before interest and taxation which are reported as central Group items. This is consistent with the way the chief executive reviews the business.

Year ended 30 April 2014	Sunbelt £m	A-Plant £m	Corporate items £m	Group £m
Revenue	1,366.2	268.5	–	1,634.7
Operating costs	(749.7)	(189.9)	(10.0)	(949.6)
EBITDA	616.5	78.6	(10.0)	685.1
Depreciation	(222.5)	(53.4)	–	(275.9)
Segment result before exceptional items and amortisation	394.0	25.2	(10.0)	409.2
Exceptional items	–	4.2	–	4.2
Amortisation	(5.7)	(4.1)	–	(9.8)
Segment result	388.3	25.3	(10.0)	403.6
Net financing costs				(47.1)
Profit before taxation				356.5
Taxation				(125.3)
Profit attributable to equity shareholders				231.2
Segment assets	2,252.7	406.7	0.3	2,659.7
Cash				2.8
Taxation assets				9.9
Total assets				2,672.4
Segment liabilities	301.7	63.1	5.8	370.6
Corporate borrowings and accrued interest				1,161.9
Taxation liabilities				315.5
Total liabilities				1,848.0
Other non-cash expenditure – share-based payments	2.0	0.5	0.9	3.4
Capital expenditure	695.8	156.3	–	852.1

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, intangibles, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets and includes additions through the acquisition of businesses.

Year ended 30 April 2013	Sunbelt £m	A-Plant £m (restated)	Corporate items £m	Group £m (restated)
Revenue	1,155.8	206.1	–	1,361.9
Operating costs	(684.9)	(148.8)	(9.2)	(842.9)
EBITDA	470.9	57.3	(9.2)	519.0
Depreciation	(183.5)	(45.4)	(0.1)	(229.0)
Segment result before amortisation	287.4	11.9	(9.3)	290.0
Amortisation	(3.9)	(1.9)	–	(5.8)
Segment result	283.5	10.0	(9.3)	284.2
Net financing costs				(70.0)
Profit before taxation				214.2
Taxation				(76.4)
Profit attributable to equity shareholders				137.8
Segment assets	1,943.5	306.5	0.2	2,250.2
Cash				20.3
Taxation assets				2.1
Total assets				2,272.6
Segment liabilities	276.0	44.7	5.5	326.2
Corporate borrowings and accrued interest				1,041.1
Taxation liabilities				222.8
Total liabilities				1,590.1
Other non-cash expenditure – share-based payments	1.5	0.7	0.5	2.7
Capital expenditure	546.6	72.5	–	619.1

SEGMENTAL ANALYSIS BY GEOGRAPHY

The Group's operations are located in North America and the United Kingdom. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including expenditure on acquisitions, by country of domicile. Segment assets by geography include property, plant and equipment and intangible assets but exclude inventory and receivables.

	Revenue		Segment assets		Capital expenditure	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
North America	**1,366.2**	1,155.8	**2,030.1**	1,749.9	**695.8**	546.6
United Kingdom	**268.5**	206.1	**345.2**	264.6	**156.3**	72.5
	1,634.7	1,361.9	**2,375.3**	2,014.5	**852.1**	619.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 Operating costs and other income

	2014			2013		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before amortisation £m (restated)	Amortisation £m	Total £m (restated)
Staff costs:						
Salaries	380.4	–	380.4	333.4	–	333.4
Social security costs	29.7	–	29.7	26.3	–	26.3
Other pension costs	7.2	–	7.2	6.1	–	6.1
	417.3	–	417.3	365.8	–	365.8
Used rental equipment sold	73.4	–	73.4	80.9	–	80.9
Other operating costs:						
Vehicle costs	105.9	–	105.9	92.8	–	92.8
Spares, consumables and external repairs	83.4	–	83.4	70.1	–	70.1
Facility costs	50.4	–	50.4	47.3	–	47.3
Other external charges	219.2	(4.2)	215.0	186.0	–	186.0
	458.9	(4.2)	454.7	396.2	–	396.2
Depreciation and amortisation:						
Depreciation of owned assets	275.2	–	275.2	227.9	–	227.9
Depreciation of leased assets	0.7	–	0.7	1.1	–	1.1
Amortisation of intangibles	–	9.8	9.8	–	5.8	5.8
	275.9	9.8	285.7	229.0	5.8	234.8
	1,225.5	5.6	1,231.1	1,071.9	5.8	1,077.7

Proceeds from the disposal of non-rental property, plant and equipment amounted to £12m (2013: £8m), resulting in a profit on disposal of £3m (2013: £1m) which is included in other external charges.

The costs shown in the above table include:

	2014 £m	2013 £m
Operating lease rentals payable:		
Plant and equipment	2.1	0.6
Property	35.2	33.9
Cost of inventories recognised as expense	138.2	137.3
Bad debt expense	9.6	8.9
Net foreign exchange losses/(gains)	0.2	(0.1)

Staff costs include directors' remuneration. Directors' remuneration comprised:

	2014 £'000	2013 £'000
Salaries and short-term employee benefits	6,674	4,349
Post-employment benefits	67	68
National insurance and social security	376	322
Share-based payments	1,075	819
	8,192	5,558

Remuneration payable to the Company's auditor, Deloitte LLP, in the year is given below:

	2014 £'000	2013 £'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	**603**	581
Fees payable to Deloitte UK and its associates for other services to the Group:		
– the audit of the Group's UK subsidiaries pursuant to legislation	**40**	12
– audit-related assurance services	**62**	75
– other assurance services	**173**	79
– tax advisory services	**–**	52
	878	799

Fees paid for audit-related assurance services relate to the half-year and quarterly reviews of the Group's interim financial statements. Other assurance services relate to comfort letters provided in connection with the $400m add-on to the 6.5% second priority senior secured notes due in 2022 as well as due diligence support. Fees for tax advisory services in the prior year relate primarily to assistance in connection with the discussion with the IRS regarding its proposed adjustments to the Group's US tax returns for the four years ended 30 April 2009.

5 Exceptional items, fair value remeasurements and amortisation

	2014 £m	2013 £m
Release of deferred consideration provision	**(4.2)**	–
Write-off of deferred financing costs	**–**	4.6
Early redemption fee	**–**	10.6
Call period interest	**–**	2.8
Fair value remeasurements	**–**	7.4
Amortisation of intangibles	**9.8**	5.8
	5.6	31.2
Taxation	**(3.3)**	(11.9)
	2.3	19.3

The £4m release of deferred consideration relates to a provision for deferred consideration on the acquisition of Eve which was payable depending on increased earnings targets. £7m was provided in full on acquisition, based on an expectation that the targets would be achieved in full. The targets were achieved partially and the over-provision has been released.

The prior year write-off of deferred financing costs consists of the unamortised balance of the costs relating to the $550m 9.0% senior secured notes redeemed in July 2012. In addition, an early redemption fee of £11m was paid to redeem the notes prior to their scheduled maturity. The call period interest represents the interest charge on the $550m notes for the period from the issue of the new $500m notes to the date the $550m notes were redeemed. The prior year fair value remeasurements relate to the change in fair value of the embedded call options in the old $550m 9.0% senior secured notes.

The items detailed in the table above are presented in the income statement as follows:

	2014 £m	2013 £m
Other operating costs	**(4.2)**	–
Amortisation of intangibles	**9.8**	5.8
Charged in arriving at operating profit	**5.6**	5.8
Interest expense	**–**	25.4
Charged in arriving at profit before tax	**5.6**	31.2
Taxation	**(3.3)**	(11.9)
	2.3	19.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6 Net financing costs

	2014 £m	2013 £m (restated)
Investment income		
Net interest on the net defined benefit asset	–	(0.2)
Interest expense		
Bank interest payable	18.4	18.0
Interest payable on second priority senior secured notes	26.3	22.8
Interest payable on finance leases	0.2	0.2
Other interest payable	–	0.4
Non-cash unwind of discount on provisions	0.4	1.3
Amortisation of deferred costs of debt raising	1.8	2.1
Total interest expense	47.1	44.8
Net financing costs before exceptional items and remeasurements	47.1	44.6
Exceptional items	–	18.0
Fair value remeasurements	–	7.4
Net financing costs	47.1	70.0

7 Taxation

The tax charge for the period has been computed using an effective rate for the year of 39% in the US (2013: 39%) and 26% in the UK (2013: 24%). The blended effective rate for the Group as a whole is 36% (2013: 36%).

	2014 £m	2013 £m (restated)
Analysis of tax charge		
Current tax		
– current tax on income for the year	16.8	12.0
– adjustments to prior year	(7.7)	(0.6)
	9.1	11.4
Deferred tax		
– origination and reversal of temporary differences	113.9	65.5
– adjustments to prior year	4.6	(0.5)
– adjustments due to change in UK and US corporate tax rate	(2.3)	–
	116.2	65.0
Total taxation charge	125.3	76.4
Comprising:		
– UK tax	12.3	10.0
– US tax	113.0	66.4
	125.3	76.4

The tax charge comprises a charge of £128.6m (2013 (restated): £88.3m) relating to tax on the profit before exceptional items, amortisation and fair value remeasurements, together with a credit of £3.3m (2013: £11.9m) on exceptional items, amortisation and fair value remeasurements.

The tax charge for the period is higher than the standard rate of corporation tax in the UK of 23% for the year. The differences are explained below:

	2014 £m	2013 £m (restated)
Profit on ordinary activities before tax	356.5	214.2
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 22.8% (2013: 23.9%)	81.3	51.2
Effects of:		
Use of foreign tax rates on overseas income	47.7	25.7
Other	(0.6)	0.6
Adjustments to prior years	(3.1)	(1.1)
Total taxation charge	125.3	76.4

8 Dividends

	2014 £m	2013 £m
Final dividend paid on 6 September 2013 of 6.0p (2013: 2.5p) per 10p ordinary share	**30.1**	12.5
Interim dividend paid on 5 February 2014 of 2.25p (2013: 1.5p) per 10p ordinary share	**11.2**	7.5
	41.3	20.0

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 April 2014 of 9.25p per share which will absorb £46m of shareholders' funds based on the 501m shares qualifying for dividend at 16 June 2014. Subject to approval by shareholders, it will be paid on 5 September 2014 to shareholders who are on the register of members on 15 August 2014.

9 Earnings per share

	2014			2013		
	Earnings £m	Weighted average no. of shares million	Per share amount pence	Earnings (restated) £m	Weighted average no. of shares million	Per share amount (restated) pence
Basic earnings per share	**231.2**	**501.1**	**46.1**	137.8	500.1	27.6
Share options and share plan awards	**–**	**3.7**	**(0.3)**	–	7.5	(0.5)
Diluted earnings per share	**231.2**	**504.8**	**45.8**	137.8	507.6	27.1

Underlying earnings per share may be reconciled to basic earnings per share as follows:

	2014 pence	2013 pence (restated)
Basic earnings per share	**46.1**	27.6
Exceptional items, fair value remeasurements and amortisation of intangibles	**1.1**	6.2
Tax on exceptional items, remeasurements and amortisation	**(0.6)**	(2.4)
Underlying earnings per share	**46.6**	31.4

10 Inventories

	2014 £m	2013 £m
Raw materials, consumables and spares	**9.4**	8.6
Goods for resale	**9.1**	8.1
	18.5	16.7

11 Trade and other receivables

	2014 £m	2013 £m
Trade receivables	**237.5**	200.8
Less: allowance for bad and doubtful receivables	**(16.1)**	(15.6)
	221.4	185.2
Other receivables		
– Accrued revenue	**16.0**	14.2
– Other	**22.4**	19.2
	259.8	218.6

The fair values of trade and other receivables are not materially different to the carrying values presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11 Trade and other receivables continued

A) TRADE RECEIVABLES: CREDIT RISK

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in Note 24. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Group's markets. The contractual terms on invoices issued to customers vary between the US and the UK in that, invoices issued by A-Plant are payable within 30-60 days whereas, invoices issued by Sunbelt are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. The allowance for bad and doubtful receivables is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business. Accordingly, this cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the allowance for bad and doubtful receivables.

On this basis, the ageing analysis of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	Total £m
Carrying value at 30 April 2014	28.9	116.3	52.9	17.0	22.4	237.5
Carrying value at 30 April 2013	22.5	104.0	44.4	12.5	17.4	200.8

In practice, Sunbelt operates on 30 day terms and considers receivables past due if they are unpaid after 30 days. On this basis, the Group's ageing of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	Total £m
Carrying value at 30 April 2014	130.3	63.0	19.8	9.7	14.7	237.5
Carrying value at 30 April 2013	114.4	53.0	14.5	6.8	12.1	200.8

B) MOVEMENT IN THE ALLOWANCE ACCOUNT FOR BAD AND DOUBTFUL RECEIVABLES

	2014 £m	2013 £m
At 1 May	**15.6**	13.8
Amounts written off and recovered during the year	**(8.1)**	(7.5)
Increase in allowance recognised in income statement	**9.6**	8.9
Currency movements	**(1.0)**	0.4
At 30 April	**16.1**	15.6

12 Cash and cash equivalents

	2014 £m	2013 £m
Cash and cash equivalents	**2.8**	20.3

The carrying amount of cash and cash equivalents approximates to their fair value.

13 Property, plant and equipment

				Motor vehicles		
	Land and buildings £m	Rental equipment £m	Office and workshop equipment £m	Owned £m	Held under finance leases £m	Total £m
Cost or valuation						
At 1 May 2012	85.2	1,854.1	47.9	145.7	4.9	2,137.8
Exchange differences	2.2	65.7	1.5	5.2	–	74.6
Acquisitions	–	10.9	0.1	1.1	–	12.1
Reclassifications	–	(2.3)	2.4	(0.1)	–	–
Additions	4.5	521.0	4.3	50.3	0.3	580.4
Disposals	(1.4)	(262.9)	(4.6)	(21.9)	(0.2)	(291.0)
At 30 April 2013	90.5	2,186.5	51.6	180.3	5.0	2,513.9
Exchange differences	(4.3)	(146.6)	(3.1)	(12.1)	–	(166.1)
Acquisitions	0.3	111.5	3.1	5.4	1.4	121.7
Reclassifications	–	(1.2)	2.1	(0.9)	–	–
Additions	7.9	657.0	5.2	68.5	2.0	740.6
Disposals	(1.1)	(231.4)	(2.2)	(34.9)	(2.8)	(272.4)
At 30 April 2014	**93.3**	**2,575.8**	**56.7**	**206.3**	**5.6**	**2,937.7**
Depreciation						
At 1 May 2012	32.4	735.7	39.6	65.5	1.2	874.4
Exchange differences	1.0	27.3	1.4	2.4	–	32.1
Reclassifications	–	(1.1)	1.3	(0.2)	–	–
Charge for the period	3.8	201.3	3.7	19.1	1.1	229.0
Disposals	(1.1)	(184.5)	(4.5)	(16.0)	(0.1)	(206.2)
At 30 April 2013	36.1	778.7	41.5	70.8	2.2	929.3
Exchange differences	(1.9)	(60.7)	(2.7)	(5.6)	–	(70.9)
Acquisitions	0.3	61.2	3.0	3.8	0.7	69.0
Reclassifications	–	(0.5)	1.2	(0.7)	–	–
Charge for the period	4.3	243.4	4.3	23.2	0.7	275.9
Disposals	(0.8)	(162.6)	(2.0)	(27.5)	(1.8)	(194.7)
At 30 April 2014	**38.0**	**859.5**	**45.3**	**64.0**	**1.8**	**1,008.6**
Net book value						
At 30 April 2014	**55.3**	**1,716.3**	**11.4**	**142.3**	**3.8**	**1,929.1**
At 30 April 2013	54.4	1,407.8	10.1	109.5	2.8	1,584.6

No rebuild costs were capitalised in the year (2013: £nil). Rental equipment includes leased assets of £0.8m (2013: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14 Intangible assets including goodwill

		Other intangible assets				
	Goodwill £m	Brand names £m	Customer lists £m	Contract related £m	Total £m	Total £m
Cost or valuation						
At 1 May 2012	371.0	15.3	12.8	19.4	47.5	418.5
Recognised on acquisition	10.6	–	13.7	1.1	14.8	25.4
Additions	–	–	–	1.1	1.1	1.1
Exchange differences	15.7	0.6	1.1	0.5	2.2	17.9
At 30 April 2013	397.3	15.9	27.6	22.1	65.6	462.9
Recognised on acquisition	33.6	0.9	23.2	1.1	25.2	58.8
Exchange differences	(30.5)	(1.1)	(2.3)	(1.1)	(4.5)	(35.0)
At 30 April 2014	**400.4**	**15.7**	**48.5**	**22.1**	**86.3**	**486.7**
Amortisation						
At 1 May 2012	–	12.1	2.1	11.6	25.8	25.8
Charge for the period	–	0.5	2.8	2.5	5.8	5.8
Exchange differences	–	0.5	0.5	0.4	1.4	1.4
At 30 April 2013	–	13.1	5.4	14.5	33.0	33.0
Charge for the period	–	0.6	7.0	2.2	9.8	9.8
Exchange differences	–	(1.0)	(0.5)	(0.8)	(2.3)	(2.3)
At 30 April 2014	**–**	**12.7**	**11.9**	**15.9**	**40.5**	**40.5**
Net book value						
At 30 April 2014	**400.4**	**3.0**	**36.6**	**6.2**	**45.8**	**446.2**
At 30 April 2013	397.3	2.8	22.2	7.6	32.6	429.9

Goodwill acquired in a business combination was allocated, at acquisition, to the cash-generating units ('CGU') that benefitted from that business combination, as follows:

	2014 £m	2013 £m
Sunbelt	**367.5**	383.0
A-Plant	**32.9**	14.3
	400.4	397.3

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on financial plans covering a three-year period which were adopted and approved by the Board in April 2014. The key assumptions for these financial plans are those regarding revenue growth, margins and capital expenditure required to replace the rental fleet and support the growth forecast which management estimates based on past experience, market conditions and expectations for the future development of the market. The projections consist of the 2014/15 budget, a further two years from the Group's business plan and a further seven years' cash flows. The valuation uses an annual growth rate to determine the cash flows beyond the three year business plan period of 2%, which does not exceed the average long-term growth rates for the relevant markets, and a terminal value reflective of market multiples. The pre-tax rate used to discount the projected cash flows is 11% (2013: 10.5%).

The impairment review is sensitive to a change in key assumptions used, most notably the discount rate and the annuity growth rates. A sensitivity analysis has been undertaken by changing the key assumptions used for both Sunbelt and A-Plant. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount of the Sunbelt CGU being reduced to the carrying value. The A-Plant CGU has headroom of £65m at the reporting date. No reasonably possible change in the annuity growth rate would reduce the recoverable amount of the CGU to its carrying value but an increase in the discount rate from 11% by 2.5% would reduce the recoverable amount of the CGU to its carrying value.

SUNBELT

Sunbelt's revenue is linked primarily to US non-residential construction spend. Following its return to growth in 2012, it is expected to continue to grow during the business plan period. Sunbelt has grown more rapidly than both non-residential construction and the broader rental market and this out-performance is expected to continue over the business plan period, although not necessarily to the same degree as over the last two financial years. EBITDA margins are forecast to increase slightly from current levels as Sunbelt benefits from increased scale.

A-PLANT

A-Plant's revenue is linked primarily to UK non-residential construction spend. This market is expected to return to growth in 2014 and grow during the business plan period. A-Plant has grown over the last two years while non-residential construction has declined and we expect it to perform ahead of the market as it recovers. EBITDA margins are forecast to increase slightly from current levels as A-Plant benefits from increased scale.

15 Trade and other payables

	2014 £m	2013 £m
Trade payables	**161.4**	146.9
Other taxes and social security	**21.6**	19.2
Accruals and deferred income	**162.8**	130.0
	345.8	296.1

Trade and other payables include amounts relating to the purchase of fixed assets of £152m (2013: £130m). The fair values of trade and other payables are not materially different from the carrying values presented.

16 Borrowings

	2014 £m	2013 £m
Current		
Finance lease obligations	**2.2**	2.2
Non-current		
First priority senior secured bank debt	**609.5**	716.7
Finance lease obligations	**2.4**	0.7
6.5% second priority senior secured notes, due 2022	**537.3**	314.8
	1,149.2	1,032.2

The senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables.

FIRST PRIORITY SENIOR SECURED CREDIT FACILITY

At 30 April 2014, $2.0bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2018 while the amount utilised was $1,084m (including letters of credit totalling $35m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the revolving credit facility is based on the ratio of funded debt to EBITDA before exceptional items according to a grid which varies, depending on leverage, from LIBOR plus 175bp to LIBOR plus 225bp. At 30 April 2014 the Group's borrowing rate was LIBOR plus 175bp.

There are two financial performance covenants under the asset-based first priority senior bank facility:

- funded debt to LTM (last twelve months) EBITDA before exceptional items not to exceed 4.0 times; and
- a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

These covenants do not, however, apply when excess availability (the difference between the borrowing base and facility utilisation) exceeds $200m. At 30 April 2014 availability under the bank facility was $916m ($667m at 30 April 2013), with an additional $770m of suppressed availability meaning that covenants were not measured at 30 April 2014 and are unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratios each quarter. At 30 April 2014, as a result of the continued significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. The fact the fixed charge ratio is below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the accounts are prepared on a going concern basis.

6.5% SECOND PRIORITY SENIOR SECURED NOTES DUE 2022 HAVING A NOMINAL VALUE OF $900M

On 16 July 2012 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., issued $500m of 6.5% second priority senior secured notes due 15 July 2022. On 12 December 2013, the Group issued an additional $400m of 6.5% second priority secured notes. These notes were issued as an add-on to the 6.5% notes due 25 July 2022 indenture and, as such, were consolidated to form a single series of notes. The notes are secured by second priority interests over substantially the same assets as the ABL facility and are also guaranteed by Ashtead Group plc.

Under the terms of the 6.5% notes the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company. Financial performance covenants under the 6.5% senior secured note issue are only measured at the time new debt is raised.

The effective rates of interest at the balance sheet dates were as follows:

		2014	2013
First priority senior secured bank debt	– revolving advances in dollars	**1.98%**	2.25%
Secured notes	– $900m nominal value	**6.5%**	6.5%
Finance leases		**6.7%**	7.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Amounts payable under finance leases:				
Less than one year	**2.4**	2.3	**2.2**	2.2
Later than one year but not more than five	**2.6**	0.8	**2.4**	0.7
	5.0	3.1	**4.6**	2.9
Future finance charges	**(0.4)**	(0.2)		
	4.6	2.9		

The Group's obligations under finance leases are secured by the lessor's rights over the leased assets disclosed in Note 13.

18 Provisions

	Self-insurance £m	Vacant property £m	Deferred consideration £m	Total £m
At 1 May 2013	17.7	11.1	8.0	36.8
Acquired businesses	–	–	7.6	7.6
Exchange differences	(1.3)	(0.5)	(0.7)	(2.5)
Utilised/released	(15.2)	(3.5)	(4.2)	(22.7)
Charged in the year	15.8	0.1	–	15.7
Amortisation of discount	0.2	–	0.2	0.4
At 30 April 2014	**17.2**	**7.2**	**10.9**	**35.3**

	2014 £m	2013 £m
Included in current liabilities	**15.0**	11.9
Included in non-current liabilities	**20.3**	24.9
	35.3	36.8

Self-insurance provisions relate to the discounted estimated liability in respect of claims excesses to be incurred under the Group's insurance programmes for events occurring up to the year-end and are expected to be utilised over a period of approximately eight years. The provision is established based on advice received from independent actuaries of the estimated total cost of the self-insured retained risk based on historical claims experience. The amount charged in the year is stated net of a £2.6m adjustment to reduce the provision held at 1 May 2013.

The majority of the provision for vacant property costs is expected to be utilised over a period of up to three years. The provision for deferred consideration relates to recent acquisitions, principally JMR Industries and Eve and is expected to be paid out over the next two years.

19 Deferred tax

DEFERRED TAX ASSETS

	Tax losses £m	Other temporary differences £m	Total £m
At 1 May 2013	–	1.3	1.3
Offset against deferred tax liability at 1 May 2013	126.5	44.0	170.5
Gross deferred tax assets at 1 May 2013	126.5	45.3	171.8
Exchange differences	(7.0)	(3.7)	(10.7)
(Charge)/credit to income statement	(58.0)	9.3	(48.7)
Credit/(charge) to equity	6.9	(0.7)	6.2
Acquisitions	–	(0.2)	(0.2)
Less offset against deferred tax liability	(68.4)	(50.0)	(118.4)
At 30 April 2014	**–**	**–**	**–**

DEFERRED TAX LIABILITIES

	Accelerated tax depreciation £m	Other temporary differences £m	Total £m
Net deferred tax liability at 1 May 2013	218.6	0.4	219.0
Deferred tax assets offset at 1 May 2013	170.5	–	170.5
Gross deferred tax liability at 1 May 2013	389.1	0.4	389.5
Exchange differences	(33.8)	–	(33.8)
Charge/(credit) to income statement	68.1	(0.5)	67.6
Charge to equity	–	1.0	1.0
Acquisitions	0.9	2.9	3.8
	424.3	3.8	428.1
Less offset of deferred tax assets			
– benefit of tax losses			(68.4)
– other temporary differences			(50.0)
At 30 April 2014			**309.7**

The Group has an unrecognised UK deferred tax asset of £1.2m (2013: £1.3m) in respect of losses in a non-trading UK company, as it is not considered probable this deferred tax asset will be utilised.

At the balance sheet date, no temporary differences associated with undistributed earnings of subsidiaries are considered to exist as UK tax legislation largely exempts overseas dividends received from UK tax.

20 Share capital and reserves

	2014 Number	2013 Number	**2014 £m**	2013 £m
Ordinary shares of 10p each				
Authorised	**900,000,000**	900,000,000	**90.0**	90.0
Issued and fully paid:				
At 1 May and 30 April	**553,325,554**	553,325,554	**55.3**	55.3

There were no movements in shares authorised or allotted during the period.

At 30 April 2014, 50m (2013: 50m) shares were held by the Company, acquired at an average cost of 67p (2013: 67p) and a further 2.1m (2013: 2.8m) shares were held by the Company's Employee Share Ownership Trust to facilitate the provision of shares under the Group's Performance Share Plan.

The non-distributable reserve relates to the reserve created on the cancellation of the then share premium account in August 2005. This reserve will become distributable on the earlier of 10 years after the date of cancellation or when all creditors outstanding at the date of cancellation are settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 Share-based payments

The Employee Share Ownership Trust ('ESOT') facilitates the provision of shares under the Group's Performance Share Plan ('PSP'). It holds a beneficial interest in 2,103,554 ordinary shares of the Company acquired at an average cost of 562.5p per share. The shares had a market value of £18.4m at 30 April 2014. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Group but are not significant.

Details of the PSP are given on pages 49 and 54. The costs of this scheme are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme. In 2014, there was a net charge to pre-tax profit in respect of the PSP of £3.4m (2013: £2.7m). After deferred tax, the total charge was £2.3m (2013: £1.9m).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions: share price at grant date of 664.5p, nil exercise price, a dividend yield of 1.13%, volatility of 42.2%, a risk-free rate of 0.73% and an expected life of three years.

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Details of the PSP awards outstanding during the year are as follows:

	2014 Number	2013 Number
Outstanding at 1 May	**7,813,619**	12,262,736
Granted	**767,562**	1,395,975
Exercised	**(4,044,350)**	(5,709,095)
Expired	**(63,446)**	(135,997)
Outstanding at 30 April	**4,473,385**	7,813,619
Exercisable at 30 April	**–**	–

22 Operating leases

Minimum annual commitments under existing operating leases may be analysed by date of expiry of the lease as follows:

	2014 £m	2013 £m
Land and buildings:		
Expiring in one year	**4.8**	4.1
Expiring between two and five years	**18.5**	18.7
Expiring in more than five years	**12.7**	12.8
	36.0	35.6

Total minimum commitments under existing operating leases at 30 April 2014 through to the earliest date at which the lease may be exited without penalty by year are as follows:

	£m
Financial year	
2015	36.0
2016	29.5
2017	26.0
2018	21.5
2019	16.5
Thereafter	43.1
	172.6

£5.1m of the total minimum operating lease commitments of £172.6m relating to vacant properties has been provided within the financial statements and included within provisions in the balance sheet.

23 Pensions

DEFINED CONTRIBUTION PLANS

The Group operates pension plans for the benefit of qualifying employees. The plans for new employees throughout the Group are all defined contribution plans. Pension costs for defined contribution plans were £6.3m (2013: £5.4m).

DEFINED BENEFIT PLAN

The Group also has a defined benefit plan for certain UK employees which was closed to new members in 2001. The plan is a funded defined benefit plan with trustee administered assets held separately from those of the Group. The Trustees are composed of representatives of both the Company and plan members. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy of the assets and the day-to-day administration of the benefits.

The plan is a final salary plan which provides members a guaranteed level of pension payable for life. The level of benefits provided by the plan depends on members' length of service and their salary in the final years leading up to retirement.

The plan's duration is an indicator of the weighted-average time until benefit payments are made. For the plan as whole, the duration is around 20 years. The estimated amount of contributions expected to be paid by the Company to the plan during the 2014/15 financial year is £0.8m.

The plan exposes the Company to a number of risks, the most significant being investment risk, interest rate risk, inflation risk and life expectancy risk.

The most recent actuarial valuation was carried out as at 30 April 2013 by a qualified independent actuary and showed a funding surplus of £4.8m. The actuary was engaged by the Company to perform a valuation in accordance with IAS 19 (revised) as at 30 April 2014. The principal financial assumptions made by the actuary were as follows:

	2014	2013
Discount rate	**4.3%**	4.2%
Inflation assumption – RPI	**3.5%**	3.4%
– CPI	**2.5%**	2.4%
Rate of increase in salaries	**4.5%**	4.4%
Rate of increase in pensions in payment	**3.4%**	3.3%

Pensioner life expectancy assumed in the 30 April 2014 update is based on the 'S1P CMI 2013' projection model mortality tables adjusted so as to apply a minimum annual rate of improvement of 1.25% a year. Samples of the ages to which pensioners are assumed to live are as follows:

	2014	2013
Life expectancy of pensioners currently aged 65		
Male	**86.8**	87.0
Female	**89.0**	89.3
Life expectancy at age 65 for future pensioner currently aged 45		
Male	**88.5**	88.4
Female	**90.9**	90.9

The plan's assets are invested in the following asset classes:

	Fair value	
	2014 £m	2013 £m
UK equities	**43.2**	38.6
US equities	**9.6**	8.1
European equities	**2.3**	1.9
Asia Pacific (excluding Japan) equities	**3.8**	3.6
Corporate bonds	**9.8**	16.4
Global loan fund	**10.3**	8.7
Property	**5.1**	–
Cash	**0.3**	0.2
	84.4	77.5

The amounts recognised in the balance sheet are determined as follows:

	2014 £m	2013 £m
Fair value of plan assets	**84.4**	77.5
Present value of funded defined benefit obligation	**(78.3)**	(77.0)
Present value of unfunded defined benefit obligation	**–**	(0.1)
Net asset recognised in the balance sheet	**6.1**	0.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23 Pensions continued

The components of the defined benefit cost recognised in the income statement are as follows:

	2014 £m	2013 £m (restated)
Current service cost	**0.7**	0.6
Administration expense	**0.2**	0.3
Net interest on the net defined benefit plan	**–**	(0.2)
Net charge to the income statement	**0.9**	0.7

The remeasurements of the defined benefit plan recognised in the statement of comprehensive income are as follows:

	2014 £m	2013 £m
Actuarial gain/(loss) due to changes in financial assumptions	**0.3**	(10.6)
Actuarial loss due to changes in demographic assumptions	**(0.3)**	(0.1)
Actuarial gain/(loss) arising from experience adjustments	**0.7**	(0.6)
Return on plan assets in excess of that recognised in net interest	**4.6**	7.5
Remeasurement of the defined benefit pension plan	**5.3**	(3.8)

Movements in the present value of defined benefit obligations were as follows:

	2014 £m	2013 £m (restated)
At 1 May	**77.1**	63.7
Current service cost	**0.7**	0.6
Interest cost	**3.2**	3.0
National Insurance rebates received	**–**	0.1
Contributions from members	**0.2**	0.3
Remeasurements		
– Actuarial (gain)/loss due to changes in financial assumptions	**(0.3)**	10.6
– Actuarial loss due to changes in demographic assumptions	**0.3**	0.1
– Actuarial (gain)/loss arising from experience adjustments	**(0.7)**	0.6
Benefits paid	**(2.2)**	(1.9)
At 30 April	**78.3**	77.1

The key assumptions used in valuing the defined benefit obligation are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:

- An increase in the discount rate of 0.5% would result in a £7m (2013: £7m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in a £5m (2013: £6m) increase in the defined benefit obligation. This includes the resulting change to other assumptions that are related to inflation such as pensions and salary growth.
- A one-year increase in the pensioner life expectancy at age 65 would result in a £3m (2013: £3m) increase in the defined benefit obligation.

The above sensitivity analyses have been determined based on reasonably possible changes to the significant assumptions, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous periods.

Movements in the fair value of plan assets were as follows:

	2014 £m	2013 £m (restated)
At 1 May	**77.5**	67.1
Interest income	**3.2**	3.2
Remeasurement – return on plan assets in excess of that recognised in net interest	**4.6**	7.5
Employer contributions	**1.3**	1.5
National Insurance rebates received	**–**	0.1
Contributions from members	**0.2**	0.3
Expenses paid	**(0.2)**	(0.3)
Benefits paid	**(2.2)**	(1.9)
At 30 April	**84.4**	77.5

The actual return on plan assets was £7.8m (2013 restated: £10.7m).

24 Financial risk management

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

It is the role of the Group treasury function to manage and monitor the Group's financial risks and internal and external funding requirements in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee. In particular, the Board of directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions. Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments. The Group maintains treasury control systems and procedures to monitor liquidity, currency, credit and financial risks. The Group reports and pays dividends in pounds sterling.

MARKET RISK

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps whereas, the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

Management of fixed and variable rate debt

The Group has fixed and variable rate debt in issue with 47% of the drawn debt at a fixed rate as at 30 April 2014. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed (US dollars or pounds) plus 175bp. The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2014, the Group had no such swap agreements outstanding. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate.

Net variable rate debt sensitivity

At 30 April 2014, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £6m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately £4m. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the senior secured credit facility.

Currency exchange risk

Currency exchange risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, the majority of our assets, liabilities, revenue and costs is denominated in US dollars. The Group has arranged its financing such that, at 30 April 2014, 94% of its debt was denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 30 April 2014, dollar-denominated debt represented approximately 66% of the value of dollar-denominated net assets (other than debt).

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into sterling. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions (e.g. acquisitions) is considered on an individual basis.

Resultant impacts of reasonably possible changes to foreign exchange rates

Based upon the level of US operations and of the US dollar-denominated debt balance and US interest rates at 30 April 2014, a 1% change in the US dollar-pound exchange rate would have impacted our pre-tax profits by approximately £3m and equity by approximately £8m. At 30 April 2014, the Group had no outstanding foreign exchange contracts.

CREDIT RISK

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group's maximum exposure to credit risk is presented in the following table:

	2014 £m	2013 £m
Cash and cash equivalents	**2.8**	20.3
Trade and other receivables	**259.8**	218.6
	262.6	238.9

The Group has a large number of unrelated customers, serving almost 500,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage it more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 Financial risk management continued

LIQUIDITY RISK

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow is available to the Group to invest in growth capital expenditure, acquisitions and dividend payments or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2014, excess availability under the $2.0bn facility was $916m (£667m).

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial asset held by the Group, are settled gross by customers.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities, excluding trade and other payables which fall due within one year. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity. The undiscounted cash flows have been calculated using foreign currency exchange rates and interest rates ruling at the balance sheet date.

At 30 April 2014

	Undiscounted cash flows – year to 30 April						
	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	–	616.3	–	616.3
Finance leases	2.2	1.0	1.0	0.4	–	–	4.6
6.5% senior secured notes	–	–	–	–	–	546.7	546.7
	2.2	1.0	1.0	0.4	616.3	546.7	1,167.6
Interest payments	47.0	46.9	46.9	46.9	46.8	111.2	345.7
	49.2	47.9	47.9	47.3	663.1	657.9	1,513.3

Letters of credit of £21m (2013: £24m) are provided and guaranteed under the ABL facility which expires in August 2018.

At 30 April 2013

	Undiscounted cash flows – year to 30 April						
	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	Thereafter £m	Total £m
Bank and other debt	–	–	721.3	–	–	–	721.3
Finance leases	2.2	0.6	0.1	–	–	–	2.9
6.5% senior secured notes	–	–	–	–	–	321.3	321.3
	2.2	0.6	721.4	–	–	321.3	1,045.5
Interest payments	37.2	37.1	37.1	20.9	20.9	87.9	241.1
	39.4	37.7	758.5	20.9	20.9	409.2	1,286.6

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments

At 30 April 2014, the Group had no derivative financial instruments. The embedded prepayment options included within the new $900m secured loan notes are closely related to the host debt contract and hence, are not accounted for separately. The loan notes are carried at amortised cost.

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities at 30 April 2014. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and includes accrued interest. Where available, market values have been used to determine fair values of financial assets and liabilities. Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest and exchange rates.

	At 30 April 2014		At 30 April 2013	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Fair value of non-current borrowings:				
Long-term borrowings				
Fair value determined based on market value				
– first priority senior secured bank debt	**616.3**	**616.3**	721.3	721.3
– 6.5% senior secured notes	**546.7**	**593.2**	321.3	353.4
	1,163.0	**1,209.5**	1,042.6	1,074.7
Fair value determined based on observable market inputs				
– finance lease obligations	**2.4**	**2.5**	0.7	0.8
Total long-term borrowings	**1,165.4**	**1,212.0**	1,043.3	1,075.5
Deferred costs of raising finance	**(16.2)**	**–**	(11.1)	–
	1,149.2	**1,212.0**	1,032.2	1,075.5
Fair value of other financial instruments held or issued to finance the Group's operations:				
Fair value determined based on market value				
Finance lease obligations due within one year	**2.2**	**2.4**	2.2	2.3
Trade and other payables	**345.8**	**345.8**	296.1	296.1
Trade and other receivables	**259.8**	**259.8**	218.6	218.6
Cash and cash equivalents	**2.8**	**2.8**	20.3	20.3

25 Notes to the cash flow statement

A) CASH FLOW FROM OPERATING ACTIVITIES

	2014 £m	2013 £m (restated)
Operating profit before exceptional items and amortisation	**409.2**	290.0
Depreciation	**275.9**	229.0
EBITDA before exceptional items	**685.1**	519.0
Profit on disposal of rental equipment	**(17.9)**	(14.3)
Profit on disposal of other property, plant and equipment	**(2.8)**	(1.5)
Increase in inventories	**(2.7)**	(2.4)
Increase in trade and other receivables	**(46.3)**	(25.4)
Increase in trade and other payables	**26.7**	23.0
Exchange differences	**–**	0.2
Other non-cash movements	**3.4**	2.7
Cash generated from operations before exceptional items and changes in rental equipment	**645.5**	501.3

B) ANALYSIS OF NET DEBT

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are retranslated to pounds sterling at rates of exchange ruling at the balance sheet date.

	1 May 2013 £m	Exchange movement £m	Cash flow £m	Debt acquired £m	Non-cash movements £m	**30 April 2014 £m**
Cash and cash equivalents	(20.3)	0.1	17.4	–	–	**(2.8)**
Debt due within one year	2.2	–	(1.3)	0.6	0.7	**2.2**
Debt due after one year	1,032.2	(87.8)	201.6	0.8	2.4	**1,149.2**
Total net debt	1,014.1	(87.7)	217.7	1.4	3.1	**1,148.6**

Non-cash movements relate to the amortisation of prepaid fees relating to the refinancing of debt facilities and the addition of new finance leases in the year.

C) ACQUISITIONS

	2014 £m	2013 £m
Cash consideration paid	**103.3**	33.8

During the year, 12 acquisitions were made for a total cash consideration of £103m (2013: £34m), after taking account of net cash acquired of £2.4m. Further details are provided in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26 Acquisitions

During the year, the following acquisitions were completed:

i) On 10 May 2013, A-Plant acquired the entire issued share capital of Accession Group Limited ('Accession'), including its principal trading subsidiary Eve Trakway Limited ('Eve'), for an initial consideration of £28m with deferred consideration of up to £7m payable over the next year depending on profitability. Accession is a specialist rental provider of temporary access solutions to the events and industrial sectors.

ii) On 1 July 2013, A-Plant acquired the entire issued share capital of Plant and Site Services Holdings Limited, Plant and Site Services Limited, PSS Innovations Limited and P Moloney Plant & Site Services Ireland Limited (together 'PSS') for a cash consideration of £11m. PSS hires and sells specialist jointing equipment, tooling and consumables to utility companies and their contractors across the United Kingdom.

iii) On 12 July 2013, Sunbelt acquired the business and assets of Worth Supply Co., Inc. ('Worth') for a cash consideration of £0.7m ($1m). Worth is a general tool rental business.

iv) On 1 August 2013, Sunbelt acquired the business and assets of M.A.C. Leasing, LLC ('MAC') for a cash consideration of £5m ($8m). MAC specialises in the rental and service of heating equipment.

v) On 20 September 2013, Sunbelt acquired the business and assets of Contractors' Equipment Company ('CEC') for a cash consideration of £17m ($27m). CEC is a four location general tool rental business.

vi) On 1 November 2013, Sunbelt acquired the business and assets of Coffing-Eastman, Inc., trading as Shamrock Equipment Rental ('Shamrock'), for a cash consideration of £15m ($24m). Shamrock is a four location energy-related business, renting into the oil and gas industry.

vii) On 7 November 2013, Sunbelt acquired the business and assets of CG Power Rentals, Inc. ('CG Power') for a cash consideration of £3m ($5m). CG Power is a two location equipment rental company renting into the oil and gas industry.

viii) On 20 December 2013, A-Plant acquired the business and assets of Fairview Lifting Gear Services Limited and Fairview Design & Engineering Limited (together 'Fairview') for a cash consideration of £6m. Fairview specialises in the hire, sale and provision of lifting solutions.

ix) On 3 February 2014, Sunbelt acquired the business and assets of Winchester Rentals, L.L.C. ('Winchester') for an initial cash consideration of £3m ($4m) with deferred consideration of up to £0.2m payable over the next two years, depending on revenues meeting or exceeding certain thresholds. Winchester is a single location equipment rental business.

x) On 1 April 2014, Sunbelt acquired the entire issued share capital of ElecComm Power Services, Inc. ('EPS') for an initial cash consideration of £8m ($13m), with deferred consideration of up to £0.5m ($0.8m) payable over the next year, depending on EBITDA meeting or exceeding certain thresholds. EPS specialises in the provision of temporary power products and service.

xi) On 8 April 2014, Sunbelt acquired the business and assets of Clarkstown Equipment Co. Inc. ('Clarkstown') for a cash consideration of £0.6m ($0.8m). Clarkstown is a single location general tool rental business.

xii) On 14 April 2014, Sunbelt acquired the business and assets of On Site Energy Company, Inc. ('On Site') for a cash consideration of £8m ($13m). On Site specialises in the rental of power and climate control equipment.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group. The fair values have been determined provisionally at the balance sheet date.

	Acquirees' book value £m	Fair value to Group £m
Net assets acquired		
Trade and other receivables	12.9	12.2
Inventory	0.7	0.6
Property, plant and equipment		
– rental equipment	46.7	50.3
– other assets	2.5	2.4
Creditors	(7.3)	(7.5)
Debt	(1.4)	(1.4)
Current tax	(0.5)	(0.5)
Deferred tax	(1.1)	(4.0)
Intangible assets (brand name, non-compete agreements and customer relationships)	–	25.2
	52.5	77.3
Consideration:		
– cash paid (net of cash acquired)		103.3
– deferred consideration payable in cash		7.6
		110.9
Goodwill		33.6

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the benefits the Group expects to derive from the acquisitions. £14m of the goodwill is expected to be deductible for income tax purposes.

Trade receivables at acquisition were £12m at fair value, net of £0.4m provision for debts which may not be collected.

Deferred consideration of up to £7m was payable contingent on Accession meeting or exceeding certain earnings thresholds over the year post acquisition. These targets were met partially and deferred consideration of £3m was paid in May 2014.

Accession's revenue and operating profit in the period from the date of acquisition to 30 April 2014 were £25m and £3m respectively.

Apart from Accession, the contribution to revenue and operating profit from all other current period acquisitions from the date of acquisition to 30 April 2014 was not material.

27 Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a significant impact on the Group's financial position.

THE COMPANY

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group's senior secured credit and overdraft facilities. At 30 April 2014 the amount borrowed under these facilities was £616.3m (2013: £721.3m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2014, letters of credit issued under these arrangements totalled £20.6m ($34.8m) (2013: £24.1m or $37.5m). In addition, the Company has guaranteed the 6.5% second priority senior secured notes with a par value of $900m (£533m), issued by Ashtead Capital, Inc..

The Company has guaranteed operating and finance lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2014 totalled £41.8m (2013: £51.4m) in respect of land and buildings of which £6.4m is payable by subsidiary undertakings in the year ending 30 April 2015.

The Company has guaranteed the performance by subsidiaries of certain other obligations up to £1.0m (2013: £1.0m).

28 Capital commitments

At 30 April 2014 capital commitments in respect of purchases of rental and other equipment totalled £391.4m (2013: £335.3m), all of which had been ordered. There were no other material capital commitments at the year end.

29 Events after the balance sheet date

Since the balance sheet date, Sunbelt has completed four acquisitions, as follows:

i) On 1 May 2014, Sunbelt acquired the entire issued share capital of Metrolift, Inc. ('Metrolift') for a cash consideration of £25m ($42m). Metrolift is a Chicago-based general tool rental business.

ii) On 19 May 2014, Sunbelt acquired the business and assets of Northeast Equipment and Supply LLC, trading as Superior Heating Solutions, ('Superior') for a cash consideration of £3m ($4m). Superior is a single location heating rental business.

iii) On 29 May 2014, Sunbelt acquired the business and assets of Nashville High Lift, LLC ('NHL') and Contractors Equipment, LLC ('CE') for an aggregate cash consideration of £5m ($8m). NHL is a single location aerial work product rental business and CE is a two location general tool rental business.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2013 their contribution to revenue and operating profit would not have been material.

30 Related party transactions

The Group's key management comprise the Company's executive and non-executive directors. Details of their remuneration are given in Note 4 and details of their share interests and share awards are given in the Directors' Remuneration report and form part of these financial statements. In relation to the Group's defined benefit pension plan, details are included in Note 23.

31 Employees

The average number of employees, including directors, during the year was as follows:

	2014 Number	2013 Number
North America	**7,375**	6,757
United Kingdom	**2,370**	1,960
	9,745	8,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32 Parent company information

A) BALANCE SHEET OF THE COMPANY

	Note	2014 £m	2013 £m
Current assets			
Prepayments and accrued income		**0.3**	0.2
Non-current assets			
Investments in Group companies	(g)	**363.7**	363.7
Deferred tax asset		**1.7**	2.2
		365.4	365.9
Total assets		**365.7**	366.1
Current liabilities			
Amounts due to subsidiary undertakings	(f)	**93.2**	135.9
Accruals and deferred income		**6.0**	5.4
Total liabilities		**99.2**	141.3
Equity			
Share capital	(b)	**55.3**	55.3
Share premium account	(b)	**3.6**	3.6
Capital redemption reserve	(b)	**0.9**	0.9
Non-distributable reserve	(b)	**90.7**	90.7
Own shares held by the Company	(b)	**(33.1)**	(33.1)
Own shares held through the ESOT	(b)	**(11.8)**	(7.4)
Retained reserves	(b)	**160.9**	114.8
Equity attributable to equity holders of the Company		**266.5**	224.8
Total liabilities and equity		**365.7**	366.1

These financial statements were approved by the Board on 16 June 2014.

GEOFF DRABBLE
CHIEF EXECUTIVE

SUZANNE WOOD
FINANCE DIRECTOR

B) STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Retained reserves £m	Total £m
At 1 May 2012	55.3	3.6	0.9	90.7	(33.1)	(6.2)	138.3	249.5
Total comprehensive income for the year	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(20.0)	(20.0)
Own shares purchased by the ESOT	–	–	–	–	–	(10.2)	–	(10.2)
Share-based payments	–	–	–	–	–	9.0	(6.3)	2.7
Tax on share-based payments	–	–	–	–	–	–	2.8	2.8
At 30 April 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	114.8	224.8
Total comprehensive income for the year	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(41.3)	(41.3)
Dividend received from Ashtead Holdings PLC	–	–	–	–	–	–	100.0	100.0
Own shares purchased by the ESOT	–	–	–	–	–	(22.4)	–	(22.4)
Share-based payments	–	–	–	–	–	18.0	(14.6)	3.4
Tax on share-based payments	–	–	–	–	–	–	2.0	2.0
At 30 April 2014	**55.3**	**3.6**	**0.9**	**90.7**	**(33.1)**	**(11.8)**	**160.9**	**266.5**

C) CASH FLOW STATEMENT OF THE COMPANY

	Note	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from operations	(i)	**65.1**	31.6
Financing costs paid – commitment fee		**(1.4)**	(1.4)
Net cash from operating activities		**63.7**	30.2
Cash flows from financing activities			
Purchase of own shares by the ESOT		**(22.4)**	(10.2)
Dividends paid		**(41.3)**	(20.0)
Net cash used in financing activities		**(63.7)**	(30.2)
Change in cash and cash equivalents		**–**	–

D) ACCOUNTING POLICIES

The Company financial statements have been prepared on the basis of the accounting policies set out in Note 2 above, supplemented by the policy on investments set out below.

Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet. Where an investment in a subsidiary is transferred to another subsidiary, any uplift in the value at which it is transferred over its carrying value is treated as a revaluation of the investment prior to the transfer and is credited to the revaluation reserve.

E) INCOME STATEMENT

Ashtead Group plc has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The amount of the profit for the financial year dealt with in the accounts of Ashtead Group plc is £nil (2013: £nil). There were no other amounts of comprehensive income in the financial year.

F) AMOUNTS DUE TO SUBSIDIARY UNDERTAKINGS

	2014 £m	2013 £m
Due within one year:		
Ashtead Holdings PLC	**48.4**	135.9
Ashtead Plant Hire Company Limited	**44.8**	–
	93.2	135.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32 Parent company information continued

G) INVESTMENTS

	Shares in Group companies	
	2014 £m	2013 £m
At 30 April	**363.7**	363.7

The Company's principal subsidiaries affecting financial performance during the year are:

Name	Country of incorporation	Principal country in which subsidiary undertaking operates
Ashtead Holdings PLC	England and Wales	United Kingdom
Sunbelt Rentals, Inc.	USA	USA
Sunbelt Rentals Industrial Services LLC	USA	USA
Empire Scaffold LLC	USA	USA
Ashtead Plant Hire Company Limited	England and Wales	United Kingdom
Eve Trakway Limited	England and Wales	United Kingdom
Ashtead Capital, Inc.	USA	USA
Ashtead Financing Limited	England and Wales	United Kingdom

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated. The principal activity of Ashtead Holdings PLC is an investment holding company. The principal activities of Sunbelt Rentals, Inc., Sunbelt Rentals Industrial Services LLC, Empire Scaffold LLC, Ashtead Plant Hire Company Limited and Eve Trakway Limited are equipment rental and related services while Ashtead Capital, Inc. and Ashtead Financing Limited are finance companies. Ashtead Group plc owns all the issued share capital of Ashtead Holdings PLC which in turn directly owns Ashtead Plant Hire Company Limited and Ashtead Financing Limited and indirectly owns Sunbelt Rentals, Inc., Sunbelt Rentals Industrial Services LLC, Empire Scaffold LLC and Ashtead Capital, Inc. through another subsidiary undertaking. Ashtead Plant Hire Company Limited directly owns Eve Trakway Limited.

H) FINANCIAL INSTRUMENTS

The book value and fair value of the Company's financial instruments are not materially different.

I) NOTES TO THE COMPANY CASH FLOW STATEMENT

Cash flow from operating activities

	2014 £m	2013 £m
Operating profit	**1.4**	1.0
Depreciation	**0.1**	0.1
EBITDA	**1.5**	1.1
Increase in prepayments and accrued income	**(0.1)**	(0.1)
Increase in accruals and deferred income	**0.6**	1.3
Increase in intercompany payable	**59.7**	26.6
Other non-cash movement	**3.4**	2.7
Net cash inflow from operations before exceptional items	**65.1**	31.6

TEN YEAR HISTORY

	2014	2013 (restated)	2012	2011	2010	2009	2008	2007	2006	2005
In £m										
Income statement										
Revenue*	**1,634.7**	1,361.9	1,134.6	948.5	836.8	1,073.5	1,047.8	896.1	638.0	523.7
Operating costs*	**(949.6)**	(842.9)	(753.5)	(664.7)	(581.7)	(717.4)	(684.1)	(585.8)	(413.3)	(354.2)
EBITDA*	**685.1**	519.0	381.1	283.8	255.1	356.1	363.7	310.3	224.7	169.5
Depreciation*	**(275.9)**	(229.0)	(199.8)	(185.0)	(186.6)	(201.1)	(176.6)	(159.8)	(113.6)	(102.4)
Operating profit*	**409.2**	290.0	181.3	98.8	68.5	155.0	187.1	150.5	111.1	67.1
Interest*	**(47.1)**	(44.6)	(50.7)	(67.8)	(63.5)	(67.6)	(74.8)	(69.1)	(43.6)	(44.7)
Pre-tax profit*	**362.1**	245.4	130.6	31.0	5.0	87.4	112.3	81.4	67.5	22.4
Operating profit	**403.6**	284.2	178.2	97.1	66.0	68.4	184.5	101.1	124.5	67.1
Pre-tax profit/(loss)	**356.5**	214.2	134.8	1.7	4.8	0.8	109.7	(36.5)	81.7	32.2
Cash flow										
Cash flow from operations before exceptional items and changes in rental fleet	**645.5**	501.3	364.6	279.7	265.6	373.6	356.4	319.3	215.2	164.8
Total cash (used)/generated before exceptional costs and M&A	**(48.5)**	(34.0)	(9.4)	65.6	199.2	166.0	14.8	20.3	(5.2)	58.7
Balance sheet										
Capital expenditure	**740.6**	580.4	476.4	224.8	63.4	238.3	331.0	290.2	220.2	138.4
Book cost of rental equipment	**2,575.8**	2,186.5	1,854.1	1,621.6	1,701.3	1,798.2	1,528.4	1,434.1	921.9	800.2
Shareholders' funds	**824.4**	682.5	554.7	481.4	500.3	526.0	440.3	396.7	258.3	109.9
In pence										
Dividend per share	**11.5p**	7.5p	3.5p	3.0p	2.9p	2.575p	2.5p	1.65p	1.50p	Nil
Earnings per share	**46.1p**	27.6p	17.8p	0.2p	0.4p	12.5p	14.2p	0.8p	13.5p	5.2p
Underlying earnings per share	**46.6p**	31.4p	17.3p	4.0p	0.2p	11.9p	14.8p	10.3p	11.3p	3.2p
In percent										
EBITDA margin*	**41.9%**	38.1%	33.6%	29.9%	30.5%	33.2%	34.7%	34.6%	35.2%	32.4%
Operating profit margin*	**25.0%**	21.3%	16.0%	10.4%	8.2%	14.4%	17.9%	16.8%	17.4%	12.8%
Pre-tax profit margin*	**22.2%**	18.0%	11.5%	3.3%	0.6%	8.1%	10.7%	9.1%	10.6%	4.3%
Return on investment*	**18.6%**	16.2%	12.0%	7.0%	4.6%	9.7%	14.0%	12.9%	14.7%	11.0%
People										
Employees at year end	**9,934**	9,085	8,555	8,163	7,218	8,162	9,594	10,077	6,465	5,935
Locations										
Stores at year end	**556**	494	485	462	498	520	635	659	413	412

* Before exceptional items, amortisation and fair value remeasurements.

ADDITIONAL INFORMATION

Future dates

Quarter 1 results	3 September 2014
2014 Annual General Meeting	3 September 2014
Quarter 2 results	10 December 2014
Quarter 3 results	3 March 2015
Quarter 4 and year-end results	16 June 2015

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