

annual report
and accounts
celebrating fifty years
1954 - 2004

Vp plc comprises five businesses:

Groundforce

Rental and sale of excavation support systems to the water, civil engineering and construction industries, plus three specialist offerings:

- Piletec – pile driving and breaking equipment.
- Stopper Specialists – pipe integrity testing products.
- Survey Technology – surveying and water flow measurement instruments.

UK Forks

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

Airpac Oilfield Services

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

Hire Station

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

- Safeforce – safety and environmental products.
- Lifting Point – materials handling and lifting gear hire.
- One Call – national call centre for tool hire.

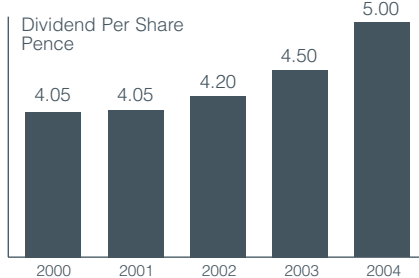
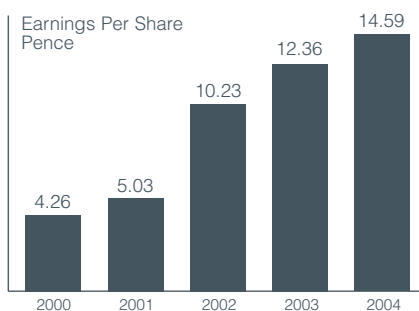
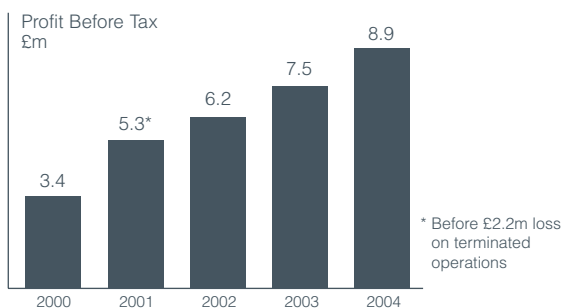
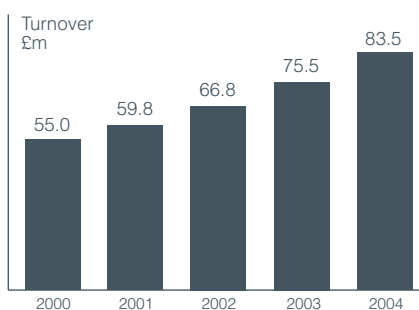
Torrent Trackside

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

contents

Financial Highlights	3
Directors and Advisors	4
Chairman's Statement	5
Business Review	7
Financial Review	10
Corporate and Social Responsibility	12
Directors' Report	14
Remuneration Report	18
Statement of Directors' Responsibilities	21
Auditors' Report	22
Consolidated Profit and Loss Account	23
Consolidated Balance Sheet	24
Parent Company Balance Sheet	25
Consolidated Cash Flow Statement	26
Notes	27
Five Year Summary	43
Notice of Meeting	44
Form of Proxy	45

financial highlights



	2004	2003
Turnover	£83.5m	£75.5m
Profit on ordinary activities before taxation	£8.9m	£7.5m
Earnings per share	14.59p	12.36p
Dividend per share	5.00p	4.50p
Return on capital employed	15.1%	14.4%
Net assets per share	117p	108p
Net debt	£7.5m	£6.1m
Net debt / shareholders' funds	13.8%	12.2%
Expenditure on rental equipment	£10.8m	£14.1m

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 report another very satisfactory year for the Group overall. Profit before tax rose 19% to £8.9m (2003: £7.5m) on turnover up 11% to £83.5m (2003: £75.5m). Earnings per share increased by 18% to 14.6p.

The Board is recommending a final dividend of 3.4p making a total dividend for the year of 5.0p (2003: 4.5p), an increase of 11%. The dividend is payable on 1 October 2004 to shareholders registered as at 10 September 2004.

Our strong cash flow has enabled us to maintain gearing at a very acceptable 14% even in a year when we have invested £10.8m in our rental fleets and made a number of acquisitions with an aggregate consideration of £6.5m.

Groundforce

This was another outstanding year for Groundforce which saw profits nearly double to £5.3m (2003: £2.7m). Turnover rose by 58% to £19.3m (2003: £12.2m).

Groundforce experienced strong demand from the civil engineering sector including several large, one-off projects such as the Channel Tunnel Rail Link and Heathrow Terminal 5. Activity associated with the third phase of the water utilities capital investment programme (AMP3) continued and although this five year infrastructure improvement programme is now nearing its end, planning for its successor, AMP4, has already commenced. We are cautiously optimistic that a smooth transition between the two programmes will be achieved.

Although Groundforce's core activity remains the design and provision of ground support systems it has, over the past two years, considerably extended its complementary range of specialist services. Survey Technology supplies laser and surveying equipment and hires and services water flow monitoring equipment. Piletec hires a broad range of piling hammers, breakers and sheet piles and Stopper Specialists provides pipe stoppers and testing equipment.

Piletec and Stopper Specialists are the longer established of these businesses and both have had a very successful year contributing significantly to the excellent overall Groundforce achievement.

During the year, Groundforce made four acquisitions. In July 2003, we acquired the share capital of Trench Shore Limited for £2.7m. Trench

Shore served similar markets to our own ground support business and in the year ended 31 October 2002 reported turnover of £4.1m and net assets of £2.5m. In March 2004, we acquired the business and assets of Eve Shorco, a trading division of Peterhouse Group PLC, for a consideration of £2.15m. Eve Shorco is a long established supplier of shoring equipment which had net book value of assets of approximately £2.6m at completion. These two acquisitions have considerably strengthened our position in the ground support market and improved our coverage of the important South Eastern region with the addition of three more branches.

In September 2003, we acquired Indepth for £0.45m. Indepth rents and provides service support for water flow monitoring equipment. This acquisition further extends the range of our specialist water industry offering.

In February 2004, we acquired the laser and survey equipment rental business and assets of Sokkia Limited for £1.15m. This acquisition considerably strengthens our existing laser and survey business and the addition of branches in Crawley, Crewe and Birmingham improves our national coverage.

All these acquisitions have been fully integrated within Groundforce and are performing in line with our expectations.

Investment in rental fleet totalled £1.8m (2003: £1.4m).

UK Forks

UK Forks made another solid contribution with profits of £1.3m (2003: £1.3m) on turnover of £12.4m (2003: £10.8m).

Since its inception just four years ago, UK Forks has established itself as the UK's leading specialist hirer of telescopic handlers and associated equipment working closely with our customers to identify opportunities to improve safety and productivity on building sites. The fleet of well over a thousand machines enjoys particularly high levels of utilisation due to centralised booking, efficient fleet management and market sector targeting.

Chairman's Statement

Market conditions remain positive particularly in the key housebuilding sector and we welcome the recognition of the necessity for long term planning to improve the national housing stock.

Investment in rental fleet totalled £2.5m (2003: £2.9m).

Airpac Oilfield Services

This year has been Airpac's first full year as a pure oilfield services support business following the disposal of its onshore rental business in 2002. Profits rose 22% to £533k (2003: £436k) on turnover of £3.7m (2003: £4.1m, excluding onshore turnover).

Airpac has continued to develop its market leading position in the provision of specialist compressed air and on-site steam and nitrogen generation services supporting industry segments as diverse as well testing, structural fabric maintenance, pipeline dewatering and underbalanced drilling.

Project activity in the South East Asia market, serviced out of our Singapore base, was relatively weak in the first half but the order book for 2004/5 is considerably stronger. North Sea activity remained healthy during the period.

Although Airpac is the smallest of our Group businesses, we believe that its established reputation within this highly specialist sector offers excellent growth opportunities in this global market.

Investment in rental fleet totalled £0.5m (2003: £0.9m).

Hire Station

Turnover was static at £36.5m (2003: £36.2m) but reorganisation and rationalisation costs of approximately £0.5m resulted in a loss for the year of £0.4m. Like for like profit for the prior year was £0.9m.

This result reflects a very disappointing year for Hire Station, but one in which I believe we have started to lay the foundations for the future. As reported in my interim results statement, a number of measures have been taken to restore this business to a more acceptable performance including the appointment in November 2003 of John Singleton as Managing Director. His new management team has launched a series of initiatives to reduce costs and deliver sales growth. These include the consolidation of three administrative centres into a single national accounting centre, rationalisation of the senior and middle management structures, refocusing of the sales effort and closure of a number of branches. These changes have reduced the overhead cost base and will give us a clearer emphasis on revenue and profit growth in the future.

SafeForce had an extremely busy year creating a national network of locations, the most recent of which started trading in Leeds in February 2004. Lifting Point has also had a very active year adding a number of new locations to its network. Both of these branch-opening programmes had a negative effect on profit in the period but the infrastructure now exists on which to build profitable revenue growth.

One Call had a very solid year. Total revenues were up on prior year and some significant business wins were gained, particularly in the retail market.

Investment in rental fleet totalled £4.2m (2003: £6.2m).

Torrent Trackside

As highlighted in my statement last year, we did not expect a repetition this year of Torrent's exceptional 2003 performance. Torrent nevertheless produced an excellent result with profits of £2.3m (2003: £3.1m). Turnover rose marginally to £11.6m (2003: £11.3m).

The announcement by Network Rail in October 2003 that it was taking track maintenance contracts back in-house caused considerable uncertainty within the industry and led to the deferral of some project work.

The transition to in-house management of maintenance contracts is now largely completed and we are pleased that the renewals contracts have been awarded thereby permitting this work to be undertaken.

Given the ongoing changes within the rail sector and the inevitable political dimension to the decision making process, it is difficult to predict the likely structure for the industry with any reasonable degree of certainty. However, the need for very significant investment in the rail infrastructure network is inescapable and Torrent is excellently placed both in terms of expertise and market share to benefit from the promised future spending.

Investment in rental fleet totalled £1.8m (2003: £2.7m).

Management Changes

The Group's activities have grown to a size and diversity where the Board now considers it appropriate to strengthen the senior management team. I am therefore pleased to report that Neil Stothard has been appointed Group Managing Director with responsibility for operational management of the Group's five businesses. I shall become Executive Chairman. Neil will be succeeded as Group Finance Director in July 2004 by Michael Holt who joins us from Rolls-Royce Group plc.

The Board believes that this new management structure will assist us to take full advantage of the many growth opportunities that we continue to identify.

Summary and Outlook

Overall, the Group has delivered another very satisfactory performance with some excellent individual results. Hire Station has been a disappointment but we have taken robust steps which we believe will provide a sound platform for the future.

Our ambition remains to deliver sustainable profit growth whilst further improving return on capital employed and we believe that the constituent elements to achieve this are in place.

The Group's strong balance sheet and low gearing enables us to take advantage of growth opportunities as they arise, as has been clearly demonstrated by the successful expansion within Groundforce this year.

Mrs Margaret Pilkington

This year represents a landmark 50th Anniversary for what is now known as Vp plc. It is therefore with particular sadness that I have to advise members of the death in June of my mother, Margaret Pilkington, who founded the business with my father in 1954. Margaret joined the Board at the time of my father's death in 1978 and has since 1996 served as Honorary President. Until her recent illness she had always maintained a keen interest in the progress of the business and I know that she would wish us to remember her by celebrating this anniversary with great pride.

Jeremy Pilkington
Chairman and Chief Executive
14 June 2004

business review

GROUNDFORCE

Rental and sales of excavation support systems to the water, civil engineering and construction industries, plus three specialist offerings: Piletec – pile driving and breaking equipment; Stopper Specialists – pipe integrity testing products; Survey Technology – surveying and water flow measurement instruments.

Turnover	£19.3m	(2003: £12.2m)
Operating Profit	£5.3m	(2003: £2.7m)
Investment in rental fleet	£1.8m	(2003: £1.4m)

The strategy embarked upon in March 2003 was twofold. Firstly, the integration of Shoring, Stopper Specialists, Piletec and Laser & Survey within the Groundforce portfolio, aimed at delivering organic growth derived from increased penetration of the common customer base. Secondly, pursuing acquisition opportunities to strengthen market share. The management team was therefore reorganised and strengthened to meet the challenges of this strategy.

Shoring

The core business of Groundforce continues to be the design and supply of shoring equipment to provide safe working conditions to excavations. These applications range from street utility work to large clear span bracing requiring capacities in excess of 250 tonnes.

This element saw the acquisition of two competitors; Trench Shore in July 2003 for £2.7m and Eve Shorco in March 2004 for £2.15m. Divisional activity therefore revolved around the retention of the acquired revenues and the integration of the people and systems. As a consequence of these acquisitions the core business has been enhanced by the improved geographic coverage and distribution, particularly in the South East and Midlands. In addition, a wider product offering has been created and further technical know-how acquired. These transactions reinforced Groundforce's market leading position in shoring.

Aside from these acquisitions the existing business delivered an excellent performance in the year. Ongoing strong demand from the civil engineering and infrastructure sectors was assisted by significant activity arising from the Water Authorities' asset management plan (AMP3) and specific projects at Heathrow Terminal 5 and the Channel Tunnel Rail Link.

Piletec

This operating unit offers solutions to the piling industry.

Now in its third year, Piletec has gained a strong market following and this year has shown healthy revenue growth whilst maintaining margins. In order to meet the increased activity levels, the business moved to larger premises and expanded the mobile workforce to support our high level of service.

The product range was only marginally enlarged, but a new product development strategy was implemented which should bear fruit during the next fiscal year, further enhancing prospects.

Stopper Specialists

This relatively small business, formerly reported through Safeforce, was placed under the Groundforce umbrella in April 2003. The products and the customer base are closely aligned to the shoring industry and the cross-selling opportunities are therefore significant. The business delivered a strong revenue growth and a solid profit for the year. In March 2004, the hire fleet was significantly enlarged through the acquisition of the Eve Shorco assets which included some stoppers. These products will be utilised in the planned expansion programme that will see a wider distribution and service network being created to cope with the growing demand.

Survey Technology

Our existing business, Laser & Survey, acquired in October 2002, was hived out of Safeforce in April 2003 and traded with reasonable success from one outlet in Yorkshire for much of the year. However, the opportunity to acquire the rental fleet and sales network of Japanese manufacturer, Sokkia was both timely and a good strategic fit. The purchase in February 2004 for £1.15m, comprised the Sokkia business assets and employees trading from branches in the North West, Midlands and South East.

In September 2003, the acquisition of Indepth Hire, for £0.45m was completed. This small business based in Staffordshire is engaged in the hire, servicing and calibration of clean water management equipment, such as data loggers, ultrasonic flow meters and leakage detectors to water companies, consultants and environmental agencies.

Business Review

Laser & Survey, Indepth and the Sokkia businesses have been brought together under common management with the creation of Survey Technology. The name better reflects the quality, size, market position and aspirations for the business and the amalgamation has provided a solid platform to develop a national offering in this field. The excellent product knowledge and technology held within these acquisitions is reflected by the high profile customer base, a number of whom entrust asset management contracts to the business. Opportunities exist to grow revenues from the wider geographical network, whilst maximising the benefits of acquiring a manufacturer's sales and rental business.

Prospects

Next year, each of the business streams will require varied strategies to either grow or improve. Within core shoring, delivery of synergistic savings, finessing revenue streams and retaining market share through customer growth plans will be important. Elsewhere, customer acquisition strategies, improved geographic distribution, aligned to wider, but specific, product offerings will be key to the sustainable growth of all the allied businesses.

The management within Groundforce is experienced not only in their markets but also in delivering a successful change process; Groundforce is therefore well positioned to achieve its expectations and aspirations for the coming year.

David Williams
Managing Director – Groundforce

UK FORKS

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

Turnover	£12.4m	(2003: £10.8m)
Operating Profit	£1.3m	(2003: £1.3m)
Investment in rental fleet	£2.5m	(2003: £2.9m)

UK Forks is the UK's leading specialist hirer of telescopic handlers and associated equipment. The business operates in a highly competitive sector and, in spite of strong price competition, delivered another satisfactory result. Whilst margins reduced in the period the key return on capital employed measure improved further to 12.6% in the year.

Operating with a fleet of over 1,000 machines, UK Forks differentiates itself from its peers, with the operation of a centralised hire desk which optimises fleet management and therefore utilisation of product. Further progress was made in increasing average hire periods which now run at approximately 19 weeks.

A feature of this year has been the undertaking of third party fleet management on behalf of a major house builder, which served to establish a viable additional income stream as well as to provide an excellent platform for future business with this key account.

Meanwhile, the core business continued to make good progress in growing its income, from both casual and contract hire, demonstrating that customers are receptive to the UK Forks business model of clear product focus, national availability, central call handling and high quality product and service.

The widely reported desire by the Government to see substantially increased housing supply, coupled with continuing optimism among house builders would suggest healthy prospects for the future, from which UK Forks is well placed to capitalise.

Rob Coxon
Director – UK Forks

AIRPAC OILFIELD SERVICES

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

Turnover	£3.7m	(2003: £4.1m excluding onshore turnover)
Operating Profit	£0.5m	(2003: £0.4m)
Investment in rental fleet	£0.5m	(2003: £0.9m)

This year was our first as a purely oil and gas industry service business following the disposal of our onshore compressor rental fleet assets last year. The improvement in profit partially reflects this divestment of non-core activities.

Airpac Oilfield Services provides specialist compressed air, on-site steam and nitrogen generation services to the oil and gas exploration markets. The equipment and associated support are mobilised for a number of different segments within the customer bases including well testing, structural fabric maintenance, pipeline dewatering and underbalanced drilling.

Our cornerstone North Sea region has enjoyed good levels of activity and we continue to seek beneficial supply relationships with our principal clients. The new divisional Head Office facility in Aberdeen became fully operational in the year, better enabling us to provide the level of support and quality demanded by our customers.

Our base in Singapore, established in mid 2002, has quickly developed a strong position in supporting the well testing segment in South East Asia. We have also supplied large equipment spreads and operational personnel for the pipeline dewatering and drying phases of several prestigious deepwater oil and gas developments. In the past year we have supported requirements in more than ten countries in the Asia and Pacific regions. Our success in the well test sector has seen us significantly grow our fleet of steam generators through new investment. Project related revenues through Singapore did however, fall short of levels experienced in the prior year.

We have implemented a number of initiatives aimed at building our network and further exploiting the potential we believe exists in the Asia and Pacific regions. With a growing international reputation, the business is well positioned to take advantage of opportunities in other global markets.

David McMillan
Director – Airpac Oilfield Services

HIRE STATION

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

Turnover	£36.5m	(2003: £36.2m)
Operating (Loss)/Profit	£(0.4)m	(2003: £0.9m)
Investment in rental fleet	£4.2m	(2003: £6.2m)

The year ended 31 March 2004 overall produced a disappointing result for Hire Station. Included within the results were over £0.5m of costs associated with management changes and depot reorganisation.

Since joining the business as Managing Director in early December 2003, I have made a number of changes to the business which seek to address the underperforming areas as well as providing continuing support to those businesses that are operating a successful trading model.

Safeforce

Safeforce had an extremely busy year creating a national network of locations, the most recent of which started trading in Leeds in February 2004.

Over the past year the number of trading customers within the business doubled and some sizeable business wins have been gained. A large number of new products were added to the portfolio including a new range of environmental assets which are already performing well.

The significant investment made over the last 18 months, whilst creating start up losses during 2003/4, will start to pay dividends in the new financial year. Our focus since December has very much been on revenue growth.

In terms of future activity, we will continue to invest for growth and review further opportunities for additional locations in geographical areas where we are under-represented.

Lifting Point

Lifting Point has also had a very active year adding a number of new locations to its network. This branch opening programme had a drag effect on profit in the period but the platform now exists on which to build profitable revenue growth.

In January this year, Richard Carr was recruited to head up the business and he has quickly created a structure to enable us to provide a first rate service to our customers as well as satisfy the very stringent regulatory requirements governing the rental of lifting equipment.

The focus in the coming year will again surround revenue growth. We have some exciting growth opportunities with our sister business, Groundforce, and additionally we have just recently signed a new two year trading agreement with Lifting Point's largest customer.

Core Tools

The Core Tools business is the largest element within Hire Station. In December, we reviewed the size of the overhead structure and, as a result, a significant amount of cost was removed for which we will see benefit in the coming year. In addition, a number of branches were closed and we also recently completed the back office project to consolidate the accounting records for the North, Midlands and South regions onto one national system. I am pleased to say that this very significant project was completed on time and on budget.

Since then, and taking into account the disruption that changes of this nature produce, performance has stabilised and contract count in the final quarter moved forward.

We have also taken steps to strengthen our sales management team and have put in place sales and marketing plans that allow us to focus on the capture of local, regional and national customers.

One Call

One Call had a very solid year. Total revenues were up on prior year and some significant business wins were gained particularly in the retail market.

In recent months, a new Express location was opened in Cardiff, which has achieved close to break-even performance after just three months. The four existing Express locations have delivered in excess of £1m own hire revenue during the year on a restricted product offering. This represents a four-fold increase over last year and the business model is proving to be exciting to our target markets. Plans are in place to roll-out this model to more locations during 2004/5.

Summary

2003/4 was a difficult year, but one in which we were able to create two national businesses in Safeforce and Lifting Point. The Core Tools business is now operating with the right overhead cost and with one national accounting unit.

We now have a platform in place together with the management skills required to focus in 2004/5 on recovery and revenue growth.

I expect to see an improved performance over the coming year on the basis of the changes made and look forward to levels of further progress in 2005/6 as we return the business to more acceptable margins.

John Singleton
Managing Director – Hire Station

TORRENT TRACKSIDE

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

Turnover	£11.6m	(2003: £11.3m)
Operating Profit	£2.3m	(2003: £3.1m)
Investment in rental fleet	£1.8m	(2003: £2.7m)

The decision by Network Rail to take maintenance work back in-house has considerably changed our market this year and altered the structure of a major part of our customer base.

Although turnover was up on the previous year at £11.6m (2003: £11.3m), we experienced a change in the business mix between plant hire and lighting, particularly in the early months. However, as the year progressed, activity improved and the final quarter produced a much stronger performance.

We have consolidated our market position and are clearly the recognised market leaders in the supply of rail portable plant. This core activity is supported by our Trackside Lighting division, together with External Services, Training and Traffic Management divisions which collectively create a "one stop shop" facility in this focused environment.

Our business units are supported by our ISO 9001 (Quality) and ISO 14001 (Environmental) certification, together with the rail industry's "Link up" certification for all our activities, where we regularly exceed the high standards set for compliance.

Torrent's management and IT systems provide a high degree of customer confidence in a market where equipment maintenance and employee competence are paramount and safety critical.

Looking forward, Network Rail are being very pro-active in developing and evaluating enhanced and more transparent working practices and we are actively engaged in this process.

We are pleased to see that all the track renewals contracts have now been awarded and this should give Torrent additional opportunities to benefit from our strong position in this segment of the market.

Richard Donald
Managing Director – Torrent Trackside

financial review

Summary of Results

Group turnover of £83.5m represented an 11% increase on the prior year (2003: £75.5m). This growth came primarily from Groundforce, which had a strong year and also benefited from several acquisitions.

Operating profits increased by 7% to £8.7m (2003: £8.1m), with operating margins reducing slightly to 10.4% (2003: 10.7%).

The performances of the individual business units within the group are reported in note 2 of the financial statements.

Shareholders' Return

The key financial measures for the board are the return on the capital employed in the business and the growth of 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 15.1% (2003: 14.4%).

Earnings per share increased from 12.36 pence to 14.59 pence based on the weighted average number of shares in issue in the year of 43,444,660. Earnings per share pre-goodwill amortisation increased from 13.08 pence to 15.46 pence.

The Board is recommending a final dividend of 3.40 pence per share making a total for the year of 5.00 pence (2003: 4.50 pence). The dividend distribution of £2.1m is covered 3.0 times by profits.

The net asset value per share at 31 March 2004 is 117 pence compared with 108 pence in the prior year.

Cash Flow

The Group continued to generate strong net cash inflows from operating activities totalling £16.8m (2003: £16.6m). Gross capital expenditure in the period was £13.1m (2003: £15.3m). Disposal of

fixed assets was a significant cash contributor at £7.4m (2003: £9.0m), this included the disposal of two properties for £1.8m. The net cash outflow on capital expenditure was £6.5m (2003: £6.3m). The net cost of acquisitions during the year was £6.5m (2003: £1.5m).

Acquisitions and Disposals

The Group acquired five businesses during the year. Groundforce acquired the entire issued share capital of Trench Shore Limited together with the business and assets of Eve Shorco to increase its trench shoring activities. It also acquired the business and assets of Indepth Hire and three depots of Sokkia Limited. Both businesses offer services which complement Groundforce's trench shoring activities with Indepth offering a data logging service to the water industry and Sokkia the hire and sale of laser and survey products. Hire Station made a small bolt-on acquisition of the business and assets of Active Tool Hire in Edinburgh.

Net Debt and Interest

Net debt increased only marginally to £7.5m (2003: £6.1m) after significant investment in capital equipment in the year and the acquisition of five businesses. Gearing, the ratio of net debt to net assets, increased to 14% (2003: 12%). The reduced interest charge of £0.4m (2003: £0.6m) reflected the underlying fall in average net debt in the year and slightly lower interest rates. The funding required to support the capital investment and acquisitions in the period was largely provided from the organic cash flow of the Group.

Bank debt funding increased from £4.9m to £7.0m during the year. Bank debt consists of a £8.0m medium term floating rate loan and a £0.1m medium term loan repayable over 5 years less cash at bank. In addition, the Group has an overdraft facility, which operates on a floating rate basis. Net debt also includes non-guaranteed loan notes totalling £0.2m issued in relation to acquisitions.

The balance of the net debt of £0.2m (2003: £0.4m) 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.

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 leases and hire purchase agreements. The Group has no foreign currency borrowings and no material foreign currency deposits. At the year end 57% of Group debt was at fixed interest rates (finance lease, hire purchase and bank loan) and 43% on floating interest rates (overdraft, bank loans and loan notes, less cash). The fixed interest rate element of the bank loans is a result of the interest rate swap noted above. The Group had short term cash deposits at 31 March 2004. 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 facility.

The Group's net interest charge was £0.4m (2003: £0.6m). Interest cover increased to 21.7 (2003: 13.9) at the year end.

The numeric disclosures required by FRS13 are set out in notes 17 and 18. 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 £54.1m (2003: £49.9m). Shareholders' funds include capitalised goodwill totalling £7.1m, which is being amortised over its estimated useful life of 20 years. The goodwill relating to acquisitions made during the year totalled £1.7m.

Accounting Policies

There have been no changes to accounting policies in the year. The Group is currently giving due consideration to the impact of International Financial Report Standards which will come into effect in the year ended 31 March 2006.

Taxation

The Group taxation charge of £2.5m (2003: £2.1m) represents an effective tax rate of 29% (2003: 28%) 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 corporation tax in prior years. A detailed reconciliation of the factors affecting the tax charge is shown in Note 8 to the financial statements.

Neil Stothard
Group Finance Director

Corporate and Social Responsibility

Vp is very aware of its corporate and social responsibilities. We therefore give careful consideration to areas such as:

- Employment
- Health and Safety
- The Environment
- The Community

In considering these areas we not only take account of the most recent legislation and best practice in each area, but also consider the wider picture to take account of individual circumstances where necessary.

Employment

We recognise that people are one of our key assets and a very important factor in our success. It is therefore vital that we treat them with respect and ensure that proper account is taken of any issues or concerns they may have. Our employment practices, which are summarised below, take this into account.

Vp is an equal opportunities employer and therefore is committed to providing the same level of opportunity to all, regardless of creed, colour, race, sex, disability or orientation.

Our policies and procedures are reviewed regularly and our line managers are kept up to date with any changes to employment legislation. Our policies are applied fairly and consistently with the aim of making Vp plc an employer who maintains a good relationship with its employees and encourages them to balance work requirements with both social and family needs.

We recognise the importance of attracting talented people to our business. Our recruitment processes are rigorous and competency based. Our aim is to recruit the best.

Retaining talented people in our business is also vital to our continued success. We therefore have an extensive training programme in place that commences with a detailed induction program and moves on to cover all the technical skills our employees require to carry out their roles. Management development programmes are run for all individuals new to management roles and we actively encourage and sponsor individuals to develop themselves through further education programmes. Through this process we try to ensure our people fulfil their potential to the benefit of both the individual and the employer.

Health and Safety

All Vp sites operate in accordance with the Group's Health and Safety and Environmental policies and procedures. These policies and procedures ensure, so far as is reasonably practicable, that the health and safety of all our employees and anyone else who is affected by our activities is appropriately safe guarded.

Furthermore, the Group is committed to developing a culture where all employees pay appropriate attention to health and safety risks to ensure that accidents and dangerous occurrences are prevented wherever possible. To this end the following actions are taken:

- Health and safety training is provided as appropriate and forms part of the induction process for all new employees.
- Health and safety is a regular agenda item at all Board meetings
- Health and Safety issues are reported, if appropriate, within the monthly divisional board reports.

In addition to these internal activities all Group locations are subject to regular health and safety audits by an independent company with appropriate reporting at both local and Group level. The same company also provides independent advice on health and safety issues and new legislation.

Environment

We are very aware of the potential risks which our operations may cause to the environment. It is the Group's policy to ensure so far as is reasonably practicable, and within the scope of current best practice, that our operations are carried out in such a manner so as to minimise any adverse impact of our activities on the environment.

In order to comply with this policy the Group Health and Safety and Environmental Policy and Procedures Manual sets out the environmental responsibilities for all levels of management in the Group. This includes items such as:

- Full compliance with all current legislation.
- Ensuring all waste is stored securely and disposed of via appropriately registered waste disposal companies.
- Ensuring that no fuel, oil or any other waste products are allowed into surface water drains or allowed to contaminate land or ground water.

Community

We recognise that in addition to the economic benefits our trading activity brings, we have a wider social responsibility. As such we actively support both local and national charities. During the year ended 31 March 2004 we donated nearly £27,000 to charities. This included support to employees participating in fund raising activities.

directors' report

The Directors of Vp plc present their annual report and the audited financial statements for the year ended 31 March 2004.

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 3.40 pence (2003: 3.00 pence) per share. Subject to approval at the Annual General Meeting, shareholders will receive a total dividend for the year of 5.00 pence (2003: 4.50 pence) per share, a total charge of £2,142,000 (2003: £1,964,000) net of waived dividends as referred to in note 9 to the financial statements.

The final dividend will be paid to shareholders on the register of members of the Company on 10 September 2004 and it is proposed that dividend warrants be posted on 1 October 2004.

Directors

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

Jeremy F G Pilkington (53) was appointed a Director of the Company in 1979 and has been Chairman and Chief Executive since 1981.

Neil A Stothard (46) 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 (70) 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 Cattles plc, and a non-executive Director of Dew Pitchmastic plc. In 2004 he retired as

non-executive Chairman of SIG plc. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Peter W Parkin (58) was appointed a non-executive Director in 1999. 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.

Neil Stothard retires by rotation and being eligible, offers himself for re-election. He has a service contract with the Company, terminable by 12 months notice.

As announced in the Chairman's Statement Michael Holt will be appointed to the Board with effect from July 2004. In accordance with the Articles of Association, since he will have been appointed after the last Annual General Meeting, he retires and being eligible, offers himself for re-election. He will have a service contract with the Company terminable by 12 months notice.

Directors' interests

The interests of each Director in the shares of Group companies are shown in the Remuneration Report on pages 18 to 20.

Share schemes

The Group operates a SAYE share option scheme, an Approved Share Option Scheme, an Unapproved Share Option Scheme, a Long Term Incentive Plan, and a Share Matching Scheme, all of which have been approved by shareholders 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 prior to invitation. At 31 March 2004 there were 189 (2003: 214) employees participating in the schemes.

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.

The Share Matching Scheme allows senior employees who acquire Company shares using their own funds to be awarded the opportunity to acquire the equivalent number of shares in the Company at nil cost, subject to the achievement of pre-set performance criteria over a minimum three year period and the retention of the acquired shares over that period. The performance criteria are aligned with those attaching to the approved share option scheme.

Substantial shareholders

As at 14 June 2004 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	3,754,067	8.13
Vp Employee Trust	2,986,079	6.47
Britel Fund Trustees Limited	2,169,882	4.70
Royal Mail Pension Trustees Limited	1,485,622	3.22

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 £26,593 (2003: 22,096). The donations made in the year include sponsorship of employee driven fund raising initiatives on behalf of local and national charities.

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 2004 was 70 days (2003: 67 days). This figure fluctuates dependent on the creditor position for capital purchases at the year end.

Annual General Meeting

Resolutions are to be proposed as special business to enable the Directors 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 shareholdings. The resolution enabling Directors 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 as at 14 June 2004. The Directors do 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 proposed 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 as at 14 June 2004. 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 ("Guidelines").

A resolution is also to be proposed to authorise the Company to purchase its own shares, subject to certain specific limits. This resolution is in accordance with the Guidelines. The Directors do 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 is set out at Resolution 10(b) and 10(c) of the notice of meeting on page 44. The Directors undertake to shareholders that they will not exercise the ability to purchase the Company's own shares unless to do so would result in an increase in earnings per share and is in the best interest of shareholders generally.

In addition a resolution is to be proposed to adopt new Articles of Association. Included with this Annual Report and Accounts is a circular setting out the reasons why this resolution is to be proposed, an explanation of the implications of the resolution and a statement that the Directors consider the passing of the resolution to be in the best interests of the shareholders as a whole.

Directors' Report

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 existing Combined Code (the "Code") with the following exceptions:

- The roles of Chairman and Chief Executive are combined (Code provision A.2.1). However, as set out in the Chairman's Statement with effect from July 2004 Mr Pilkington will become Chairman and Mr Stothard will assume the new role of Group Managing Director.
- Under the Articles of Association Mr Pilkington is not required to stand for re-election (Code provision A.6.2). However, the notice of the Annual General Meeting includes a resolution to approve new Articles of Association, under which all Directors will be required to stand for re-election.
- Directors' remuneration does not comply with certain aspects of Schedule A. These are detailed in the Remuneration Report (Code provision B.1.6).

The basis on which the Group has applied the principles of Section 1 of the Code are set out below under the four main headings of the Code.

A new Combined Code is effective for accounting periods beginning on or after 1 November 2003. The Board is currently reviewing the revised requirements and will report accordingly in the 2005 report and accounts. All the details set out below are provided in accordance with the existing 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.

The senior non-executive Director is Barrie Cottingham. The non-executive Directors have letters of engagement 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 interests 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 2004 were as follows:

Remuneration Committee

P W Parkin - Chairman of the Committee
B Cottingham

Audit Committee

B Cottingham - Chairman of the Committee
P W Parkin

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 18 to 20. 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 2004 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 control. 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 objectives. 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 five 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 2004 the Group had net debt including finance leases of £7.5m. 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.

N A Stothard
Secretary

14 June 2004

remuneration report

This report has been prepared and approved by the board of Vp plc and complies with the UK Directors' Remuneration Reports Regulations 2002. The sections on Directors' remuneration, pensions, share options, the long term incentive plan and share matching scheme 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 of its shareholders as a whole. The membership of this committee is set out in the Directors' Report on page 16. 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 comparable companies. 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 on 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 more 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, capped at 50% of basic salary. The actual bonuses accrued for 2003/4 are set out in the table on page 19.

Long term incentive plan and share options

The executive Directors benefit from participation in various share option schemes and a Long Term Incentive Plan. The Approved Share Option Scheme, the Long Term Incentive Plan and the Share Matching Scheme are subject to three year performance targets as set out under Share schemes on page 15. Options held under the SAYE scheme, which is available to all employees, are not subject to any performance targets.

Details of the share options and entitlements under the Long Term Incentive Plan and Share Matching Scheme at the year end are set out in the tables on page 20.

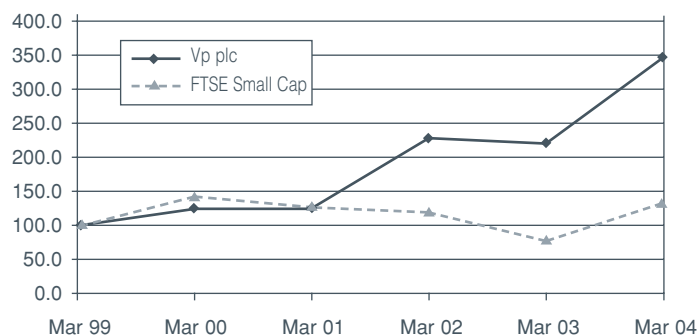
Benefits in kind

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 31 March 2004 as compared to the Small Cap index, which is regarded as an appropriate benchmark for the Group's shareholders.

Total shareholder return is defined as the total return a shareholder would receive over the period inclusive of both share price growth and dividends.



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 three 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, or more if regarded in the best interests of the company. 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 2004.

	Salary/Fees £000	Bonus £000	Benefits £000	Total £000	2003 £000
J F G Pilkington	220	53	35	308	255
N A Stothard	130	31	19	180	158
B Cottingham	25	-	-	25	22
P W Parkin	25	-	-	25	22
	<u>400</u>	<u>84</u>	<u>54</u>	<u>538</u>	<u>457</u>

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. The Remuneration Committee is mindful of Schedule A of Part 2 of Section 1 of the Combined Code relating to pension contributions. The provisions of the Code will, subject to pre-existing legal obligations, be reflected in any future arrangements.

In addition, Mr Pilkington is entitled 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 £1,077,000. 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 £943,000. This sum is being provided for over the relevant period.

The details of his benefits are as follows:

	Accrued benefit at 31 March 2004	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 2003	Transfer value of accrued benefits at 31 March 2004	Increase in transfer value
	£	£	£	£	£	£	£
J F G Pilkington	119,441	20,435	17,663	205,000	915,000	1,386,000	471,000

During the year the Company made contributions of £13,000 (2003: £12,000) 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 2004	1 April 2003
J F G Pilkington	8,122	8,122
B Cottingham	35,000	35,000
P W Parkin	67,500	67,500
N A Stothard	50,983	39,272

During the year Mr Pilkington was interested in 23,684,876 shares registered in the name of Ackers P Investment Company. Ackers P Investment Company is a company controlled by a number of trusts with which, for the purposes of Section 346 of the Companies Act 1985, Mr Pilkington is deemed a connected person.

Remuneration Report

Share Options

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

Scheme	1 April 2003	Granted	Exercised	31 March 2004	Option price	Earliest exercise date	Expiry date
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
2003 SAYE Scheme	-	4,352	-	4,352	85p	01/09/2006	01/03/2007
Approved Share Option Scheme	35,425	-	-	35,425	57p	23/12/2003	22/12/2009

During the year Mr Stothard exercised options over 4,211 shares (2003: 8,244 shares) under the SAYE Scheme. At the date of exercise the market price of Vp shares was 125p.

Share Matching Scheme

One Director, Mr Stothard, was awarded options over 7,500 shares under the Share Matching Scheme.

Long-term Incentive Plan

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

Scheme	At 1 April 2003	Granted in year	Lapsed in year	Total at 31 March 2004	Vested shares within total at 31 March 2004	Vested in year
J F G Pilkington	170,850*	120,000*	-	290,850*	70,850*	-
N A Stothard	310,850	120,000	(11,850)	419,000	149,000	78,150

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

The entitlement which lapsed during the year resulted from applying the performance criteria for the provisional Long Term Incentive Plan awards made on 6 July 2000. The performance criteria for all outstanding Long Term Incentive Plan awards are 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 12% and 16% plus a targeted share price of a minimum value equal to net assets per share at the end of the period. The vesting of the outstanding awards at 31 March 2004 is subject to the achievement of performance criteria over the 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 22. The share price on the date of the awards made in the year was 104p.

There were no changes in the interests of the Directors between 31 March 2004 and 14 June 2004.

On behalf of the Board

N A Stothard
Company Secretary

14 June 2004

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 23 to 42. 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 21, 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 16 and 17 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 2004 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

14 June 2004

Consolidated Profit and Loss Account for the Year Ended 31 March 2004

	Note	2004 £000	2003 £000
Turnover	2	83,497	75,546
Cost of sales		<u>(56,888)</u>	<u>(51,586)</u>
Gross profit		26,609	23,960
Administrative expenses		<u>(17,955)</u>	<u>(15,873)</u>
Operating profit before goodwill amortisation		9,031	8,405
Goodwill amortisation		<u>(377)</u>	<u>(318)</u>
Operating profit	3	8,654	8,087
Profit on disposal of properties	4	<u>643</u>	-
Profit on ordinary activities before interest		9,297	8,087
Net interest payable	7	<u>(429)</u>	<u>(581)</u>
Profit on ordinary activities before taxation		8,868	7,506
Taxation on profit on ordinary activities	8	<u>(2,529)</u>	<u>(2,119)</u>
Profit for the financial year		6,339	5,387
Dividends paid and proposed	9	<u>(2,142)</u>	<u>(1,964)</u>
Retained profit for the financial year	23	4,197	<u>3,423</u>
Earnings per 5p ordinary share	10	14.59p	12.36p
Diluted earnings per 5p ordinary share	10	14.20p	12.13p
Earnings per 5p ordinary share before goodwill amortisation	10	15.46p	13.08p
Diluted earnings per 5p ordinary share before goodwill amortisation	10	15.05p	12.85p
Dividend per 5p ordinary share	9	5.00p	4.50p

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

A reconciliation of the movement in consolidated shareholders' funds is provided in note 24.

Note of Consolidated Historical Cost Profits and Losses

	2004 £000	2003 £000
Reported profit on ordinary activities before taxation	8,868	7,506
Realisation of property revaluation gains from previous years	226	391
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	7	7
Historical cost profit on ordinary activities before taxation	9,101	<u>7,904</u>
Historical cost profit for the year retained after taxation, minority interest and dividends	4,430	<u>3,821</u>

Consolidated Balance Sheet at 31 March 2004

	Note	2004		2003	
		£000	£000	£000	£000
Fixed assets					
Intangible assets - goodwill	11	7,136		5,814	
Tangible assets	12	49,911		49,689	
Investments - own shares	13	<u>2,315</u>		<u>1,532</u>	
			59,362		57,035
Current assets					
Stocks	14	2,018		2,180	
Debtors	15	21,694		18,764	
Cash at bank and in hand		<u>1,087</u>		<u>3,330</u>	
		24,799		24,274	
Creditors: amounts falling due within one year	16	<u>(17,384)</u>		<u>(18,619)</u>	
Net current assets			7,415		5,655
Total assets less current liabilities			66,777		62,690
Creditors: amounts falling due after more than one year	17		(8,313)		(8,365)
Provisions for liabilities and charges	19		(4,319)		(4,377)
Net assets			54,145		49,948
Equity capital and reserves					
Called up share capital	21		2,309		2,309
Share premium account	23		16,192		16,192
Revaluation reserve	23		599		832
Profit and loss account	23		<u>35,018</u>		<u>30,588</u>
Equity shareholders' funds			54,118		49,921
Equity minority interests	25		<u>27</u>		<u>27</u>
			54,145		49,948

These financial statements were approved by the Board of Directors on 14 June 2004 and were signed on its behalf by:

J F G Pilkington
Chairman

N A Stothard
Director

Parent Company Balance Sheet at 31 March 2004

	Note	2004 £000	2003 £000
Fixed assets			
Intangible assets – goodwill	11	2,873	676
Tangible assets	12	31,859	30,057
Investments	13	14,334	11,985
		<u>49,066</u>	<u>42,718</u>
Current assets			
Stocks	14	454	669
Debtors	15	26,717	23,799
Cash at bank and in hand		9	1,657
		<u>27,180</u>	<u>26,125</u>
Creditors: amounts falling due within one year	16	<u>(22,704)</u>	<u>(18,607)</u>
Net current assets		<u>4,476</u>	<u>7,518</u>
Total assets less current liabilities		<u>53,542</u>	<u>50,236</u>
Creditors: amounts falling due after more than one year	17	(8,313)	(8,221)
Provisions for liabilities and charges	19	(3,878)	(3,809)
Net assets		<u>41,351</u>	<u>38,206</u>
Equity capital and reserves			
Called up share capital	21	2,309	2,309
Share premium account	23	16,192	16,192
Revaluation reserve	23	599	832
Profit and loss account	23	22,251	18,873
Equity shareholders' funds		<u>41,351</u>	<u>38,206</u>

These financial statements were approved by the Board of Directors on 14 June 2004 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 2004

	Note	2004 £000	2003 £000
Net cash inflow from operating activities	31	16,791	16,644
Return on investments and servicing of finance			
Interest paid		(435)	(564)
Interest received		18	21
Interest element of finance lease rental payments		(25)	(73)
Net cash outflow from returns on investments and servicing of finance		(442)	(616)
Taxation			
UK corporation tax paid		(2,407)	(2,035)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(13,068)	(15,285)
Purchase and sale of investments		(793)	(25)
Sale of tangible fixed assets		7,377	8,997
Net cash outflow from capital expenditure and financial investment		(6,484)	(6,313)
Acquisitions and disposals			
Purchase of subsidiaries and businesses (net of cash and overdraft purchased)	28	(6,465)	(1,460)
Equity dividends paid		(1,984)	(1,875)
Cash (outflow)/inflow before use of liquid resources and financing		(991)	4,345
Financing			
Medium term loans		(143)	(133)
Loan notes		(590)	(1,039)
Capital element of finance lease rental payments		(519)	(893)
Net cash outflow from financing		(1,252)	(2,065)
(Decrease)/increase in cash in the year		(2,243)	2,280

A reconciliation of the net cash flow to the movements in net debt is provided in note 29 and an analysis of net debt in note 30.

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 23 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 Directors' 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.

When the Group acquires a new subsidiary and hives the business and assets of that company up into one of the Group companies or performs a reorganisation of the Group structure this can lead to net assets being transferred at their book value which may be less than fair value. The cost of investments in subsidiaries reflects the underlying fair value of its net assets and goodwill at the time of acquisition. Therefore, as a result of the transfers of net assets, the company's investment in subsidiaries can fall below the amount stated in the company's books. Schedule 4 to the Companies Act 1985 requires that investments be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, in these cases the Directors consider that since there has been no overall loss to the company, it would fail to give a true and fair view to charge any diminution in value to the company's profit and loss account for the year and so it should instead reallocate the diminution in value in the company's balance sheet to either goodwill or, in the case of a reorganisation, the cost of investment in the immediate subsidiary. The effect of this departure on the company's profit and loss account is shown in note 13. The Group accounts are not affected by this policy.

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 estimated 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.

Notes

Depreciation

Depreciation is provided by the Group to write off the cost or valuation less estimated residual value 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 a defined benefit pension scheme and defined contribution 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 contributions to the defined benefit pension 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 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	
	2004 £000	2003 £000	2004 £000	2003 £000	2004 £000	2003 £000
Groundforce	19,262	12,201	5,333	2,669	12,060	7,713
UK Forks	12,419	10,770	1,286	1,266	10,157	11,296
Airpac Oilfield Services	3,687	5,107	533	436	3,024	2,252
Hire Station	36,499	36,154	(447)	898	19,201	18,509
Torrent Trackside	11,630	11,314	2,326	3,136	3,975	4,101
Goodwill/Group assets	-	-	(377)	(318)	13,220	12,224
	83,497	75,546	8,654	8,087	61,637	56,095
Profit on disposal of properties	-	-	643	-	-	-
Interest/net debt	-	-	(429)	(581)	(7,492)	(6,147)
Total	83,497	75,546	8,868	7,506	54,145	49,948

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

The prior year figures have been restated to reflect the reallocation, at the beginning of the current year, of the Salesforce business mainly between Groundforce and Hire Station. The effect was not material.

Turnover is mainly within the United Kingdom, but in the year did include £904,000 (2003: £787,000) of turnover in South East Asia by destination. All Group turnover originates from the United Kingdom.

3. Operating Profit

	2004 £000	2003 £000
Operating profit is stated after charging:		
Auditors' remuneration (see analysis below)	121	119
Depreciation and other amounts written off tangible fixed assets:		
Owned	10,748	9,423
Leased	432	859
Amortisation of goodwill	377	318
Rent of land and buildings	2,225	1,616
Hire of other assets	9,207	7,318
Cost of Hire Station reorganisation	<u>522</u>	<u>–</u>
After crediting:		
Profit on sale of tangible assets	<u>1,209</u>	<u>1,738</u>
Analysis of auditors' remuneration		
Audit	80	77
Tax and other services (paid to Group auditors and their associates)	<u>41</u>	<u>42</u>
	<u>121</u>	<u>119</u>

In addition £28,000 (2003: £18,000) was paid to the Group auditors and their associates which is included in the goodwill capitalised. The audit fee of the Company was £47,000 (2003: £46,000).

4. Profit on disposal of properties

During the year the Group sold two properties. These transactions generated a profit of £643,000 (2003: £nil)

5. 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	
	2004	2003
Groundforce, UK Forks, Airpac Oilfield Services and Group Head Office	383	326
Hire Station	627	571
Torrent Trackside	116	116
	<u>1,126</u>	<u>1,013</u>

The aggregate payroll costs of these persons were as follows:

	2004 £000	2003 £000
Wages and salaries	23,578	20,183
Social security costs	2,264	1,778
Other pension costs (see note 27)	821	634
	<u>26,663</u>	<u>22,595</u>

Notes

6. Remuneration of Directors

	2004	2003
	£000	£000
Directors' emoluments comprise the following:		
Fees	25	22
Salaries and other emoluments	513	435
	<u>538</u>	<u>457</u>
Money purchase pension contributions	13	12
	<u>551</u>	<u>469</u>

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 £307,730 (2003: £255,402).

Details of Directors' remuneration are given in the Remuneration Report on pages 18 to 20.

There were no material related party transactions.

7. Net Interest Payable

	2004	2003
	£000	£000
Interest payable:		
On bank loans and overdrafts	(454)	(495)
Finance charges payable in respect of finance lease and hire purchase contracts	(25)	(73)
Other	(13)	(34)
	<u>(492)</u>	<u>(602)</u>
Interest receivable:		
Bank and other interest receivable	63	21
	<u>(429)</u>	<u>(581)</u>

8. Taxation

	2004	2003
	£000	£000
UK Corporation tax charge at 30% (2003: 30%)	2,950	2,305
Adjustments relating to earlier years	(172)	(285)
Total current taxation	<u>2,778</u>	<u>2,020</u>
Deferred taxation	(249)	99
	<u>2,529</u>	<u>2,119</u>

Factors affecting the current tax charge for the year

	2004	2003
	£000	£000
Profit on ordinary activities before tax	8,868	7,506
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	2,660	2,252
Effects of:		
Expenses not deductible for tax purposes	142	244
Non-qualifying depreciation and amortisation of goodwill	250	190
Loss/(profit) on sale of non-qualifying assets	1	(164)
Gains covered by exemption / losses	(267)	(168)
Timing differences	164	(49)
Adjustments to tax charge in respect of previous years	(172)	(285)
	<u>2,778</u>	<u>2,020</u>

9. Dividends

	2004 £000	2003 £000
Ordinary shares:		
Interim paid 1.60p (2003: 1.50p) per share	690	654
Final proposed 3.40p (2003: 3.00p) per share	<u>1,452</u>	<u>1,310</u>
	<u>2,142</u>	<u>1,964</u>

This year's dividend charge is stated after waived dividends to the value of £167,000 (2003: £114,000) in relation to shares held by Vp Employee Trust. The Trustees have indicated to the Company that it is their intention that these dividends will continue to be waived in the future.

10. Earnings per Share

The calculation of earnings per 5 pence ordinary share is based on a profit of £6,339,000 (2003: £5,387,000) and on 43,444,660 (2003: 43,600,602) shares, being the weighted average number of shares in issue during the year. The diluted earnings per share is based on 44,639,699 (2003: 44,400,067) 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 £6,716,000 (2003: £5,705,000) calculated as follows:

	2004 £000	Earnings per share	2003 £000	Earnings per share
Profit after tax	6,339	14.59p	5,387	12.36p
Goodwill amortisation	<u>377</u>	<u>0.87p</u>	<u>318</u>	<u>0.72p</u>
	<u>6,716</u>	<u>15.46p</u>	<u>5,705</u>	<u>13.08p</u>

11. Intangible Fixed Assets - Goodwill

	Group £000	Company £000
Cost		
At beginning of year	6,752	716
Acquisitions - see note 28	1,699	1,065
Transfer from cost of investment to goodwill	-	1,244
At end of year	<u>8,451</u>	<u>3,025</u>
Amortisation		
At beginning of year	938	40
Charge	<u>377</u>	<u>112</u>
At end of year	<u>1,315</u>	<u>152</u>
Net book value		
At 31 March 2004	<u>7,136</u>	<u>2,873</u>
At 31 March 2003	<u>5,814</u>	<u>676</u>

In accordance with the accounting policy for goodwill set out on page 27, 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, details of the amounts are set out in note 23.

Notes

12. 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	9,714	68,097	2,159	6,002	85,972
Additions	576	10,765	25	855	12,221
On acquisition	21	4,314	291	80	4,706
Disposals	(1,259)	(9,761)	(986)	(205)	(12,211)
At end of year	<u>9,052</u>	<u>73,415</u>	<u>1,489</u>	<u>6,732</u>	<u>90,688</u>
Depreciation					
At beginning of year	2,134	28,774	1,458	3,917	36,283
Charge for year	475	9,494	426	785	11,180
On disposals	(157)	(5,514)	(840)	(175)	(6,686)
At end of year	<u>2,452</u>	<u>32,754</u>	<u>1,044</u>	<u>4,527</u>	<u>40,777</u>
Net book value					
At 31 March 2004	<u>6,600</u>	<u>40,661</u>	<u>445</u>	<u>2,205</u>	<u>49,911</u>
At 31 March 2003	<u>7,580</u>	<u>39,323</u>	<u>701</u>	<u>2,085</u>	<u>49,689</u>
	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
COMPANY					
Cost or valuation					
At beginning of year	7,563	39,049	495	3,250	50,357
Additions	267	4,840	-	315	5,422
On acquisition	21	4,253	291	80	4,645
Disposals	(1,253)	(5,162)	(123)	-	(6,538)
At end of year	<u>6,598</u>	<u>42,980</u>	<u>663</u>	<u>3,645</u>	<u>53,886</u>
Depreciation					
At beginning of year	1,547	15,907	337	2,509	20,300
Charge for year	112	4,174	120	301	4,707
On disposals	(155)	(2,753)	(72)	-	(2,980)
At end of year	<u>1,504</u>	<u>17,328</u>	<u>385</u>	<u>2,810</u>	<u>22,027</u>
Net book value					
At 31 March 2004	<u>5,094</u>	<u>25,652</u>	<u>278</u>	<u>835</u>	<u>31,859</u>
At 31 March 2003	<u>6,016</u>	<u>23,142</u>	<u>158</u>	<u>741</u>	<u>30,057</u>

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

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Freehold	4,812	5,695	4,662	5,543
Long leasehold	201	202	127	129
Short leasehold	1,587	1,683	305	344
	<u>6,600</u>	<u>7,580</u>	<u>5,094</u>	<u>6,016</u>

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	
	2004	2003	2004	2003
	£000	£000	£000	£000
Historical cost of land and buildings	8,367	8,775	5,913	6,624
Aggregate depreciation based on historical cost	(2,366)	(2,027)	(1,418)	(1,440)
Historical cost net book value	<u>6,001</u>	<u>6,748</u>	<u>4,495</u>	<u>5,184</u>

The cost or valuation of land and buildings for both the Group and the Company includes £4,644,000 (2003: £5,854,000) 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 £2,306,000 (2003: £3,024,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £599,000 (2003: £2,118,000) in respect of assets held under finance leases and similar hire purchase contracts; Company £499,000 (2003: £887,000). Depreciation for the year on these Group assets was £432,000 (2003: £859,000) and £282,000 (2003: £402,000) for the Company.

Notes

13. Fixed Asset Investments

Fixed asset investments are as follows :

Group				Own Shares £000
Cost				
At beginning of year				1,715
Purchases				1,018
Disposals				<u>(225)</u>
At end of year				<u>2,508</u>
Provision				
At beginning of year				183
Charge				46
Released against disposals				<u>(36)</u>
At end of year				<u>193</u>
Net book value				
At 31 March 2004				<u>2,315</u>
At 31 March 2003				<u>1,532</u>
Company				
	Subsidiaries		Own Shares	Total
	£000		£000	£000
Cost				
At beginning of year	12,140		1,715	13,855
Purchases	2,810		1,018	3,828
Transfer from cost of investment to goodwill	(1,244)		-	(1,244)
Disposals	<u>-</u>		<u>(225)</u>	<u>(225)</u>
At end of year	<u>13,706</u>		<u>2,508</u>	<u>16,214</u>
Provision				
At beginning of year	1,687		183	1,870
Charge	-		46	46
Released against disposals	<u>-</u>		<u>(36)</u>	<u>(36)</u>
At end of year	<u>1,687</u>		<u>193</u>	<u>1,880</u>
Net book value				
At 31 March 2004	<u>12,019</u>		<u>2,315</u>	<u>14,334</u>
At 31 March 2003	<u>10,453</u>		<u>1,532</u>	<u>11,985</u>

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, Long Term Incentive Plan and Share Matching Scheme. A further 830,000 shares were acquired during the year at prices between 104 pence and 135 pence and 365,931 shares were sold. The total holding at 31 March 2004 was 2,986,079 shares at a market value of £3,867,000. The maximum number of shares held in the financial year was 3,029,891 and between the year end and 14 June 2004 a total of 10,181 shares were sold. The charge represents the cost to the Group, spread over the terms of the share schemes, as defined in the Directors' Report, of awarding shares at a discount to purchase price.

The Directors' decision to reallocate the diminution in value of investment in subsidiaries, resulting from a hive up of business and assets after acquisition to goodwill or, in the case of group reorganisations, to the cost of investment in the immediate subsidiary, rather than write it off to the profit and loss account means that the Company's profit and loss account has not been charged with £1,244,000 (2003: £3,519,000). The Group profit and loss account is not affected by this policy.

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	Rail Equipment 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.

14. Stocks

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Raw materials and consumables	431	665	302	391
Finished goods and goods for resale	1,587	1,515	152	278
	<u>2,018</u>	<u>2,180</u>	<u>454</u>	<u>669</u>

15. Debtors

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	20,045	17,092	8,773	6,613
Amounts owed by subsidiary undertakings	-	-	17,041	16,836
Corporation tax recoverable	-	239	-	-
Advance corporation tax recoverable	16	16	16	16
Other debtors	32	204	-	-
Prepayments and accrued income	1,601	1,213	887	334
	<u>21,694</u>	<u>18,764</u>	<u>26,717</u>	<u>23,799</u>

16. Creditors: Amounts Falling Due within One Year

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Bank overdrafts (see note 18)	-	-	854	-
Medium term bank loans (see note 18)	111	150	-	-
Obligations under finance leases and hire purchase contracts (see note 17)	113	348	103	154
Loan notes	245	835	245	835
Trade creditors	9,551	9,629	4,377	4,044
Amounts owed to subsidiary undertakings	-	-	12,584	10,367
Corporation tax	1,641	1,392	1,248	554
Other taxes and social security	1,832	2,026	988	768
Other creditors	-	84	-	-
Accruals and deferred income	2,372	2,794	786	524
Deferred consideration	50	50	50	50
Dividend proposed	1,469	1,311	1,469	1,311
	<u>17,384</u>	<u>18,619</u>	<u>22,704</u>	<u>18,607</u>

Notes

17. Creditors: Amounts Falling Due after more than One Year

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Medium term bank loans (see note 18)	8,000	8,104	8,000	8,000
Obligations under finance leases and hire purchase contracts (see below)	110	40	110	-
Accruals and deferred income	203	221	203	221
	<u>8,313</u>	<u>8,365</u>	<u>8,313</u>	<u>8,221</u>

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

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Within one year	113	348	103	154
In the second to fifth years	110	40	110	-
	<u>223</u>	<u>388</u>	<u>213</u>	<u>154</u>

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.

18. Bank Loans and Overdrafts

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Payable within one year or on demand	111	150	854	-
Payable within 1-2 years	-	8,104	-	8,000
Payable in 2-5 years	8,000	-	8,000	-
	<u>8,111</u>	<u>8,254</u>	<u>8,854</u>	<u>8,000</u>

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.

19. Provisions for Liabilities and Charges

Deferred taxation	£000
Group	
At beginning of year	4,377
Deferred tax included in purchase of subsidiary	191
Credit for the year in the profit and loss account	(249)
At end of year	<u>4,319</u>
Company	
At beginning of year	3,809
Deferred tax included in purchase of subsidiary	191
Credit for the year in the profit and loss account	(122)
At end of year	<u>3,878</u>

20. Deferred Taxation

The liability for deferred tax is analysed as follows:

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Accelerated capital allowances	4,526	4,515	4,067	3,904
Short term timing differences	(207)	(138)	(189)	(95)
	<u>4,319</u>	<u>4,377</u>	<u>3,878</u>	<u>3,809</u>

21. Called Up Share Capital

	2004	2003
	£000	£000
Authorised		
60,000,000 Ordinary shares of 5 pence each	<u>3,000</u>	<u>3,000</u>
Allotted, called up and fully paid		
46,185,000 Ordinary shares of 5 pence each (2003: 46,185,000)	<u>2,309</u>	<u>2,309</u>

22. Share Option Schemes

SAYE Scheme

During the year options over a further 361,865 shares were granted under the SAYE scheme at a price of 85 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
August 2001	52p	293,180
August 2002	73p	358,333
August 2003	85p	337,277
		<u>988,790</u>

All the options are exercisable after 3 years. At 31 March 2004 there were 189 employees saving an average £95 per month in respect of options under the SAYE scheme.

Approved Share Option Scheme

Options over a further 470,000 shares were granted during the year at a price of 105 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
December 1999	57.0p	85,020
July 2000	56.5p	42,310
July 2001	65.0p	250,000
June 2002	93.0p	275,000
June 2003	105.0p	385,000
		<u>1,037,330</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance targets over a three year period as shown in the Directors' Report on page 15.

Unapproved Share Option Scheme

Options over 225,000 shares were granted during the year at a price of 105p. 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	60,000
June 2003	105.0p	170,000
		<u>250,000</u>

These options are exercisable between the third and tenth anniversary of the grant. The awards are subject to achievement of performance targets over a three year period as shown in the Directors' Report on page 15.

Notes

Long Term Incentive Plan

Awards were made during the year in relation to a further 240,000 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
December 1999	141,700
July 2000	78,150
July 2001	50,000
June 2002	200,000
June 2003	240,000
	<u>709,850</u>

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 15.

Share Matching Scheme

Awards were made during the year in relation to 31,200 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
September 2003	<u>31,200</u>

The vesting of the awards is subject to the achievement of performance targets over a three year period, as shown in the Directors' Report on page 15.

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

The market value of the ordinary shares at 31 March 2004 was 129.5 pence (2003: 85 pence), the highest market value in the year to 31 March 2004 was 146.5 pence and the lowest 87 pence.

23. Share Premium and Reserves

Group	Share Premium Account £000	Revaluation Reserve £000	Profit and Loss Account £000
At beginning of year	16,192	832	30,588
Retained profit for year	-	-	4,197
Realised on sale of revalued assets	-	(226)	226
Depreciation of revalued assets	-	(7)	7
At end of year	<u>16,192</u>	<u>599</u>	<u>35,018</u>
Company			
At beginning of year	16,192	832	18,873
Retained profit for year	-	-	3,145
Realised on sale of revalued assets	-	(226)	226
Depreciation on revalued assets	-	(7)	7
At end of year	<u>16,192</u>	<u>599</u>	<u>22,251</u>

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 (2003: £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 £5,287,000 (2003: £3,080,000).

24. Reconciliation of Movement in Consolidated Shareholders' Funds

	2004 £000	2003 £000
Profit for the financial year	6,339	5,387
Dividends	(2,142)	(1,964)
Net increase in shareholders' funds	4,197	3,423
Opening shareholders' funds	<u>49,921</u>	<u>46,498</u>
Closing shareholders' funds	<u>54,118</u>	<u>49,921</u>

25. Equity Minority Interests

	2004 £000	Group 2003 £000
At beginning and end of year	<u>27</u>	<u>27</u>

26. Commitments

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

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Contracted	<u>75</u>	<u>74</u>	<u>4</u>	<u>4</u>

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

	2004		2003	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
Operating leases which expire:				
Within one year	264	1,222	107	313
In the second to fifth years inclusive	829	3,416	713	3,349
Over five years	<u>1,025</u>	<u>-</u>	<u>954</u>	<u>-</u>
	<u>2,118</u>	<u>4,638</u>	<u>1,774</u>	<u>3,662</u>
Company				
Operating leases which expire:				
Within one year	114	686	24	69
In the second to fifth years inclusive	40	2,314	-	2,479
Over five years	<u>400</u>	<u>-</u>	<u>240</u>	<u>-</u>
	<u>554</u>	<u>3,000</u>	<u>264</u>	<u>2,548</u>

27. 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 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 employees' 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 £821,000 (2003: £634,000). This includes a £66,000 charge (2003: £60,000 charge) in respect of the amortisation of deficits of the defined benefit scheme that are recognised over 10 years, the average expected remaining lifetime of employees.

A provision of £203,000 (2003: £221,000) 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 2004 and 31 March 2003.

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

Rate of increase in salaries	2004 3.75%	2003 3.75%	2002 4.00%
Rate of increase in deferred pensions and pensions in payment which are subject to limited price indexation	3.00%	2.75%	3.00%
Discount rate applied to scheme liabilities	5.75%	5.75%	6.00%
Inflation assumption	3.00%	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.

Notes

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 are inherently uncertain, were:

	Long term rate of return 2004	Value at 2004 £000	Long term rate of return 2003	Value at 2003 £000	Long term rate of return 2002	Value at 2002 £000
Equities	7.00%	4,613	7.00%	3,397	6.25%	4,397
Bonds and others	5.25%	879	5.25%	958	5.00%	1,240
		<u>5,492</u>		<u>4,355</u>		<u>5,637</u>
Present value of scheme liabilities		<u>(8,086)</u>		<u>(7,514)</u>		<u>(6,165)</u>
Deficit in the scheme – Pension liability		<u>(2,594)</u>		<u>(3,159)</u>		<u>(528)</u>
Related deferred tax asset		<u>778</u>		<u>948</u>		<u>158</u>
Net pension liability		<u>(1,816)</u>		<u>(2,211)</u>		<u>(370)</u>

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

Movement in the deficit during the year

	2004 £000
Deficit in scheme at beginning of year	(3,159)
Current service cost	(74)
Contributions paid	174
Other finance cost	(139)
Actuarial gain	604
Deficit in the scheme at end of year	<u>(2,594)</u>

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

	2004 £000
Current service cost	<u>(74)</u>

Analysis of amounts included in other finance costs

	2004 £000
Expected return on pension scheme assets	292
Interest on pension scheme liabilities	<u>(431)</u>
	<u>(139)</u>

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

	2004 £000	2004 %
Actual return less expected return on scheme assets	770	
Percentage of year end scheme assets		14.0
Experience gains and losses arising on scheme liabilities	(93)	
Percentage of present value of year end scheme liabilities		(1.0)
Changes in assumptions underlying the present value of scheme liabilities	(73)	
Percentage of present value of year end scheme liabilities		(1.0)
Actuarial gain recognised in statement of total recognised gains and losses	<u>604</u>	
Percentage of present value of year end scheme liabilities		7.0

28. Purchase of Businesses and Subsidiaries

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

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
Active Tool Hire	30 May 2003	Business and Assets	Hire Station Limited
Trench Shore Limited	11 July 2003	Company	Vp plc
Indepth Hire	3 September 2003	Business and Assets	Vp plc
Sokkia (3 branches)	27 February 2004	Business and Assets	Vp plc
Eve Shorco	12 March 2004	Business and Assets	Vp plc

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

	£000
Fixed assets	5,780
Stock	13
Debtors	1,247
Cash	286
Creditors	(1,009)
Deferred tax	(191)
Book value of assets acquired	<u>6,126</u>
Fair value adjustments	
Fixed asset depreciation policy change	(247)
Fixed assets fair value adjustments	(827)
Fair value of assets acquired	<u>5,052</u>
Goodwill capitalised	1,699
Cost of acquisitions	<u>6,751</u>
Satisfied by	
Consideration paid in cash	6,541
Acquisition costs	210
	<u>6,751</u>
Analysis of cash flow for acquisitions	
Consideration paid in cash	6,541
Acquisition costs capitalised	210
Cash included in acquisitions	(286)
	<u>6,465</u>

Certain of the fixed asset fair values included above are provisional and will be finalised in the year ended 31 March 2005.

As a result of the immediate 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.

29. Reconciliation of Net Cash Flow to Movement in Net Debt

	2004	2003
	£000	£000
(Decrease)/increase in cash in the year	(2,243)	2,280
Cash outflow from movement in debt and lease finance	<u>1,252</u>	<u>2,065</u>
Change in net debt resulting from cash flows	(991)	4,345
Loan notes cancelled	-	70
Finance leases included in acquisitions	(354)	-
Movement in net debt in the year	(1,345)	4,415
Net debt at the start of the year	<u>(6,147)</u>	<u>(10,562)</u>
Net debt at the end of the year	<u>(7,492)</u>	<u>(6,147)</u>

Notes

30. Analysis of Net Debt

	As at 1 April 2003	Cash Flow	Acquisitions	As at 31 March 2004
	£000	£000	£000	£000
Cash at bank and in hand	3,330	(2,243)	-	1,087
Medium term loans	(8,254)	143	-	(8,111)
Loan notes	(835)	590	-	(245)
Finance leases and hire purchase contracts	(388)	519	(354)	(223)
	<u>(6,147)</u>	<u>(991)</u>	<u>(354)</u>	<u>(7,492)</u>

31. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2004	2003
	£000	£000
Operating profit	8,654	8,087
Depreciation	11,180	10,282
Amortisation of goodwill	377	318
Profit on sale of tangible fixed assets	(1,209)	(1,738)
Decrease in stocks	175	133
Increase in debtors	(1,922)	(1,473)
(Decrease)/increase in creditors	(464)	1,035
Net cash inflow from operating activities	<u>16,791</u>	<u>16,644</u>

32. 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

	2000 £000	2001 £000	2002 £000	2003 £000	2004 £000
Turnover	55,002	59,822	66,847	75,546	83,497
Profit on ordinary activities before taxation	3,429	3,059	6,172	7,506	8,868
Taxation	(1,503)	(827)	(1,664)	(2,119)	(2,529)
Profit on ordinary activities after taxation	<u>1,926</u>	<u>2,232</u>	<u>4,508</u>	<u>5,387</u>	<u>6,339</u>
Dividends	<u>(1,797)</u>	<u>(1,768)</u>	<u>(1,837)</u>	<u>(1,964)</u>	<u>(2,142)</u>
Share capital	2,309	2,309	2,309	2,309	2,309
Reserves	40,760	41,524	44,189	47,612	51,809
Equity shareholders' funds	<u>43,069</u>	<u>43,833</u>	<u>46,498</u>	<u>49,921</u>	<u>54,118</u>
Share Statistics					
Asset value	<u>93p</u>	<u>95p</u>	<u>101p</u>	<u>108p</u>	<u>117p</u>
Earnings	<u>4.26p</u>	<u>5.03p</u>	<u>10.23p</u>	<u>12.36p</u>	<u>14.59p</u>
Dividend	<u>4.05p</u>	<u>4.05p</u>	<u>4.20p</u>	<u>4.50p</u>	<u>5.00p</u>
Dividend cover (times)	<u>1.07</u>	<u>1.26</u>	<u>2.45</u>	<u>2.74</u>	<u>2.96</u>

Notice of Meeting

Notice is hereby given that the thirty second Annual General Meeting of the Company will be held at Rudding House, Rudding Park, Follifoot, Harrogate on Tuesday 7 September 2004 at 10am for the following purposes:

As ordinary business

1. To receive the Directors' Report, Directors' Remuneration Report and Financial Statements for the year ended 31 March 2004, and the Auditors' Report contained therein.
2. To declare a Final Dividend.
3. To re-elect N A Stothard as a Director
4. To re-elect M J Holt as a Director
5. 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.
6. To approve the Directors' Remuneration Report for the year ended 31 March 2004.

As special business

To consider and, if though fit, pass the following resolutions of which Resolution 8 will be proposed as an Ordinary Resolution and Resolutions 7, 9 and 10 will be proposed as Special Resolutions:

7. That the regulations contained in the draft new Articles of Association, copies of which have been available for inspection as described in the circular to shareholders which accompanies this notice, initialled by the Chairman for the purposes of identification, be and they are hereby adopted as the Articles of Association of the Company.
8. That for the purposes of Section 80 of the Companies Act 1985 (the "Act") (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.
9. That subject to the passing of the previous resolution the Directors be and they are hereby generally authorised to allot for cash or otherwise equity securities (as defined in Section 94 of the Act) of the Company pursuant to the authority conferred by Resolution 8 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 holders of ordinary shares of 5 pence each ("Ordinary Shares") 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 exchange 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.

10. 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 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 London Stock Exchange Daily Official List for the 5 business days immediately preceding 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 or 12 months from the passing of this resolution if earlier; 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

13 July 2004

Registered Office

Central House, Beckwith Knowle,
Otley Road, Harrogate,
North Yorkshire, HG3 1UD

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. To be effective it must be deposited at the offices of the company's registrars not less than 48 hours before the time fixed for the meeting. Completion of the proxy does not preclude a member from subsequently attending at the meeting if he so wishes.

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 5.00pm on 5 September 2004 or if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time.

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 vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 7 September 2004 and at any adjournment thereof. I/we request the Proxy to vote on the following resolutions as indicated.

Resolution	For	Against
1. To receive the Director' Report, Directors' Remuneration Report and Financial Statements for the year ended 31 March 2004 and the Auditors' Report contained therein	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect N A Stothard as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect M J Holt as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint KPMG Audit Plc as Auditors and to authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>
7. To adopt the new Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the authority to allot shares	<input type="checkbox"/>	<input type="checkbox"/>
9. To approve the disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>
10. To approve the purchase of own shares	<input type="checkbox"/>	<input type="checkbox"/>

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 alteration. 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 IRG plc, Proxy Department, 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



FIRST FOLD

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

SECOND FOLD