annual**report**and**accounts**2003

www.vpplc.com

Vp plc comprises five businesses:

Hire Station

Rental and sale of tools, small equipment and allied services to industry, construction and homeowners plus three specialist offerings:

- Safeforce - hire and sale of safety and survey products, asset management and training services.
- Lifting Point - materials handling and lifting gear hire.
- One Call - national call centre for tool hire.

Torrent Trackside

Hire of portable track repair and renewals equipment, trackside lighting and related support services to rail infrastructure maintenance companies.

UK Forks

Hire of rough terrain material handling equipment and accessories to the house building and construction industry. Unique in the transaction of the business through a national call centre and dedicated services outlets.

Groundforce

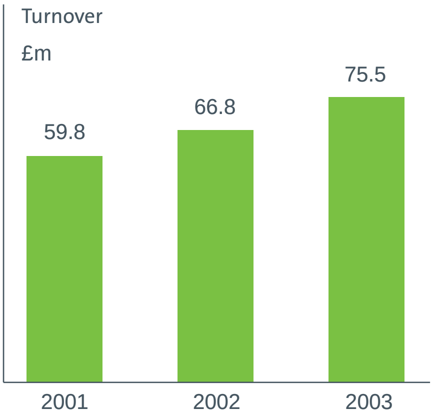
Rental, sale and design of shoring systems and allied services to the water, civil engineering and construction industries.

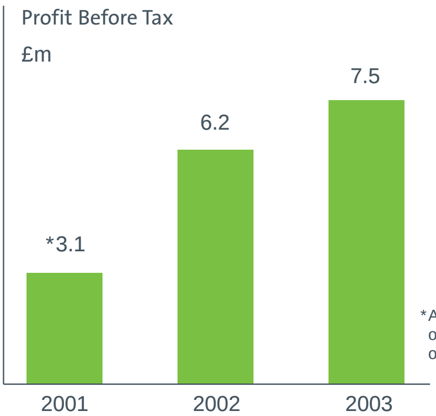
Airpac Oilfield Services

Servicing the international oil and gas exploration and development markets with specialist air compressors and associated equipment.

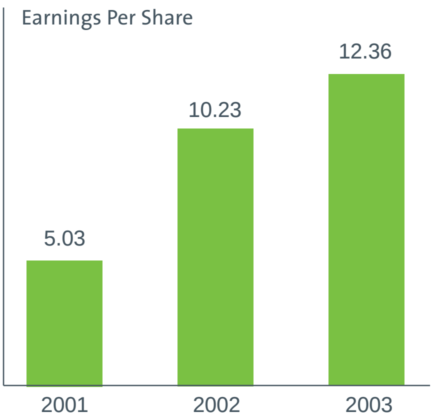
contents

financial highlights





*After £2.2m loss on terminated operations



	2003	2002
Turnover	**£75.5m**	£66.8m
Profit on ordinary activities before taxation	**£7.5m**	£6.2m
Earnings per share	**12.36p**	10.23p
Dividend per share	**4.50p**	4.20p
Return on capital employed	**14.4%**	12.1%
Net assets per share	**108p**	101p
Net debt	**£6.1m**	£10.6m
Net debt / shareholders' funds	**12.2%**	22.8%
Expenditure on rental equipment	**£14.1m**	£12.0m

directors and advisors

Honorary President
Margaret A Pilkington

Executive Directors
Jeremy F G Pilkington, B.A. (Chairman and Chief Executive)
Neil A Stothard, M.A., F.C.A.

Non-Executive Directors
Barrie Cottingham, F.C.A., A.T.I.I. (Senior Non Executive Director)
Peter W Parkin

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

Registered Office
Central House, Beckwith Knowle,
Otley Road, Harrogate, North Yorkshire, HG3 1UD
Registered in England: No 481833
Telephone: 01423 533400

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

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

Registrars and Transfer Office
Capita Registrars, The Registry,
34 Beckenham Road, Beckenham, Kent, BR3 4TU

Bankers
National Westminster Bank Plc

Merchant Bankers
N M Rothschild & Sons Limited

Stockbrokers
Brewin Dolphin Securities Limited

chairman's statement

I am pleased to be able to report another very satisfactory year for the Group in which we have again achieved significant improvements against our key measures of profit growth, earnings per share and return on capital employed.

Profits before tax rose 21% to £7.5m (2002: £6.2m) on turnover ahead by 13% at £75.5m (2002: £66.8m). Earnings per share improved 21% to 12.36p per share and return on capital employed improved to 14.4%, an increase of 19%.

The Board is recommending a 7% increase in the final dividend to 3.0p per share, making a total dividend for the year of 4.5p (2002: 4.2p). The dividend is payable on 1 October 2003 to shareholders registered as of 5 September 2003.

Our strong cash flow has enabled us to reduce borrowings to £6.1m (2002: £10.6m) at the year end, representing gearing of 12%, whilst at the same time investing £14.1m (2002: £12.0m) in expanding and renewing our rental fleets.

SERVICES

Services is made up of four specialist businesses, Groundforce, UK Forks, Airpac Oilfield Services and Safeforce, each focused on its own target market.

Operating profit rose 77% to £4.6m (2002: £2.6m) on turnover 15% ahead at £29.4m.

Groundforce

Rental, sale and design of shoring systems and allied services to the water, civil engineering and construction industries.

An excellent result with operating profits up 109% at £2.3m (2002: £1.1m), driven by turnover growth of 31% at £11.3m (2002: £8.6m).

Healthy demand from the general market was augmented by improved activity from the water industry's AMP3 five year asset management plan. The first full year contribution from the Mechplant shoring business following its acquisition in October 2001 further supported this excellent profit result. In terms of year on year comparisons, it should be remembered that the prior year contained the foot and mouth epidemic which severely disrupted the timing of projects in many rural areas.

Following the transfer into Hire Station of the safety rental activity of Safeforce, the remaining two elements of Safeforce, which are Stopper Specialists and Laser & Survey, will in future be managed by Groundforce. This will give Groundforce customers access to three additional services allied to the mainstream shoring systems business; the rental of specialist pile driving and pile breaking equipment through Piletec; the rental of pipe testing and water flow management systems through Stopper Specialists and the rental and sale of construction and civil engineering laser levelling and aligning equipment through Laser & Survey.

Investment in rental fleet totalled £1.4m (2002: £1.5m).

UK Forks

Hire of rough terrain, material handling equipment and accessories to the house building and construction industry.

UK Forks had a relatively flat, but nevertheless satisfactory, year. Turnover rose marginally to £10.6m (2002: £10.1m) generating operating profits of £1.3m (2002: £1.3m).

We believe considerable further scope exists to develop long term supply relationships, particularly with our house building customers, although we recognise that these arrangements may take some time to yield results.

Investment in rental fleet totalled £2.9m (2002: £2.3m).

Safeforce

Specialists in the hire, sale and servicing of safety and related equipment.

Safeforce had a very successful year, aided in part by maiden contributions from the acquisitions in October 2002 of Stopper Specialists and Laser & Survey.

Operating profits rose 67% to £0.5m (2002: £0.3m) on turnover ahead by 60% at £2.4m (2002: £1.5m).

As referred to elsewhere, with effect from April 2003 Safeforce has been split into its three constituent parts. Its safety business has transferred into Hire Station and the stopper and laser rental businesses will come under the management of Groundforce where there is a close and natural fit with a shared civil engineering customer base.

Investment in rental fleet totalled £0.3m (2002: £0.2m).

Airpac Oilfield Services

Servicing the international oil and gas exploration and development markets with specialist air compressors and associated equipment.

This has proven to be a very significant year for Airpac with the disposal of its non-core, onshore activity for £1.8m during the second half of the financial year. The rationalisation and exit costs associated with this divestment are reflected in these results. Airpac, renamed Airpac Oilfield Services, is now a pure oil and gas exploration and development support business and will be better able to expand its scope of operation beyond its established North Sea market.

Turnover fell to £5.1m (2002: £5.4m) as we progressively reduced fleet in anticipation of a complete exit from onshore activity. Operating profits improved to £0.4m from a loss of £0.1m in the previous year reflecting the costs taken out of the onshore business and the growing contribution from the retained oil and gas services business.

During the year we established an operational support base in Singapore to improve the service to our customers in the South East Asian market which is now representing an increasing proportion of our activity.

Investment in rental fleet totalled £0.9m (2002: £1.1m).

HIRE STATION

Rental and sale of tools, small equipment and allied services to industry, construction and homeowners, plus three specialist offerings : Safeforce - hire and sale of safety and survey products, asset management and training services; Lifting Point - materials handling and lifting gear hire; One Call - national call centre for tool hire.

During the year, the new management team at Hire Station has implemented significant restructuring of the business designed to improve sales volume and margin, including the reorganisation of the business into three geographical regions from four together with the elimination of a regional head office. The full benefit of these measures will only be felt in full during the course of the current financial year. In addition, weak trading, particularly in the Greater London and South West regions, was exacerbated by the start-up costs of new branch openings and product launches. Turnover rose to £34.8m (2002: £33.0m) but operating profit fell to £0.6m (2002: £2.8m).

Despite these disappointing results, we remain confident that Hire Station is capable of delivering competitive margins although this will only be achieved progressively.

There are also a number of exciting developments within Hire Station. These include the extension of the One Call Warehouse concept into Birmingham and a second location in London, and the launch of a new Safeforce @ Hire Station business. The safety equipment rental activities previously conducted within Services will be consolidated into Hire Station Safeforce in the current financial year. We believe additional market penetration can be achieved utilising the resources and locations of the Hire Station infrastructure to bring service delivery closer to the customer. Safeforce now operates out of six locations and we plan to expand Safeforce further during the current year. Lifting Point, our specialist materials handling and lifting gear hire business, grew its network to eleven outlets and will in future operate as a distinct business.

Investment in rental fleet totalled £5.9m (2002: £5.1m).

TORRENT TRACKSIDE

Hire of portable track repair and renewals equipment, trackside lighting and related support services to rail infrastructure maintenance companies.

Torrent had an excellent year with a 72% increase in operating profit to £3.1m (2002: £1.8m) on revenues ahead by 38% at £11.3m (2002: £8.2m).

This exceptional performance was partially due to demand from several major projects, including the Channel Tunnel Rail Link, but was for the most part a result of Torrent's long term policy of investing in skills, systems and rental assets in anticipation of future rail infrastructure investment.

From its seven locations, Torrent provides true 24 hour x 365 day service and national coverage to meet the very particular and demanding working patterns of the rail industry.

We anticipate that the current financial year will be once again successful for Torrent but would not expect a repetition of the exceptional levels of year on year growth that we have seen this year.

Investment in rental fleet totalled £2.7m (2002: £1.8m).

OUTLOOK

The current economic outlook contains a number of uncertainties, but the breadth of business sectors within which we operate, some with strong safety and regulatory elements, gives us a degree of resilience to individual economic cycles. In addition, the Group's low gearing gives us defensive strength in the event of a downturn, but equally the capability to exploit growth opportunities as they are identified.

These strengths, together with the Group's improved financial performance, give us reason to view the new financial year with cautious optimism.

Jeremy Pilkington
Chairman & Chief Executive
9 June 2003

business review

SERVICES

Services comprises four separate businesses with an aggregate turnover of £29.4m (2002: £25.6m) and profit before goodwill amortisation, interest and tax of £4.6m (2002: £2.6m)

Each of the businesses is a specialist rental provider with market leadership within their defined target market as one of their key management objectives.

Groundforce

Rental, sale and design of shoring systems and allied services to the water, civil engineering and construction industries.

Turnover	£11.3m	(2002: £8.6m)
PBIT	£2.3m	(2002: £1.1m)
Investment in rental fleet	£1.4m	(2002: £1.5m)

Groundforce provides designs and equipment to solve a wide variety of excavation support problems, primarily within the civil engineering and water services market. These applications range from routine street utilities work, to the clear bracing of excavations as large as 20 metres square.

This year more active implementation of the water industry five-year asset management plan (AMP3) has helped Groundforce to deliver an excellent trading performance. All geographical regions except Scotland have benefited from the release of projects, particularly in the second half of the year. As the market leader with the widest product offering, we have been well placed to respond to this increased demand from our customers working to tight completion deadlines.

During the year we continued to invest in new product development with the launch of a new 250T hydraulic telescopic strut, the largest in the industry. This product has proven to be very successful and we have secured several high profile contracts through its availability.

In its second year of operation, our piling business delivered good revenue growth and margins and we extended the product range further with the introduction of a range of heavy sheet piles.

Prospects for the new financial year are encouraging.

UK Forks

Hire of rough terrain, material handling equipment and accessories to the housebuilding and construction industry.

Turnover	£10.6m	(2002: £10.1m)
PBIT	£1.3m	(2002: £1.3m)
Investment in rental fleet	£2.9m	(2002: £2.3m)

UK Forks is now three years old and operates a fleet of over a thousand rough terrain telehandlers, primarily supplying the house building and general construction markets. The division is unique in it's market in transacting business through a national call centre. This structure delivers uniformly high standards of customer service with high levels of equipment utilisation from a low operational cost base. This remains our fundarmental business strategy for the future.

This year changes in customer demand, working practices, technology and legislation have presented the business with challenges and opportunities to which we have responded both positively and quickly. This flexibility and focus has consolidated our position as the brand of choice within the house building and construction market.

We have continued to invest strongly in the rental fleet to meet the changing demands of the customer base. Ongoing rationalisation of the fleet has ensured that the age profile of the fleet has improved again this year.

The results for the year have proved to be satisfactory and a strong order book towards the end of the year gives us confidence for the new financial year.

Safeforce

Specialists in the hire, sale and servicing of safety and related equipment.

Turnover	£2.4m	(2002: £1.5m)
PBIT	£0.5m	(2002: £0.3m)
Investment in rental fleet	£0.3m	(2002: £0.2m)

This small but innovative business had another successful year, achieving growth both organically and through acquisition.

business review

The core safety equipment hire business continued to make gains with increased income from retail sales, servicing and asset management, training and on-site services.

Product diversification continued with the introduction of new survey products and specialist equipment such as water leakage correlator kits. Our ability to attract preferred and sole-supply deals was substantially aided by our ability to offer this comprehensive range of products and services to contractors wishing to concentrate on their core activity. Meanwhile, we sought to increase our geographical penetration through satellite operations in the Groundforce depots.

In October 2002, we purchased two businesses to expand our services to companies engaged in the laying or refurbishing of pipelines.

Laser and Survey is a small business engaged in the hire and sale of laser alignment equipment and its acquisition has enabled us to target further asset management contracts comprising safety and survey products.

October also saw the acquisition of Lymington based Stopper Specialists for £1.3m. Stopper Specialists are the leading rental providers of pipe stoppers and pipeline pressure testing equipment in the UK with the most comprehensive range and the longest established service offering. The business complements our own stopper fleet, which we have grown significantly over the past two years.

Both acquisitions have performed ahead of expectations and offer good prospects moving forward.

Airpac Oilfield Services

Servicing the international oil and gas exploration and development markets with specialist air compressors and associated equipment and labour.

Turnover	£5.1m	(2002: £5.4m)
PBIT	£0.4m	(2002: loss of £0.1m)
Investment in rental fleet	£0.9m	(2002: £1.1m)

This year saw the end of our involvement in the onshore compressor rental market after almost 30 years with the disposal of our rental fleet assets for £1.8m.

Following this disposal, our Offshore compressor business was renamed Airpac Oilfield Services to better reflect the focus of the retained business on the global oil and gas services market. This business serves diverse oil and gas industry segments including well testing, pipeline de-watering and drying, platform and rig structural fabric maintenance and under balanced drilling (UBD) both in the North Sea and worldwide.

In August we established a base in Singapore to act as a mobilisation location for equipment servicing the Asia Pacific market. Here we were successful in securing five major projects and we are now established as a leading supplier to UBD and pipeline contracts. Our skilled air, steam and nitrogen operators compliment our offering and generated useful revenue contribution.

The first six months trading in Singapore has been very encouraging and we are confident that we will be able to exploit the sizeable market potential that exists in this region. Growth in this region will help to offset the interruption of business that we experienced in the North Sea due to harsh weather conditions during the winter months.

We have invested in new steam boilers, high-pressure compressors and gas boosters to meet increased demand and our modern fleet is proving to be well accepted by the targeted customers. A new, purpose-built facility is nearing completion at the Head Office in Aberdeen.

John Singleton
Managing Director - Services Division

HIRE STATION

Rental and sale of tools, small equipment and allied services to industry, construction and homeowners, plus three specialist offerings : Safeforce - hire and sale of safety and survey products, asset management and training services; Lifting Point - materials handling and lifting gear hire; One Call - national call centre for tool hire.

Turnover	£34.8m	(2002: £33.0m)
PBIT	£0.6m	(2002: £2.8m)
Investment in rental fleet	£5.9m	(2002: £5.1m)

The year ended 31 March 2003 saw significant changes in Hire Station aimed at establishing a platform on which to grow the business into the future. Implementing these changes has had an adverse profit impact in the short term that obscured some positive performances achieved elsewhere.

Firstly, we reduced the operating regions from four to three with the resultant closure of the regional head office in Shrewsbury. This was completed in October.

Secondly, the senior management team was strengthened by the addition of a Procurement/Technical Director and a Marketing Director. These appointments were made in the second half and will enable a more professional approach to be taken in these key functional areas.

In addition, two substantial new initiatives were started in the year.

The Hire Station One Call offering was expanded with the opening of a number of dedicated warehouses stocking tools for use by our fast track customer base. The first three of these warehouses were opened in Docklands, Heathrow and Birmingham. The Express delivery service offered by these facilities has proved very popular with our travelling customers who require fast and efficient service in the major conurbations. Additional openings are anticipated.

In January we opened the first of our safety equipment hire branches in East London followed by openings in Heathrow, Birmingham, Manchester and Glasgow. These initial five openings are trading ahead of expectations and it is planned to increase our coverage rapidly to a fully national service.

Further organic expansion of the branch network took place with new tool hire openings in Glasgow, Edinburgh, Middlesborough and Burton on Trent, and new Lifting Points in Preston and Glasgow. There was also a single branch acquisition completed in Plymouth.

Finally and most importantly, a substantial investment was made in staff training covering the entire spectrum of activities from use of computer systems and branch administration procedures to technical and health and safety training of all branch staff. This programme is ongoing and will be further extended in the coming year.

Andrew Makepeace
Managing Director - Hire Station

TORRENT TRACKSIDE

Hire of portable track repair and renewals equipment, trackside lighting and related support services to rail infrastructure maintenance companies.

Turnover	£11.3m	(2002: £8.2m)
PBIT	£3.1m	(2002: £1.8m)
Investment in rental fleet	£2.7m	(2002: £1.8m)

Torrent's performance has seen a significant improvement during this financial year, with a greater emphasis on developing stronger links with all the major rail maintenance and renewals contractors. This has seen us agreeing long term partnering agreements and offering a wider range of services to these blue chip customers.

During the period capital expenditure increased by 50% to £2.7m from £1.8m, including significant first time investment in a rigid safety barrier system. This product has proven very successful and Torrent is now regarded as the premier hirer of this product, holding the largest fleet in the UK.

As an ISO9000 (Quality Standard) and ISO14001 (Environmental Standard) registered company, we are the supplier of choice for the majority of rail contractors. These accreditations, together with our ability to comply with Railway Safety's risk minimisation protocol (RIMINI) and our rail specific Link-up qualifications give clients the confidence to develop stronger ties with Torrent. Our status has been strengthened further with the addition of a Compliance Manager to our senior management team. We have strict maintenance regimes, regularly audited procedures and support all our activities with a true "24x7" service.

We have a good geographic spread of depots providing full national coverage and all locations have performed well. Significant projects included the Channel Tunnel Rail Link and the West Coast Route Modernisation.

We are now expanding our range of services to include the asset management and maintenance of our customers specialist rail portable plant. Additionally we are increasing the range of courses available through our training division where we are working towards City and Guilds approved courses and a programme of NVQ based training modules.

Looking ahead, new markets and revenue streams have been identified and we are currently evaluating the potential to provide a wider range of specialist safety products.

Richard Donald
Managing Director - Torrent Trackside

financial review

Summary of Results

Group turnover of £75.5m represented a 13% increase on the prior year (2002: £66.8m). This growth came primarily from Torrent Trackside, and from Groundforce, which benefited from a full year contribution from an acquisition made in the prior year.

Operating profits increased by 17% to £8.1m (2002: £6.9m), with further improvement in operating margins to 10.7% (2002: 10.3%).

The individual business units within the group have now reached a stage of development where we believe it is appropriate to present full segmental analysis for the first time, as reported in note 2 to the financial statements.

Shareholders' Return

The key financial measures for the Board are the return on the capital employed in the business and the earnings generated per share. The group reported further progress on both measures in the year.

Return on capital employed is defined as profit before interest expressed as a percentage of the total of net assets and net debt. Return on capital employed for the year was 14.4% (2002: 12.1%)

Earnings per share increased from 10.23 pence to 12.36 pence based on the weighted average number of shares in issue in the year of 43,600,602. Earnings per share pre – goodwill amortisation increased from 10.87 pence to 13.08 pence.

The Board is recommending a final dividend of 3.0 pence per share making a total for the year of 4.50 pence (2002: 4.20 pence). The dividend distribution of £2.0m is covered 2.7 times by profits.

The net asset value per share at 31 March 2003 is 108 pence compared with 101 pence in the prior year.

Cash Flow

The Group continued to generate strong net cash inflows from operating activities totalling £16.6m (2002: £15.1m). Gross capital expenditure in the period was £15.3m (2002: £13.5m). Disposal of fixed assets was a significant cash contributor at £9.0m (2002: £8.3m), which included the disposal proceeds from the sale of the onshore Airpac assets. The net cash outflow on capital expenditure was £6.3m (2002: £5.2m). The net cost of acquisitions during the year was £1.5m (2002: £3.4m).

Acquisitions and Disposals

The Group acquired three businesses during the year. Safeforce acquired the entire issued share capital of Stopper Specialists Ltd and the business and assets of Laser & Survey. Hire Station made a small bolt-on acquisition of the business and assets of Plymouth Tool Hire.

Airpac Oilfield Services disposed of the assets of its non-core, onshore business for £1.8m.

Net Debt and Interest

In spite of significant investment in capital equipment in the year, net debt reduced further to £6.1m (2002: £10.6m), with gearing , the ratio of net debt to net assets, reduced to 12% (2002: 23%). The reduced interest charge of £0.6m (2002 :£0.7m) reflected the fall in net debt in the year. The funding requirement to support the capital investment and acquisitions in the period was entirely provided from the organic cash flow of the Group.

Bank debt funding decreased from £7.3m to £4.9m during the year. Bank debt consists of a £8.0m medium term floating rate loan, a £0.3m medium term loan repayable over 5 years, less cash at bank. In addition, the Group has an overdraft facility on a floating rate basis. Net debt also includes loan notes totalling £0.8m issued in relation to acquisitions. £0.1m of the loan notes are guaranteed and the remainder are unguaranteed.

The balance of the net debt of £0.4m (2002: £1.3m) related to fixed rate finance lease and hire purchase agreements.

In October 2001 the Company entered into an interest rate swap agreement which fixes the interest rate on £4.0m of the floating rate debt for a period of five years, with a bank only break option after three years.

financial review

Treasury

The Group's financial instruments comprise bank borrowings, liquid cash resources and various items such as trade debtors, trade creditors, etc, that have arisen directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments relate to interest rates and liquidity. The Board regularly reviews the interest rate and liquidity position of the Group.

The Group finances its operations by a mixture of retained profits, bank borrowings, finance lease and hire purchase. The Group has no foreign currency borrowings and no material foreign currency deposits . At the year end 71% of Group debt was at fixed interest rates (finance lease, hire purchase and bank loan) and 29% on floating interest rates (overdraft, bank loans and loan notes). The fixed interest rate element of the bank loans relates to the interest rate swap noted above. The Group had short term cash deposits at 31 March 2003. It is the Board's policy to continually review the interest rate risk position and the Group will continue to underpin a significant element of its debt going forward by way of fixed interest rate instruments.

Further liquidity is achieved from the finance lease and hire purchase facilities, which have terms of up to 5 years. Short term flexibility for running the Group is achieved via the overdraft facilities.

The Group net interest charge was £0.6m (2002: £0.7m) after interest on finance leases of £0.1m (2002: £0.2m). Interest cover increased to 13.92 (2002: 9.49) at the year end.

The numeric disclosures required by FRS13 are set out in notes 16 and 17. As permitted by FRS13 short-term debtors and creditors have been excluded from such disclosure.

Shareholders' Funds

Group shareholders' funds at the year end totalled £49.9m (2002: £46.5m). Shareholders' funds include capitalised goodwill totalling £5.8m (2002: £5.4m), which is being amortised over its estimated useful life of 20 years. The goodwill relating to acquisitions made during the year totalled £0.7m.

Accounting Policies

There have been no changes to accounting policies in the year. The enhanced transitional disclosures on pension schemes as required by FRS17 are reported in note 26 to the financial statements.

Taxation

The Group taxation charge of £2.1m (2002: £1.7m) represents an effective tax rate of 28% (2002: 27%) on the profit before tax for the year.

The low effective rate has arisen primarily due to the impact of writing back over provisions for the corporation tax in prior years and a detailed reconciliation of the factors affecting the tax charge is shown in note 7 to the financial statements.

Neil Stothard
Group Finance Director

directors' report

The Directors of Vp plc present their annual report and the audited financial statements for the year ended 31 March 2003.

Principal activities and business review

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

A review of the development of the business and the current trading position is provided in the Chairman's Statement, the Business Review and the Financial Review.

Dividend

The Directors propose a final dividend of 3.0 pence (2002: 2.80 pence) per share. Subject to approval at the Annual General Meeting, shareholders will receive a total dividend for the year of 4.50 pence (2002: 4.20 pence) per share, a total charge of £1,964,000 (2002: £1,837,000) net of waived dividends.

The final dividend will be paid to shareholders on the register of members of the Company on 5 September 2003 and it is proposed that dividend warrants be posted on 1 October 2003.

Directors

The Directors who held office during the year were as follows:

Jeremy F G Pilkington (52) has been Chairman and Chief Executive since 1981. He was a member of the Audit and Remuneration Committees in 2002/2003 but with effect from the new financial year stood down from these committees, in line with recommended best practice.

Neil A Stothard (45) joined the Group as Group Finance Director in 1997. He was previously Group Finance Director of Gray Dawes Group Limited, a business travel management company and prior to that, Divisional Finance Director of TDG plc.

Barrie Cottingham (69) was appointed a non-executive Director in 1996. Until his retirement in 1995 he was a senior partner at Coopers & Lybrand. Currently, he is non-executive Chairman of SIG plc and Cattles plc, and a non-executive Director of Dew Pitchmastic plc. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Peter W Parkin (57) was appointed a non-executive Director in 2000. He is Chairman of Wheeldon Brothers Limited, a private house building company and had previously been Chairman and Chief Executive of Raine plc. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

Barrie Cottingham retires by rotation and being eligible, offers himself for re-election. He does not have a service contract with the Company.

Directors' interests

The interest of each Director in the shares of Group companies are shown in the Remuneration Report on pages 15 and 16.

Share schemes

The Group operates a SAYE share option scheme, an Approved Share Option Scheme, an Unapproved Share Option Scheme and a Long Term Incentive Plan, all of which have been approved at an Annual General Meeting.

Under the terms of the SAYE scheme invitations are made to all eligible employees and options are granted at up to 20% less than the mid market price just before invitation. At 31 March 2003 214 employees were participating in the scheme.

The approved and unapproved share option schemes are available to executive Directors and employees of the Group. Options are granted under the scheme by the Remuneration Committee and entitle the holders to acquire shares at a pre-determined price, which cannot be less than the higher of the mid market price at the dealing day immediately before the date of the award and the nominal value of the shares. The awards are conditional upon the achievement of targets relating to earnings per share growth and return on capital employed. There is no consideration for the award of these options.

Awards under the Long Term Incentive Plan are made to certain executives in accordance with conditions set out by the Remuneration Committee. The Long Term Incentive Plan provides reward for performance measured over a three year period commencing on the first day of the financial year in which the awards are granted. The awards are exercisable after three years if the Group achieves certain performance criteria set by the Remuneration Committee. The awards are conditional upon the achievement of targets relating to earnings per share growth, return on capital employed and share price performance.

directors' report

Substantial shareholders

As at 9 June 2003 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares %
Ackers P Investment Company	**23,684,876**	**51.28**
JP Morgan Fleming Asset Management (UK) Limited	**6,249,567**	**13.53**
Acorn Income Fund Limited	**3,497,296**	**7.57**
Vibroplant Employee Trust	**2,489,962**	**5.39**
Britel Fund Trustees Limited	**1,878,336**	**4.07**

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

Employees

The Directors are committed to maintaining effective communication with employees on matters which affect their occupations and future prospects while at the same time increasing their awareness of the Group's overall activities and performance.

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

Political and charitable contributions

The Group made no political contributions during the year. Donations to charities amounted to £22,096.

Supplier payment policy

It is the Company's policy to make payment to suppliers on our standard supplier terms unless alternative terms are agreed. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The number of days purchases outstanding at 31 March 2003 was 67 days (2002: 66 days). This figure fluctuates dependent on the creditor position for capital purchases at the year end.

Annual General Meeting

Resolutions will be proposed as special business to enable the Directors to continue to use their existing powers to allot unissued shares and (subject to the limits therein contained) to allot shares for cash other than to existing shareholders in proportion to their shareholding. The resolution enabling Directors to continue to allot unissued shares will be limited to the allotment of shares up to a maximum nominal amount of £690,750 which represents 29.9% of the total ordinary share capital in issue at 9 June 2003. The Board does not have any present intention of exercising such authority. The authority will expire on the date of the next Annual General Meeting after the passing of the proprosed resolution. The resolution enabling the Directors to allot shares for cash other than to existing shareholders in proportion to their shareholdings will be limited to the allotment of shares up to a maximum nominal amount of £115,000 which represents 5% of the total ordinary share capital in issue at 9 June 2003. These resolutions seek to renew the authorities approved at last year's Annual General Meeting and comply with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

A resolution is also proposed to enable the Directors to continue to use their existing powers to purchase the company's own shares, subject to certain specific limits. Any purchase of the Company's own shares will be in line with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds. The Board does not have any present intention of exercising such powers. The maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers are set out at Resolution 8(b) and 8(c) of the notice of meeting on page 40. The Board undertakes to shareholders that it will not exercise the ability to purchase its own shares unless to do so would result in an increase in earnings per share and is in the best interest of shareholders generally. In addition, your Board is also proposing a resolution that the Company adopts a new share scheme. Included with this Report and Financial Statements is a circular setting out the reasons why your Board is proposing such a resolution and a summary of the proposed scheme.

CORPORATE GOVERNANCE

The Combined Code

The Board supports the need for the highest standards of corporate governance. Throughout the year the Group has complied with the provisions set out in Section 1 of the Combined Code (the "Code") with the following exceptions:

- The roles of Chairman and Chief Executive are combined (Code provision A.2.1)
- Under the Articles of Association Mr Pilkington is not required to stand for re-election (Code provision A.6.2).
- During the year ended 31 March 2003 both the remuneration and audit committees included an executive Director. However, with effect from 1 April 2003 the executive Director stood down from those committees (Code provision B.2.2 and D.3.1)
- Director's remuneration does not comply with certain aspects of Schedule A. These are detailed in the Remuneration Report (Code provision B.1.6).

The reasons for these exceptions and how the Group has applied the principles in Section 1 of the Code are set out below under the four main headings of the Code.

Directors

The Board consists of two executive and two independent non-executive Directors. The non-executive Directors have wide ranging experience from other publicly quoted companies and bring an authoritative objectivity to the Board.

Mr Pilkington serves as Chairman and Chief Executive. It is considered that the relatively small size of the Group makes it unnecessary and unduly expensive to split these roles. Under the Company's Articles of Association Mr Pilkington is not required to stand for re-election. The Board has considered this long standing article and does not consider it necessary to amend it.

The senior non-executive Director is Barrie Cottingham. The non-executive Directors have letters of engagements with the Company which, subject to re-election, have a fixed initial term of one or two years and are renewable for two further periods of two or three years, or more if regarded in the best interest of the Company.

The Board meets at least six times a year and has adopted a schedule of matters reserved for its approval to ensure that it has full and effective control over appropriate financial, strategic and compliance matters. The Board is provided with all appropriate papers for each Board meeting, including the latest available management accounts. All Directors have access to the advice and services of the Company Secretary and can seek independent legal advice as appropriate.

There are also two committees of the Board: the Remuneration and Audit Committees. Each committee has specific terms of reference set by the Board. The members of these committees during the year ended 31 March 2003 were as follows :

Remuneration Committee

P W Parkin - Chairman of the Committee
B Cottingham
J F G Pilkington

Audit Committee

B Cottingham - Chairman of the Committee
P W Parkin
J F G Pilkington

Both committees had a majority of non-executive Directors, the inclusion of Mr Pilkington, an executive Director, was considered appropriate due to the small size of the Group and of the Board. However, with effect from 1 April 2003 Mr Pilkington stood down from these committees. In addition the Company does not have a Nomination Committee due to the small size of the Group.

The Remuneration Committee meets formally once a year and the Audit Committee twice a year. Both Committees meet additionally as required.

Directors' Remuneration

Details of the remuneration of each Director are provided in the Remuneration Report on pages 15 and 16. The Remuneration Report also provides full details of the Group's remuneration policy.

Relations with Shareholders

The Board has always sought to maintain good relationships with its shareholders. It therefore understands the importance of giving both private and institutional shareholders the opportunity to raise concerns and discuss matters with the Directors. To this end meetings are held, as appropriate, with institutional investors and, at the Annual General Meeting, which all Directors attend, Shareholders are given the opportunity to ask the Board any questions they wish regarding the Group.

Accountability and Audit

The Board recognises the importance of strong internal controls and through the group internal audit function, group reporting procedures and subsidiary board meetings maintains a constant review of the operation of these controls.

As noted above, the Company has an Audit Committee which liaises directly with the external auditors. The members of the committee meet independently with the external auditors as required.

The Code introduced a requirement that Directors' should review the effectiveness of the Group's internal controls and report to shareholders that they have done so. The review should cover all controls including financial, operational and compliance controls and risk management.

In this regard the Board has considered the guidance of the Turnbull Committee, "Internal Control: Guidance to Directors on the Combined Code", and considers that there is in place an ongoing process to identify, evaluate and manage the Group's key risks in accordance with this guidance. This process has been in place for the year ended 31 March 2003 and up to the date of approval of these accounts. Further details are provided below in the section on Internal Control.

Internal Control

The Board is responsible for the Group's system of internal controls. The system of internal control is designed to facilitate effective and efficient operation of the business by ensuring it responds to any significant business, operational, financial, compliance and other risks it faces in achieving its objective. It is also designed to provide reasonable assurance that the financial information within the business and for publication is timely, relevant and reliable. However, any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year the Board, in conjunction with its Audit Committee, reviewed the operation of the system of internal control. This review includes an annual assessment of the control environment of the Group as a whole, the identification of key business and financial risks and the evaluation of the effectiveness of the control procedures in place. This annual assessment is undertaken by the Group Internal Audit function in association with the operating companies and a report is presented to the Board which highlights the key risks identified in the process. As part of the ongoing process regular reports are then presented to the Board on the key risks, including any new risks identified since the previous report. These reports update the Board with the changes to the level of risk in these key areas. In addition, through the Audit Committee and Group Internal Audit, the Board monitors the ongoing compliance with control systems as well as their improvement or modification as appropriate.

Key elements of the control and review procedures employed by the Board are the annual strategic planning and budget preparation process which includes consideration of business, operational and other risks, together with approval of all material capital expenditure and contracts. Monthly financial and management accounts are reported against budget and prior year, and variances are investigated. In addition business, operational and other risks are regular agenda items at all Board meetings throughout the Group.

During the year the Group made three acquisitions. All were subject to a detailed due diligence review. Furthermore, once a new business is acquired, the Group takes appropriate steps to extend its internal controls to that company's operations.

Going Concern

As at 31 March 2003 the Group has net debt including finance leases of £6.1m. Further details of the net debt and the Group's finance facilities are provided in the Financial Review on pages 10 and 11. After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the going concern basis has been adopted in the preparation of the accounts.

Auditors

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

By Order of the Board.

Neil Stothard
Secretary **9 June 2003**

remuneration report

This report has been prepared and approved by the Board of Vp plc and complies with the UK Directors' Remuneration Report Regulations 2002. The sections on Directors' remuneration, pensions, share options and the long term incentive plan have been audited.

REMUNERATION POLICY

Overview

In framing its remuneration policy, the Board has complied with Section 1 of the Combined Code.

The primary role of the Remuneration Committee is to determine, on behalf of the Board, the remuneration of the executive Directors. In this regard the Committee takes into consideration the interests of the Group and its shareholders as a whole. The membership of this committee is set out in the Directors' Report on page 14. The policy currently applied and to be applied in future years in setting remuneration is described below.

The Group seeks to recruit, retain and motivate executives of the highest calibre, taking into account levels of remuneration in companies of comparable size and industry orientation. The remuneration package consists of a number of elements: basic salary, annual performance related bonus, share options, long term incentive plan, contributions to a pension scheme and benefits in kind. In determining the performance related incentive plans the Committee is mindful of the balance between performance and non performance related remuneration. The remuneration of the non-executive Directors is set by the full board with each Director abstaining from voting in relation to his own remuneration.

In relation to service contracts it is the Committee's policy that no executive Director should have a contract with a notice period of greater than twelve months.

Annual performance related bonus

The executive Directors are entitled to an annual bonus based primarily on achievement of profit targets relating to the Group's performance. The maximum bonus payable is capped at 50% of the executive Director's basic salary for both executive Directors. The actual bonuses accrued for 2002/3 are set out in the table below.

Long term incentive plan and share options

The executive Directors also benefit from participation in various share option schemes and a Long Term Incentive Plan. The Approved Share Option scheme and the Long Term Incentive Plan are subject to three year performance targets as set out under Directors' interests on page 16. Options held under the SAYE scheme, which is available to all employees, are not subject to any performance targets.

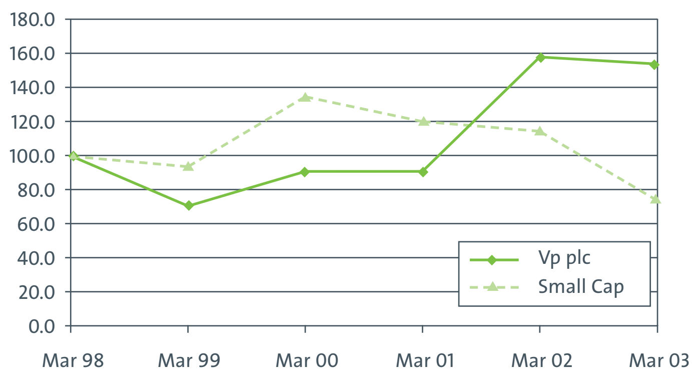
Details of the share options held and entitlements under the Long Term Incentive Plan at the year end are set out in the tables on page 16.

Benefits in kind

For each executive Director these comprise a contribution to a pension scheme, a car allowance, private health insurance and permanent health insurance.

TOTAL SHAREHOLDER RETURN

The following graph charts the total cumulative shareholder return of the Group for the 5 years to the 31 March 2003 as compared to the Small Cap index, which is regarded as an appropriate benchmark for the Group's shareholders.



SERVICE CONTRACTS

Mr Pilkington and Mr Stothard have service contracts terminable on twelve months notice, both are dated 10 June 2002.

Non-executive Directors do not have service contracts, however they do have letters of engagement terminable on 3 months notice, based on an initial period of one to two years renewable for a maximum of two further periods of either two or three years. The dates of these letters are 1 March 1996 for Mr Cottingham and 18 November 1999 for Mr Parkin.

DIRECTORS' REMUNERATION

The following table breaks down the remuneration of Directors for the year ended 31 March 2003.

	Salary/Fees	Bonus	Benefits	**Total**	2002
	£000	£000	£000	**£000**	£000
J F G Pilkington	195	39	21	**255**	237
N A Stothard	120	24	14	**158**	147
B Cottingham	22	-	-	**22**	22
P W Parkin	22	-	-	**22**	22
	359	63	35	**457**	428

PENSIONS

Mr Pilkington is a member of the Vp Pension Scheme. Under the scheme, a Directors' category, which is non-contributory, permits individualised arrangements to be incorporated. These arrangements currently provide for an annual pension entitlement accrual of one thirtieth of final pensionable salary, up to a maximum of two thirds, which includes annual bonuses but not long-term incentive plans. Annual bonuses are included within pensionable salary in accordance with the Scheme rules. The Remuneration Committee is mindful of Schedule A of Part 2 of Section 1 of the Combined Code relating to pension contributions. Whilst current arrangements form part of existing employment contracts, this is an area that will be kept under careful review. The provisions of the Code will, subject to legal obligations, be reflected in any future arrangements.

The details of his benefits are as follows:

	Accrued benefit at 31 March 2003	Increase in accrued benefit	Increase in accrued benefits allowing for inflation	Transfer value of increase in accrued benefit	Transfer value of accrued benefits at 1 April 2002	Transfer value of accrued benefits at 31 March 2003	Increase in transfer value
	£	£	£	£	£	£	£
J F G Pilkington	99,006	14,503	13,066	121,000	807,000	915,000	108,000

In addition, Mr Pilkington benefits from a long-standing contractual entitlement to retire at any time after the age of 50 without actuarial reduction of pension. The present value cost to the Group of augmenting the fund to facilitate this entitlement is estimated at £993,000. However, Mr Pilkington has indicated to the Group in writing that he has no present intention of retiring before the age of 55 at the earliest. The present value cost of augmentation on the latter basis is estimated at approximately £833,000. This sum is being provided for over the relevant period.

During the year the Company made contributions of £12,000 (2002: £10,500) to Mr Stothard's personal pension plan.

DIRECTORS' INTERESTS

Shareholdings

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

	31 March 2003	1 April 2002
J F G Pilkington	**8,122**	8,122
B Cottingham	**35,000**	35,000
P W Parkin	**67,500**	67,500
N A Stothard	**39,272**	31,028

During the year Mr Pilkington was interested in 23,684,876 shares registered in the name of Ackers P Investment Company, a company controlled by him together with Trusts which are connected persons for the purposes of Section 346 of the Companies Act 1985.

Share Options

One Director, Mr Stothard, has share options and these are set out below:

Scheme	1 April 2002	Granted in year	Exercised in year	Lapsed in year	31 March 2003	Exercise price	Earliest exercise date	Expiry date
1999 SAYE Scheme	8,244	-	(8,244)	-	-	47p	01/02/2003	01/08/2003
2000 SAYE Scheme	4,211	-	-	-	4,211	46p	01/09/2003	01/03/2004
2002 SAYE Scheme	-	5,205	-	-	5,205	73p	01/09/2005	01/03/2006
Approved Share Option Scheme	50,000	-	-	(14,575)	35,425	57p	23/12/2003	22/12/2009

During the year Mr Stothard exercised options over 8,244 shares (2002: 7,500 shares) under the SAYE Scheme. On the date of the exercise the market price of Vp plc shares was 93p.

The options which lapsed during the year resulted from applying the performance criteria for the Approved Share Option Scheme awards granted on 23 December 1999. The performance criteria were based on achievement of a minimum 10% compounded growth in earnings per share over a three year period, and achievement of a return on capital employed of between 10% and 15% by the end of that period.

Long-term Incentive Plan

Ordinary shares outstanding under the terms of the Long-term Incentive Plan were:

	At 1 April 2002	Granted in year	Lapsed in year	At 31 March 2003
J F G Pilkington	125,000	100,000	(54,150)	170,850*
N A Stothard	265,000	100,000	(54,150)	310,850

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

Awards relating to 70,850 shares in respect of each of the above Directors vested in the period, but have not been exercised. The entitlements which lapsed during the year resulted from applying the performance criteria for the provisional Long Term Incentive Plan awards made on 23 December 1999. The performance criteria for all Long Term Incentive Plan awards are based on achievement of a minimum 10% compounded growth in earnings per share over a three period, and achievement of a return on capital employed of between 10% and 16% plus a targetted share price of a minimum value equal to nett assets per share at the end of the period. The vesting of the outstanding awards at 31March 2003 is subject to the achievement of performance criteria over relevant three year periods up to the year ended 31 March 2006.

Details of the market value of shares at the year end and the highest and lowest market values in the financial year are provided in note 21. The share price on the date of the awards made in the year was 96p.

There were no changes in the interests of the Directors between 31 March 2003 and 9 June 2003.

On behalf of the Board

Neil Stothard
Secretary

9 June 2003

statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

auditors' report

Independent auditors' report to the members of Vp plc

We have audited the financial statements on pages 19 to 38. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the directors' remuneration report. As described on page 17 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the statement on pages 13 and 14 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the directors' remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2003 and of the profit of the group for the year then ended; and

- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

9 June 2003

consolidated profit and loss account for the year ended 31 March 2003

	Note	2003 £000	2002 £000
Turnover	2	**75,546**	66,847
Cost of sales		**(51,586)**	(43,898)
Gross profit		**23,960**	22,949
Administrative expenses		**(15,873)**	(16,050)
Operating profit before goodwill amortisation		**8,405**	7,179
Goodwill amortisation		**(318)**	(280)
Operating profit	3	**8,087**	6,899
Net interest payable	6	**(581)**	(727)
Profit on ordinary activities before taxation		**7,506**	6,172
Taxation on profit on ordinary activities	7	**(2,119)**	(1,664)
Profit for the financial year		**5,387**	4,508
Dividends paid and proposed	8	**(1,964)**	(1,837)
Retained profit for the financial year	22	**3,423**	2,671
Earnings per 5p ordinary share	9	**12.36p**	10.23p
Diluted earnings per 5p ordinary share	9	**12.13p**	10.12p
Earnings per 5p ordinary share before goodwill amortisation	9	**13.08p**	10.87p
Diluted earnings per 5p ordinary share before goodwill amortisation	9	**12.85p**	10.75p
Dividend per 5p ordinary share	8	**4.50p**	4.20p

The profit and loss account reflects all recognised gains and losses for current and prior year. All operations are continuing activities as defined by FRS 3.

As a result of the integration of acquisitions into the existing businesses, including the transfer of assets between depots, it is not possible to disclose separately the effect of acquired businesses on the Group results for the year.

A reconciliation of the movement in consolidated shareholders' funds is provided in note 23.

note of consolidated historical cost profits and losses

	2003 £000	2002 £000
Reported profit on ordinary activities before taxation	**7,506**	6,172
Realisation of property revaluation gains from previous years	**391**	281
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**7**	9
Historical cost profit on ordinary activities before taxation	**7,904**	6,462
Historical cost profit for the year retained after taxation, minority interest and dividends	**3,821**	2,961

consolidated balance sheet at 31 March 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Intangible assets - goodwill	10	**5,814**		5,388	
Tangible assets	11	**49,689**		51,024	
Investments - own shares	12	**1,532**		1,521	
			57,035		57,933
Current assets					
Stocks	13	**2,180**		2,293	
Debtors	14	**18,764**		16,792	
Cash at bank and in hand		**3,330**		1,050	
		24,274		20,135	
Creditors: amounts falling due within one year	15	**(18,619)**		(18,569)	
Net current assets			**5,655**		1,566
Total assets less current liabilities			**62,690**		59,499
Creditors: amounts falling due after more than one year	16		**(8,365)**		(8,704)
Provisions for liabilities and charges	18		**(4,377)**		(4,270)
Net assets			**49,948**		46,525
Equity capital and reserves					
Called up share capital	20		**2,309**		2,309
Share premium account	22		**16,192**		16,192
Revaluation reserve	22		**832**		1,230
Profit and loss account	22		**30,588**		26,767
Equity shareholders' funds			**49,921**		46,498
Equity minority interests	24		**27**		27
			49,948		46,525

These financial statements were approved by the Board of Directors on 9 June 2003 and were signed on its behalf by:

J F G Pilkington
Chairman

N A Stothard
Director

parent company balance sheet at 31 March 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Intangible assets – goodwill	10	**676**		661	
Tangible assets	11	**30,057**		33,046	
Investments	12	**11,985**		15,826	
			42,718		49,533
Current assets					
Stocks	13	**669**		488	
Debtors	14	**23,799**		18,080	
Cash at bank and in hand		**1,657**		9	
		26,125		18,577	
Creditors: amounts falling due within one year	15	**(18,607)**		(19,042)	
Net current assets/(liabilities)			**7,518**		(465)
Total assets less current liabilities			**50,236**		49,068
Creditors: amounts falling due after more than one year	16		**(8,221)**		(8,287)
Provisions for liabilities and charges	18		**(3,809)**		(3,691)
Net assets			**38,206**		37,090
Equity capital and reserves					
Called up share capital	20		**2,309**		2,309
Share premium account	22		**16,192**		16,192
Revaluation reserve	22		**832**		1,230
Profit and loss account	22		**18,873**		17,359
Equity shareholders' funds			**38,206**		37,090

These financial statements were approved by the Board of Directors on 9 June 2003 and were signed on its behalf by:

J F G Pilkington
Chairman

N A Stothard
Director

consolidated cash flow statement for the year ended 31 March 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Net cash inflow from operating activities	30		**16,644**		15,087
Return on investments and servicing of finance					
Interest paid		**(564)**		(354)	
Interest received		**21**		22	
Interest element of finance lease rental payments		**(73)**		(321)	
Net cash outflow from returns on investments and servicing of finance			**(616)**		(653)
Taxation					
UK corporation tax paid			**(2,035)**		(1,062)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(15,285)**		(13,460)	
Purchase and sale of investments		**(25)**		(474)	
Sale of tangible fixed assets		**8,997**		8,273	
Net cash outflow from capital expenditure and financial investment			**(6,313)**		(5,661)
Acquisitions and disposals					
Purchase of subsidiaries and businesses (net of cash and overdraft purchased)	27		**(1,460)**		(3,440)
Equity dividends paid			**(1,875)**		(1,785)
Cash inflow before financing			**4,345**		2,486
Financing					
Medium-term loans		**(133)**		1,874	
Loan notes		**(1,039)**		(1,112)	
Capital element of finance lease rental payments		**(893)**		(3,468)	
Net cash outflow from financing			**(2,065)**		(2,706)
Increase/(decrease) in cash in the year			**2,280**		(220)

A reconciliation of the net cash flow to the movement in net debt is provided in note 28 and analysis of net debt in note 29.

notes

(forming part of the financial statements)

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules, modified to include the revaluation of certain freehold and long leasehold land and buildings.

Details of a departure from the requirements of the Companies Act are set out below in the accounting policy on investments.

Basis of consolidation

The Group financial statements consolidate the financial statements of Vp plc and all its subsidiary undertakings. All subsidiary financial statements have year ends which are coterminous with those of the parent company.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In accordance with Section 230 (4) of the Companies Act 1985 Vp plc is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of Vp plc is disclosed in note 22 to these financial statements.

Investment in own shares

Investment in own shares is disclosed at cost less a provision for the charge, spread over time, to the Group of awarding the shares under the share option schemes, as defined in the Director's Report, at a discount to purchase price.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost or net recoverable value. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

During the year, as part of the reorganisation of the Hire Station operations, the trade and net assets of a number of subsidiary undertakings were transferred to another subsidiary company, Hire Station Limited, at their book value which was less than their fair value. The cost of the Company's investment in those subsidiary undertakings reflected the underlying fair value of its assets and goodwill at the time of acquisition. As a result of this transfer, the value of the Company's investment in those subsidiary undertakings fell below the amount at which they were stated in the Company's accounting records. Schedule 4 to the Companies Act 1985 requires that the investments be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's profit and loss account for the year and it should instead be re-allocated to the cost of investment in Hire Station Limited so as to recognise in the Company's individual balance sheet the effective cost to the Company of all its subsidiary undertakings. The effect of this departure is to increase the holding Company's profit for the financial year by £3,519,000 and to increase the value of investments in the holding Company's balance sheet. The group accounts are not affected by this transfer.

Goodwill

Goodwill represents the excess of the fair value of the consideration given in respect of investments in subsidiary undertakings or businesses over the fair value of the separable net assets acquired.

Goodwill relating to businesses acquired is capitalised as an intangible asset and amortised over its useful economic life of 20 years.

Prior to 1 April 1998, goodwill arising on consolidation was written off to reserves in the year it arose. In accordance with the transitional provisions of FRS10 such goodwill remains eliminated against reserves. In the event that a subsidiary undertaking or business which gave rise to such goodwill is disposed of, the attributable goodwill will be charged to the profit and loss account as a component of the profit or loss on disposal.

Tangible fixed assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. In accordance with FRS 15, the Group has not adopted a policy of revaluation of Land and Buildings. However, it retains the current book values for properties which have previously been revalued. Land and buildings for own use are therefore included in the financial statements at historical cost, or at Directors' valuation as at 31 March 1996.

Depreciation

Depreciation is provided by the Group to write off the cost or valuation of tangible assets using the following annual rates:

Freehold buildings	2% straight line
Leasehold land and buildings	Term of lease
Rental equipment	10% - 50% straight line depending on asset type
Motor vehicles	25% straight line
Computers	33% straight line
Fixtures, Fittings and other equipment	10% - 20% straight line

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental is charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

The Group operates defined contribution and defined benefit pension schemes. The cost of pensions in respect of the defined contribution schemes is fixed in relation to the emoluments of the membership and is charged to the profit and loss account as incurred.

The pension contributions to the defined benefit scheme are assessed by a qualified actuary and charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees participating in the scheme.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by Financial Reporting Standards, full provision is to be made, without discounting for all timing differences which have arisen but not reversed at the balance sheet date.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to third party customers during the year.

2. SEGMENTAL INFORMATION

	Turnover		Profit before Tax		Net Assets	
	2003	2002	**2003**	2002	**2003**	2002
	£000	£000	**£000**	£000	**£000**	£000
UKForks	**10,629**	10,149	**1,331**	1,332	**11,296**	11,809
Groundforce	**11,251**	8,598	**2,337**	1,100	**7,169**	6,798
Safeforce	**2,396**	1,483	**543**	276	**821**	362
Airpac Oilfield Services	**5,107**	5,400	**436**	(99)	**2,252**	5,151
Hire Station	**34,849**	33,027	**622**	2,813	**18,232**	17,451
Torrent Trackside	**11,314**	8,190	**3,136**	1,757	**4,101**	2,711
Goodwill/ Group assets	**-**	-	**(318)**	(280)	**12,224**	12,805
	75,546	66,847	**8,087**	6,899	**56,095**	57,087
Interest/ net debt	**-**	-	**(581)**	(727)	**(6,147)**	(10,562)
Total	**75,546**	66,847	**7,506**	6,172	**49,948**	46,525

Group assets reflect unallocated Group properties. Vp shares held for share options and goodwill. The costs relate to the amortisation of goodwill.

Turnover is mainly within the United Kingdom, but in the year did include £787,000 (2002: £118,000) of turnover in South East Asia by destination. Turnover by source outside the United Kingdom is not material.

3. OPERATING PROFIT

	2003 £000	2002 £000
Operating profit is stated after charging :		
Auditors' remuneration (see analysis below)	**119**	111
Depreciation and other amounts written off tangible fixed assets:		
Owned	**9,423**	9,131
Leased	**859**	1,275
Amortisation of goodwill	**318**	280
Rent of land and buildings	**1,616**	1,563
Hire of other assets	**7,318**	6,436
After crediting :		
Profit on sale of tangible assets	**1,738**	2,163
Analysis of auditors' remuneration		
Audit - Group auditors	**77**	68
- Other auditors	**-**	7
	77	75
Tax services (paid to Group auditors and their associates)	**42**	36
	119	111

In addition £18,000 (2002: £38,000) was paid to the Group auditors and their associates which is included in the goodwill capitalised. The audit fee of the Company was £46,000 (2002 : £43,000).

4. STAFF NUMBERS AND COSTS

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

	Number of employees	
	2003	2002
Services	**326**	305
Hire Station	**571**	545
Torrent Trackside	**116**	96
	1,013	946

The aggregate payroll costs of these persons were as follows:

	2003 £000	2002 £000
Wages and salaries	**20,183**	18,009
Social security costs	**1,778**	1,544
Other pension costs (see note 26)	**634**	429
	22,595	19,982

5. REMUNERATION OF DIRECTORS

	2003 £000	2002 £000
Directors' emoluments comprise the following:		
Fees	**22**	22
Salaries and other emoluments	**435**	406
	457	428
Money purchase pension contributions	**12**	11
	469	439

The emoluments, including the estimated monetary value of benefits in kind, but excluding pension contributions, of the Chairman who was also the highest paid Director, were £255,402 (2002: £237,462).

Details of Directors' remuneration are given in the Remuneration Report on pages 15 and 16.

During the year the Company disposed of a property to Wheeldon Brothers Limited. Peter Parkin is chairman and a shareholder of Wheeldon Brothers Limited. The transaction took place at an arms length valuation. There were no other material related party transactions.

6. NET INTEREST PAYABLE

	2003 £000	2002 £000
Interest payable:		
On bank loans and overdrafts	**(495)**	(444)
Finance charges payable in respect of finance lease and hire purchase contracts	**(73)**	(182)
Other	**(34)**	(123)
	(602)	(749)
Interest receivable:		
Bank and other interest receivable	**21**	22
	(581)	(727)

7. TAXATION

	2003 £000	2002 £000
UK Corporation tax charge at 30% (2002: 30%)	**2,305**	2,079
Adjustments relating to earlier years	**(285)**	(286)
Total current taxation	**2,020**	1,793
Deferred taxation	**99**	(129)
	2,119	1,664

Factors affecting the current tax charge for the year

	2003 £000	2002 £000
Profit on ordinary activities before tax	**7,506**	6,172
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2002: 30%)	**2,252**	1,852
Effects of:		
Expenses not deductible for tax purposes	**244**	136
Non-qualifying depreciation and amortisation of goodwill	**190**	167
Profit on sale of non-qualifying assets	**(164)**	(131)
Gains covered by exemption / losses	**(168)**	-
Timing differences	**(49)**	55
Adjustments to tax charge in respect of previous years	**(285)**	(286)
Current tax charge for year	**2,020**	1,793

8. DIVIDENDS

	2003 £000	2002 £000
Ordinary shares:		
Interim paid 1.50p (2002: 1.40p) per share	**654**	615
Final proposed 3.00p (2002: 2.80p) per share	**1,310**	1,222
	1,964	1,837

This year's dividend charge is after dividends were waived to the value of £114,000 (2002: £103,000) in relation to shares held by Vibroplant Employee Trust. These dividends will continue to be waived in the future.

9. EARNINGS PER SHARE

The calculation of earnings and diluted earnings per 5 pence ordinary share is based on a profit of £5,387,000 (2002 : £4,508,000) and on 43,600,602 (2002 : 44,057,076) shares, being the weighted average number of shares in issue during the year. The diluted earnings per share is based on 44,400,067 (2002: 44,556,626) shares, the difference being due to the impact of share options on the calculation.

The earnings per share before goodwill amortisation is based on a profit of £5,705,000 (2002 : £4,788,000) calculated as follows:

	2003		2002	
	£000	**Earnings per share**	£000	Earnings per share
Profit after tax	**5,387**	**12.36p**	4,508	10.23p
Goodwill amortisation	**318**	**0.72p**	280	0.64p
	5,705	**13.08p**	4,788	10.87p

10. INTANGIBLE FIXED ASSETS - GOODWILL

	Group £000	**Company £000**
Cost		
At beginning of year	6,008	673
Acquisitions - see note 27	744	43
At end of year	6,752	716
Amortisation		
At beginning of year	620	12
Charge	318	28
At end of year	938	40
Net book value		
At 31 March 2003	**5,814**	**676**
At 31 March 2002	5,388	661

In accordance with the accounting policy for goodwill set out on page 23 goodwill arising after 1 April 1998 has been capitalised and is being amortised over its estimated useful economic life of 20 years.

Goodwill arising on consolidation prior to 1 April 1998 remains eliminated against reserves

11. TANGIBLE FIXED ASSETS

	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
GROUP					
Cost or valuation					
At beginning of year	10,305	68,936	2,828	5,460	87,529
Additions	599	14,064	98	848	15,609
On acquisition	43	487	41	26	597
Disposals	(1,233)	(15,390)	(808)	(332)	(17,763)
At end of year	9,714	68,097	2,159	6,002	85,972
Depreciation					
At beginning of year	1,904	29,511	1,469	3,621	36,505
Charge for year	423	8,756	512	591	10,282
On disposals	(193)	(9,493)	(523)	(295)	(10,504)
At end of year	2,134	28,774	1,458	3,917	36,283
Net book value					
At 31 March 2003	**7,580**	**39,323**	**701**	**2,085**	**49,689**
At 31 March 2002	8,401	39,425	1,359	1,839	51,024

	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
COMPANY					
Cost or valuation					
At beginning of year	8,433	42,910	627	3,041	55,011
Additions	158	5,502	73	200	5,933
On acquisition	43	327	22	10	402
Disposals	(1,071)	(9,690)	(227)	(1)	(10,989)
At end of year	7,563	39,049	495	3,250	50,357
Depreciation					
At beginning of year	1,564	17,792	337	2,272	21,965
Charge for year	107	3,886	74	238	4,305
On disposals	(124)	(5,771)	(74)	(1)	(5,970)
At end of year	1,547	15,907	337	2,509	20,300
Net book value					
At 31 March 2003	**6,016**	**23,142**	**158**	**741**	**30,057**
At 31 March 2002	6,869	25,118	290	769	33,046

The net book value of land and buildings is analysed as follows:

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Freehold	**5,695**	6,665	**5,543**	6,406
Long leasehold	**202**	204	**129**	130
Short leasehold	**1,683**	1,532	**344**	333
	7,580	8,401	**6,016**	6,869

In accordance with Financial Reporting Standard 15, the Group has not adopted a policy of revaluation of Land and Buildings, however as permitted by the transitional arrangements in the Standard it retains the current book values for properties which have previously been revalued. Land and Buildings are therefore included in the Financial Statements at historical cost or Directors' valuations from 31 March 1996 which were last reviewed at 31 March 1999.

If the properties had not been included in these financial statements based on valuation they would have been stated at the following amounts:

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Historical cost of land and buildings	**8,775**	8,951	**6,624**	7,079
Aggregate depreciation based on historical cost	**(2,027)**	(1,780)	**(1,440)**	(1,440)
Historical cost net book value	**6,748**	7,171	**5,184**	5,639

The cost or valuation of land and buildings for both the Group and the Company includes £5,364,000 (2002: £6,421,000) at valuation. Other tangible fixed assets are included at cost.

The cost or valuation of land and buildings for the Group and the Company includes £2,474,000 (2002: £3,249,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £2,118,000 (2002: £4,087,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £887,000 (2002: £2,537,000). Depreciation for the year on these Group assets was £859,000 (2002: £1,275,000) and £402,000 (2002: £708,000) for the Company.

12. FIXED ASSET INVESTMENTS

Fixed asset investments are as follows :

Group	**Own Shares**
	£000
Cost	
At beginning of year	1,690
Purchases	185
Disposals	(160)
At end of year	1,715
Provision	
At beginning of year	169
Charge	14
At end of year	183
Net book value	
At 31 March 2003	**1,532**
At 31 March 2002	1,521

Company

	Subsidiaries	**Own Shares**	**Total**
	£000	**£000**	**£000**
Cost			
At beginning of year	15,992	1,690	17,682
Purchases	1,321	185	1,506
Return of investment	(3,087)	-	(3,087)
Disposals	(2,086)	(160)	(2,246)
At end of year	12,140	1,715	13,855
Provision			
At beginning of year	1,687	169	1,856
Charge	-	14	14
At end of year	1,687	183	1,870
Net book value			
At 31 March 2003	**10,453**	**1,532**	**11,985**
At 31 March 2002	14,305	1,521	15,826

The investment in own shares, in both the Group and Company, relates to the shares held for the SAYE scheme, Approved Share Option Scheme, Unapproved Share Option Scheme and the Long Term Incentive Plan. A further 210,000 shares were acquired during the year at prices between 81.5 pence and 90 pence. The total holding at 31 March 2003 was 2,522,010 shares at a market value of £2,143,709. The maximum number of shares held in the financial year was 2,622,774 and between the year end and 9 June 2003 a total of 32,048 shares were sold.

The charge represents the cost, spread over the terms of the share schemes, as defined in the Directors' Report, to the Group of awarding shares at a discount to purchase price.

The Company's principal subsidiary undertakings are:

	Country of Registration Or Incorporation	**Principal Activity**	**Country of Principal Operation**	**Class and Percentage of Shares held**
Torrent Trackside Limited	England	Tool Hire	UK	Ordinary shares 100%
Hire Station Limited	England	Tool Hire	UK	Ordinary shares 100%

Further subsidiaries have not been shown because they are either not material or are dormant. Their particulars will be included in the next annual return.

The provision against subsidiaries is in relation to two dormant companies.

13. STOCKS

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Raw materials and consumables	**665**	883	**391**	488
Finished goods and goods for resale	**1,515**	1,410	**278**	-
	2,180	2,293	**669**	488

14. DEBTORS

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Amounts falling due within one year				
Trade debtors	**17,092**	15,675	**6,613**	6,306
Amounts owed by subsidiary undertakings	**-**	-	**16,836**	11,511
Corporation tax recoverable	**239**	-	-	-
Advance corporation tax recoverable	**16**	16	**16**	16
Other debtors	**204**	161	-	-
Prepayments and accrued income	**1,213**	940	**334**	247
	18,764	16,792	**23,799**	18,080

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Bank overdrafts (see note 17)	-	-	-	951
Medium term bank loans (see note 17)	**150**	150	-	-
Obligations under finance leases and hire purchase contracts (see note 16)	**348**	1,101	**154**	428
Loan notes	**835**	1,779	**835**	1,779
Trade creditors	**9,629**	9,290	**4,044**	3,995
Amounts owed to subsidiary undertakings	**-**	-	**10,367**	9,697
Corporation tax	**1,392**	1,099	**554**	74
Other taxes and social security	**2,026**	1,313	**768**	326
Other creditors	**84**	95	-	-
Accruals and deferred income	**2,794**	2,520	**524**	570
Deferred consideration	**50**	-	**50**	-
Dividend proposed	**1,311**	1,222	**1,311**	1,222
	18,619	18,569	**18,607**	19,042

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Medium term bank loans (see note 17)	**8,104**	8,237	**8,000**	8,000
Loan notes	**-**	165	**-**	165
Obligations under finance leases and hire purchase contracts (see below)	**40**	180	-	-
Accruals and deferred income	**221**	122	**221**	122
	8,365	8,704	**8,221**	8,287

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Within one year	**348**	1,101	**154**	428
In the second to fifth years	**40**	180	-	-
	388	1,281	**154**	428

The Group's finance lease and hire purchase liabilities are fixed rate instruments with interest rates ranging from 5% to 9%. There is no material difference between the book value and fair value of the Group's finance lease and hire purchase liabilities.

17. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Payable within one year or on demand	**150**	150	-	951
Payable within 1-2 years	**8,104**	150	**8,000**	-
Payable within 2-5 years	-	8,087	-	8,000
	8,254	8,387	**8,000**	8,951

The Group's bank accounts are subject to set off arrangements covered by cross guarantees and are presented accordingly. The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to current bank base rate and LIBOR. The unutilised bank facility available to the Group is £7,500,000. There is no material difference between the book value and fair value of the Group's bank borrowings. Further details relating to the Group's funding strategy are provided in the Financial Review on pages 10 and 11.

In October 2001 the Group entered into an interest rate swap agreement which fixed the interest rate on £4,000,000 of the bank debt for a period of 5 years with a bank only break option after 3 years.

18. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	**£000**
Group	
At beginning of year	4,270
Deferred tax included in purchase of subsidiary	8
Charge for the year in the profit and loss account	99
At end of year	4,377
Company	
At beginning of year	3,691
Deferred tax included in purchase of subsidiary	8
Charge for the year in the profit and loss account	110
At end of year	3,809

19. DEFERRED TAXATION

The liability for deferred tax is analysed as follows:

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Accelerated capital allowances	4,515	4,437	3,904	3,776
Short term timing differences	(138)	(167)	(95)	(85)
	4,377	4,270	3,809	3,691

20. CALLED UP SHARE CAPITAL

	2003	2002
	£000	£000
Authorised		
60,000,000 Ordinary shares of 5 pence each	**3,000**	3,000
Allotted, called up and fully paid		
46,185,000 Ordinary shares of 5 pence each (2002: 46,185,000)	**2,309**	2,309

21. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 558,448 shares were granted under the SAYE scheme at a price of 73 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
December 1999	47p	19,784
July 2000	46p	194,305
August 2001	52p	324,471
August 2002	73p	488,188
		1,026,748

All the options are exercisable after 3 years. At 31 March 2003 there were 214 employees saving on average £75 per month in respect of options under the SAYE scheme.

Approved Share Option Scheme

Options over a further 430,000 shares were granted during the year at a price of 93 pence. The options outstanding at the year end were:

Date of Grant	Price per Share	Number of shares
December 1999	57.0p	148,785
July 2000	56.5p	165,000
July 2001	65.0p	300,000
June 2002	93.0p	380,000
		993,785

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance measures over a three year period as shown in the Directors' Report on page 12.

Unapproved Share Option Scheme

Options over 85,000 shares were granted during the year at a price of 93p. The options outstanding at the year end were:-

Date of Grant	Price per Share	Number of shares
August 2001	71.5p	20,000
June 2002	93.0p	65,000
		85,000

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance measures over a three year period as shown in the Directors' Report on page 12.

Long Term Incentive Plan

Awards were made during the year in relation to a further 200,000 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
December 1999	141,700
July 2000	90,000
July 2001	50,000
June 2002	200,000
	481,700

The vesting of the awards is subject to the achievement of performance measures over a three year period as shown in the Directors' Report on page 12.

All the awards under the above schemes will be made utilising shares owned by Vibroplant Employee Trust.

The market value of the ordinary shares at 31 March 2003 was 85 pence (2002: 92 pence), the highest market value in the year to 31 March 2003 was 104.5 pence and the lowest 79.0 pence.

22. SHARE PREMIUM AND RESERVES

	Share Premium Account	Revaluation Reserve	Profit and Loss Account
Group	**£000**	**£000**	**£000**
At beginning of year	16,192	1,230	26,767
Retained profit for year	-	-	3,423
Realised on sale of revalued assets	-	(391)	391
Depreciation of revalued assets	-	(7)	7
At end of year	16,192	832	30,588
Company			
At beginning of year	16,192	1,230	17,359
Retained profit for year	-	-	1,116
Realised on sale of revalued assets	-	(391)	391
Depreciation on revalued assets	-	(7)	7
At end of year	16,192	832	18,873

The cumulative amount of goodwill resulting from acquisitions prior to 1 April 1998 which has been written off directly to reserves is £7,403,000 (2002: £7,403,000). This amount excludes goodwill attributable to subsidiary undertakings or businesses disposed of prior to the balance sheet date.

The amount of the profit for the financial year dealt with in the accounts of the Company was £3,080,000 (2002 : £1,727,000).

23. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

	2003	2002
	£000	£000
Profit for the financial year	**5,387**	4,508
Dividends	**(1,964)**	(1,837)
	3,423	2,671
Goodwill written off	**-**	(6)
Net increase in shareholders' funds	**3,423**	2,665
Opening shareholders' funds	**46,498**	43,833
Closing shareholders' funds	**49,921**	46,498

24. EQUITY MINORITY INTERESTS

	Group	
	2003	2002
	£000	£000
At beginning and end of year	**27**	27

25. COMMITMENTS

(i) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Contracted	**74**	1,424	**4**	1,303

(ii) Annual commitments under non-cancellable operating leases are as follows:

	2003		2002	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Group				
Operating leases which expire:				
Within one year	**107**	**313**	12	237
In the second to fifth years inclusive	**713**	**3,349**	417	2,423
Over five years	**954**	-	1,089	-
	1,774	**3,662**	1,518	2,660
Company				
Operating leases which expire:				
Within one year	**24**	**69**	-	116
In the second to fifth years inclusive	-	**2,479**	41	1,937
Over five years	**240**	-	287	-
	264	**2,548**	328	2,053

26. PENSION SCHEMES

The Group and Company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs'.

The Group operates defined contribution schemes and a defined benefit scheme providing benefits based on final pensionable earnings. The defined benefit scheme contains both defined benefit and defined contribution categories. The defined benefit scheme was closed to new entrants in 1996 and only has a limited number of participants. The assets of the schemes are held in separate trustee administered funds.

Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employee's working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The latest actuarial assessment of the defined benefit scheme was made as at 6 April 2002 using the attained age method. The main assumptions adopted for pension cost purposes were that the long term investment return would be 6.5% per annum, that pensionable earnings would increase by 4% per annum and that post 6 April 1997 pensions in payment would increase by 3% per annum. At 6 April 2002 the market value of the assets of the Scheme was £5,704,000 which was sufficient to cover 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pensions charge for the year was £634,000 (2002: £429,000). This includes a £60,000 charge (2002: £67,000 credit) in respect of the amortisation of deficits of the defined benefit scheme that are recognised over 10 years, the average expected remaining service lifetime of employees.

A provision of £221,000 (2002: £122,000) is included in creditors, this being the excess of accumulated pension costs over the amount funded.

FRS 17 Transitional Disclosure

Under FRS 17 'Retirement benefits' the following transitional disclosures are required for the defined benefit category of the defined benefit scheme:

The valuation was updated by the actuary on an FRS 17 basis as at 31 March 2003 and 31 March 2002.

The major assumptions used by the actuary in this valuation were:

	2003	2002
Rate of increase in salaries	**3.75%**	4.00%
Rate of increase in deferred pensions and pensions in payment which are subject to limited price indexation	**2.75%**	3.00%
Discount rate applied to scheme liabilities	**5.75%**	6.00%
Inflation assumption	**2.75%**	3.00%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2003 £000	**Value at 2003 £000**	Long term rate of return 2002 £000	Value at 2002 £000
Equities	**7.00%**	**3,397**	6.25%	4,397
Bonds	**5.25%**	**784**	5.00%	958
Other – Property	**5.25%**	**174**	5.00%	282
		4,355		5,637
Present value of scheme liabilities		**(7,514)**		(6,165)
Deficit in the scheme – Pension liability		**(3,159)**		(528)
Related deferred tax asset		**948**		158
Net pension liability		**(2,211)**		(370)

The amount of this net pension liability would have a consequential effect on reserves.

Movement in the deficit during the year

	2003 £000
Deficit in scheme at beginning of year	(528)
Current service cost	(76)
Contributions paid	41
Other finance cost	(70)
Actuarial loss	(2,526)
Deficit in the scheme at end of year	(3,159)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	2003 £000
Current service cost	(76)
	(76)

Analysis of amounts included in other finance costs

	2003 £000
Expected return on pension scheme assets	339
Interest on pension scheme liabilities	(409)
	(70)

Analysis of amount recognised in statement of total recognised gains and losses

	2003 £000	**2003 %**
Actual return less expected return on scheme assets	(1,636)	
Percentage of year end scheme assets		(37.6)
Experience gains and losses arising on scheme liabilities	279	
Percentage of present value of year end scheme liabilities		3.7
Changes in assumptions underlying the present value of scheme liabilities	(1,169)	
Percentage of present value of year end scheme liabilities		(15.6)
Actuarial loss recognised in statement of total recognised gains and losses	(2,526)	
Percentage of present value of year end scheme liabilities		(33.6)

27. PURCHASE OF SUBSIDIARIES

The Group acquired three businesses during the year. The details are as follows:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Plymouth Tool Hire	7 June 2002	Business and Assets	Hire Station Limited
Laser and Survey	9 October 2002	Business and Assets	Vp plc
Stoppers Specialists Limited	25 October 2002	Company	Vp plc

None of these acquisitions was individually material in Group terms and therefore the details are provided in aggregate below:

	£000
Fixed assets	597
Stock	20
Debtors	260
Cash	250
Creditors	(173)
Deferred Tax	(8)
Book and fair value of assets acquired	946
Goodwill capitalised	744
Cost of acquisitions	1,690
Satisfied by	
Consideration paid in cash	1,640
Acquisition costs	70
Deferred consideration	50
Reduction in loan notes relating to prior year acquisition	(70)
	1,690
Analysis of cash flow for acquisitions	
Consideration paid in cash	1,640
Acquisition costs capitalised	70
Cash included in acquisitions	(250)
	1,460

As a result of the integration of the acquisitions into the business, including the transfer of assets between depots, it is not possible to disclose separately the trading performance of the acquisitions in the profit and loss account.

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003	2002
	£000	£000
Increase /(decrease) in cash in the year	**2,280**	(220)
Cash outflow from movement in debt and lease finance	**2,065**	2,706
Change in net debt resulting from cash flows	**4,345**	2,486
New finance leases	**-**	(273)
Loan notes cancelled	**70**	57
Movement in net debt in the year	**4,415**	2,270
Net debt at the start of the year	**(10,562)**	(12,832)
Net debt at the end of the year	**(6,147)**	(10,562)

29. ANALYSIS OF NET DEBT

	As at 1 April 2002	Cash Flow	Other non-cash changes	As at 31 March 2003
	£000	£000	£000	£000
Cash at bank and in hand	1,050	2,280	-	3,330
Medium term loans	(8,387)	133	-	(8,254)
Loan notes	(1,944)	1,039	70	(835)
Finance leases and hire purchase contracts	(1,281)	893	-	(388)
	(10,562)	4,345	70	(6,147)

30. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£000	£000
Operating profit	**8,087**	6,899
Depreciation	**10,282**	10,406
Amortisation of goodwill	**318**	280
Profit on sale of tangible fixed assets	**(1,738)**	(2,163)
Decrease in stocks	**133**	65
Increase in debtors	**(1,473)**	(1,889)
Increase in creditors	**1,035**	1,489
Net cash inflow from operating activities	**16,644**	15,087

31. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company which is the ultimate parent Company registered in England. Consolidated accounts are not prepared for this Company.

five year summary

	1999	2000	2001	2002	**2003**
	£000	£000	£000	£000	**£000**
Turnover	52,510	55,002	59,822	66,847	**75,546**
Profit on ordinary activities before taxation	3,304	3,429	3,059	6,172	**7,506**
Taxation	(690)	(1,503)	(827)	(1,664)	**(2,119)**
Profit on ordinary activities after taxation	2,614	1,926	2,232	4,508	**5,387**
Dividends	(1,859)	(1,797)	(1,768)	(1,837)	**(1,964)**
Share capital	2,309	2,309	2,309	2,309	**2,309**
Reserves	40,642	40,760	41,524	44,189	**47,612**
Equity shareholders' funds	42,951	43,069	43,833	46,498	**49,921**
Share Statistics					
Asset value	93p	93p	95p	101p	**108p**
Earnings	5.71p	4.26p	5.03p	10.23p	**12.36p**
Dividend	4.05p	4.05p	4.05p	4.20p	**4.50p**
Times covered	1.41	1.05	1.24	2.44	**2.75**

notice of meeting

Notice is hereby given that the thirty first Annual General Meeting of the Company will be held at Rudding House, Rudding Park, Follifoot, Harrogate on Tuesday 9 September 2003 at 10am for the following purposes:

As ordinary business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2003 and the Auditors' report contained therein.
2. To declare a Final Dividend.
3. To re-elect B Cottingham as a Director
4. To re-appoint KPMG Audit Plc as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.
5. To approve the Directors Remuneration Report comprised within the Directors Report and Accounts for the year ended 31 March 2003.

As special business

To consider and, if thought fit, pass the following resolutions of which Resolutions 6 and 7 will be proposed as Ordinary Resolutions and Resolutions 8 and 9 will be proposed as Special Resolutions:

6. That the Vp Share Matching Scheme (the "Scheme"), in the form of the rules of the Scheme tabled at the meeting and initialled by the Chairman for the purpose of identification, be and is approved and the Directors be and are authorised to adopt and carry the same into effect.

7. That for the purposes of Section 80 of the Companies Act 1985 (and so that expressions defined in that Section shall bear the same meanings as in this Resolution) the Directors be, and they are, generally authorised to allot relevant securities up to a maximum nominal amount of £690,750 to such persons at such times and on such terms as they think proper during the period expiring on the date of the next Annual General Meeting after the passing of this Resolution (or any adjournment thereof) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. That the Directors be and they are hereby generally authorised to allot for cash or otherwise equity securities (as defined in Section 94 of the Companies Act 1985 "the Act") of the Company pursuant to the authority conferred by Resolution 6 above as if Section 89 of the Act did not apply to such allotment provided that this power shall be limited:

   a) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of Ordinary Shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any Stock Exchanges in any territory;

   b) to the allotment of equity securities pursuant to the terms of any share schemes for Directors and employees of the Company or any of its subsidiaries approved by the Company in General Meeting; and

   c) to the allotment otherwise than pursuant to subparagraphs (a) and (b) above of equity securities not exceeding in aggregate the nominal amount of £115,000.

   Provided further that the authority hereby granted shall expire at the conclusion of the next Annual General Meeting after the passing of this Resolution (or any adjournment thereof) save that the Directors shall be entitled to make at any time before the expiry of the power hereby conferred any offer or agreement which might require equity securities to be allotted after the expiry of such power.

9. That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Act) of Ordinary shares of 5 pence each in the capital of the Company ("Ordinary shares") provided that:

   a) the maximum number of Ordinary shares to be purchased is 4,618,500 being 10% of the issued share capital of the Company;

   b) the minimum price which can be paid for Ordinary shares is 5 pence per Ordinary share exclusive of expenses;

   c) the maximum price which may be paid for an ordinary share is the amount equal to 5% above the average of the middle market quotations derived from the Stock Exchange Daily Official List for the 5 business days immediately proceding the day of purchase, exclusive of expenses;

   d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and

   e) the Company may make a contract to purchase Ordinary shares under the authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary shares in pursuance of any such contract.

By Order of the Board.

N A Stothard
Secretary 8 July 2003

Notes

A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of him and that proxy need not also be a member. A form of proxy is enclosed for this purpose. It must be deposited at the offices of the Company's registrars not less than 48 hours before the time fixed for the meeting.

In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company as at the close of business 7 September 2003 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after close of business on 7 September 2003 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

annual general meeting form of proxy

I/We ____

(BLOCK LETTERS)

of ____

____

being a registered holder (s) of *______________________ Ordinary Shares in the capital of Vp plc

hereby appoint the Chairman of the Meeting, or (note 2) ______________________

as my/our Proxy to attend and on a poll (and in the case of a Corporation on show of hands and a poll) vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 9 September 2003 and at any adjournment thereof. I/we request the Proxy to vote on the following resolutions as indicated.

Resolution		For	Against
1.	To receive and adopt the Director' Report and Financial Statements for the year ended 31 March 2003 and the Auditors' Report contained therein	☐	☐
2.	To declare a final dividend	☐	☐
3.	To re-elect B Cottingham as a Director	☐	☐
4.	To re-appoint KPMG Audit plc as Auditors and to authorise the Directors to agree their remuneration	☐	☐
5.	To approve the Remuneration Report	☐	☐
6.	To approve and adopt the New Share Scheme	☐	☐
7.	To approve the authority to allot shares	☐	☐
8.	To approve the authority to disapply pre-emption rights	☐	☐
9.	To approve the authority to purchase own shares	☐	☐

Signature ______________________ Date ______________________

Notes

1. Please indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to use your vote on any particular matter the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting.

2. If you prefer to appoint some other person or persons as your proxy, strike out the words "the Chairman of the Meeting", and insert in the blank space the name or names preferred and initial the alternation. A proxy need not be a member of the Company.

3. In the case of joint holders only one need sign as the vote of the senior holder who tenders a vote will alone be counted.

4. If the member is a Corporation this form must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.

5. To be effective this Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this proxy is signed) at the offices of the Company's Registrars at Capita Registrars, The Registry, Bourne House, 34 Beckenham Road Beckenham, Kent, BR3 4TU not less than 48 hours before the time appointed for the meeting.

* Insert the number of Ordinary Shares in respect of which the form of Proxy is given. If the number is not inserted, the form of Proxy will be taken to have been given in respect of all Ordinary Shares held.

THIRD FOLD AND TUCK IN

BUSINESS REPLY SERVICE
Licence No. MB 122

2

Capita Registrars
Proxy Department
P.O. Box 25
Beckenham
Kent
BR3 4BR

FIRST FOLD

SECOND FOLD