

Vp plc Annual Report and Accounts 2008



Vp plc
www.vpplc.com



Groundforce

Excavation support systems, specialist solutions and trenchless technology incorporating:

- Groundforce Shorco – shoring.
- Piletec – pile driving and breaking.
- Survey Technology – surveying and water flow measurement.
- U Mole – trenchless technology.

UK Forks

Rough terrain material handling equipment for industry, residential and general construction.

Airpac Bukom Oilfield Services

Equipment and service providers to the international oil and gas markets.

Torrent Trackside

Rail infrastructure equipment and services.

TPA

Portable roadway systems, bridging, fencing and barriers.

Hire Station

Small tools and specialist equipment for industry and construction incorporating:

- Hire Station – tool hire products.
- ESS Safeforce – safety and environmental products.
- Lifting Point – materials handling and lifting gear products.
- MEP – pipe fitting equipment.
- Climate Hire and Sales – warm, cool, clean and dry air products.

VP

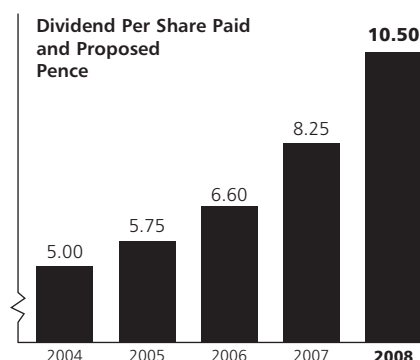
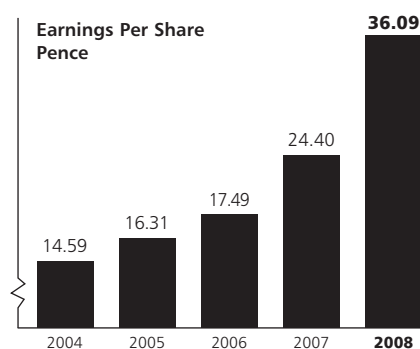
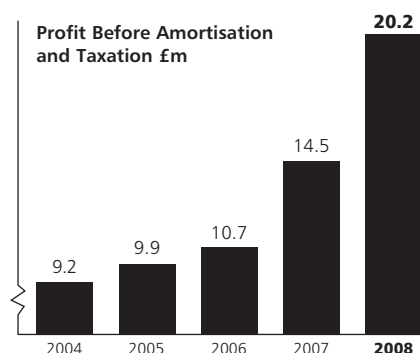
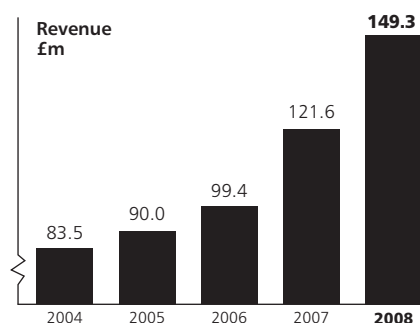
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Vp

Financial Highlights

	2008	2007 (Restated)*
Revenue	£149.3m	£121.6m
Operating profit before amortisation	£23.3m	£16.5m
Profit before amortisation and taxation	£20.2m	£14.5m
Basic earnings per share before amortisation	36.64p	24.56p
Basic earnings per share	36.09p	24.40p
Dividend per share – paid and proposed	10.50p	8.25p
Return on average capital employed	19.1%	16.5%
Net assets per share	160p	142p
Net debt	£53.4m	£36.6m
Financial gearing	51%	41%
Interest cover	7.5x	8.1x
Expenditure on rental equipment	£42.7m	£27.6m



* The restatement of prior year figures relates solely to the amortisation of intangibles and the associated deferred tax credit following hindsight adjustments to prior year acquisitions.

The figures in these graphs for 2004 are as disclosed under UK GAAP. Those for 2005 to 2008 are stated under adopted IFRSs.

Vp

Directors and Advisors

Executive Directors

Jeremy F G Pilkington, B.A.Hons. (Chairman)

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

Michael J Holt, B.A., M.B.A, F.C.A., A.M.C.T.

Non Executive Directors

Barrie Cottingham, F.C.A., A.T.I.I. (Senior Independent Director)

Peter W Parkin

Secretary

Michael J Holt

Registered Office

Central House, Beckwith Knowle,

Otley Road, Harrogate, North Yorkshire, HG3 1UD

Registered in England and Wales: 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, Northern House, Woodsome Park,

Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA

Bankers

National Westminster Bank plc

Barclays Bank plc

Merchant Bankers

N M Rothschild & Sons Limited

Stockbrokers

Brewin Dolphin Securities Limited

Vp Chairman's Statement

I am delighted to report another year of significant growth and record profits for the Group.

Profits before tax and amortisation rose 39% to £20.2m on revenues ahead by 23% to £149.3m. Earnings per share rose 48% to 36.09p. Although we have been relatively acquisitive this year, 82% of this profit growth came from underlying organic business performance. Trading results are discussed in the Business Review.

During the year we invested £43m into the rental fleet and made a total of eight acquisitions for our Hire Station, Groundforce and Torrent Trackside businesses at an aggregate consideration of a further £11m. Notwithstanding these levels of expenditure, year end gearing stood at just 51%. This financial strength gives the Group the flexibility to take advantage of further investment and acquisition opportunities as they arise whilst also providing a strong position from which to confront any uncertainties in the broader economy. Interest cover was 7.5 times.

In view of this excellent performance the Board is recommending a final dividend of 7.7p per share, making a total for the year of 10.5p, an increase of 27%. Subject to shareholder approval at the Annual General Meeting on 9th September 2008 the dividend will be paid on 1st October 2008 to shareholders registered as at 5th September 2008.

The Vp business model calls for market leading positions in specialist sectors with value adding opportunities, increasingly outside of mainstream construction. Energy, infrastructure, environmental quality, health and safety legislation and the continuing trend to outsourcing are all key drivers in the Vp business mix. The changing economic climate will undoubtedly present challenges to growth but, as yet, we have not seen any significant impact on our markets, with the exception of UK residential construction. New housing starts have clearly slowed but we believe that any softness here will be more than offset by buoyancy elsewhere, particularly within the oil and gas and electricity transmission sectors.

We will remain alert to the early identification of market trends which could adversely affect prospects for the Group but we believe that our mix of businesses contains diversity and resilience which will stand us in good stead. We look forward to future progress in the year ahead.

It remains my pleasurable duty to thank all our employees for their contribution to this outstanding result.

Jeremy Pilkington
Chairman
5 June 2008

Vp Business Review

OVERVIEW

Vp plc is an equipment rental specialist providing the rental and sale of products and services to a diverse range of markets including construction, civil engineering, rail, oil and gas exploration, events and industrial markets.

The Group's development over the last few years has been focused around a number of key attributes and goals. We seek to provide value added specialist services to a wide customer base and to develop market leading capabilities for our businesses measured by range of product and service, expertise of employees and our ability to innovate. We constantly seek to improve our delivery to customers and provide solutions to changes in market conditions. These aspirations for the business were delivered in the year under review to great effect as described further in the individual business reviews below. We continue to develop the Group in this way to ensure that the future growth ambitions of the business can be achieved.

The year ended 31 March 2008 was one of further excellent progress with the business delivering substantial increases in profitability, return on capital employed, margin and revenue.

Operating profits pre-amortisation increased 43% on prior year to £23.3 million, on revenues of £149.3 million, 23% ahead of last year. Whilst the Group has benefited from a strong flow of acquisitions this year, the majority of the profit increase has come from organic growth.

The market environment in the year under review has been largely supportive, with particularly strong demand from general construction, water, oil and gas, and events. The rail market however, was weak throughout the year. Since the start of 2008 we have seen little change in market behaviour other than in the transmission sector which has picked up well and housebuilding, which represents less than 10% of Group revenues, where the market is quieter than last year.

GROUNDFORCE

Excavation Support Systems, Specialist Solutions and Trenchless Technology.

Revenue	£35.0 million	(2007: £28.1 million)
Operating Profit before Amortisation	£8.7 million	(2007: £6.4 million)
Investment in Rental Fleet	£7.8 million	(2007: £5.4 million)

Groundforce continued its consistent record of delivering growth with revenues up 25% to £35.0 million, producing excellent operating profits of £8.7 million, 36% ahead of the previous year.

During the year, the business was able to capitalise on healthy market drivers, which included a full year of AMP4 contract releases, sustained infrastructure spend and strong general construction and civils work. This strong work base was further enhanced by its class leading position in major excavation propping, developed during the previous year, which allowed a number of key projects to be secured. Notably the second phase of the tunnel under the River Shannon, Birmingham Railway Station and Leeds University, were all successfully completed and provided Groundforce with the expertise to win two significant contracts for the early enabling work on the 2012 Olympics.

Piletec and Easiform delivered results above expectation, benefiting from the cross selling across the divisional customer base and leveraging the associated relationships.

During the year, Groundforce also increased its geographic footprint by establishing an operational facility in Port Laoise, 40 miles west of Dublin. This presence was augmented, in November 2007, by the acquisition of two Irish businesses, Underground Safety Services and Pipe Testing Accessories which have provided Groundforce with a strong initial market position in Ireland, an experienced team and critical mass for further growth.

Wp Business Review

At the end of the fiscal year, U Mole, based in Cambridge, market leaders in trenchless technology, was acquired for £4.5m. Specialising in pipe rehabilitation for the Gas and Water Industries, we anticipate good growth both from existing activities and the added opportunity to expand the business geographically using our depot network.

Shortly after the year end, Redding Hire was acquired for £2.9m. Operating from Wellingborough, this shoring rental business gives the Division improved distribution into East Anglia and Cambridgeshire.

The division has grown both organically and by acquisition and in doing so has widened its scope of activity. Each of the business elements holds further aspirations to expand, both geographically and in products and services. We believe the prospects for Groundforce's core markets remain positive.

UK FORKS

Rough terrain material handling equipment for industry, residential and general construction.

Revenue	£16.1 million	(2007: £13.9 million)
Operating Profit before Amortisation	£3.2 million	(2007: £1.4 million)
Investment in Rental Fleet	£7.8 million	(2007: £3.4 million)

UK Forks delivered an excellent result reporting operating profits of £3.2 million, more than double that of the previous year.

Revenues, which increased by 16% to £16.1 million, were underpinned by a number of successes within general construction. Some progress was also achieved in the housebuild sector although this was delivered predominantly in the first half of the year when market conditions were more favourable. Growing markets other than housebuild has been a strategic objective for a number of years and, by the year end, revenues derived from domestic housing development had reduced to 50%, the lowest since the division was established in 2000.

Significant investment was made in the fleet, primarily replacement, but with some selective growth. In total 400 machines were acquired with the hire fleet growing by over 10% to 1,350 telehandlers. This programme enabled us to improve product mix in response to the changing needs of the market and meant that disposal activity was also high. However residual values were robust, partly influenced by extended manufacturer lead times for new products last year.

We provide many of our customers with a wide range of key performance indicators allowing them to compare performance levels both to their expectations and to our peers. With market conditions keener than ever, this has become an important differentiator for UK Forks.

Whilst prospectively we expect that elements of the market will be more challenging, with the business fundamentals unchanged and a reduced dependency on the housebuild sector, we remain confident that the UK Forks business model will provide opportunity and resilience in the year ahead.

AIRPAC BUKOM OILFIELD SERVICES

Equipment and service providers to the international oil and gas markets.

Revenue	£13.1 million	(2007: £10.0 million)
Operating Profit before Amortisation	£3.3 million	(2007: £2.4 million)
Investment in Rental Fleet	£9.8 million	(2007: £2.5 million)

Our oilfield services division progressed well against the backdrop of a buoyant oil and gas sector with a consequent high demand for its range of services. Airpac Bukom posted a 37% increase in profits to £3.3m on revenues up 31% at £13.1m.

Wp Business Review

The sustained period of double digit investment growth by oil and gas companies worldwide continued in 2007, driven by further strong rises in oil and gas demand and the confidence provided by high oil prices.

The major capital investment programme initiated by the business in 2006 to expand the range and depth of its equipment offering continued in the year under review. This programme delivered substantial growth in core products such as air compressors and steam generators and a doubling of holdings of complementary specialist equipment such as sand filters and heat exchangers. In addition, new products are being added in anticipation of growing opportunities in deep water operations.

During the year the business expanded its servicing and distribution network with the opening of new satellite facilities in Western Australia, the Middle East and South America. These facilities will absorb much of the recent new capital investment and provide a unique network to provide more immediate support to our global customers throughout the forty or more countries in which we operate.

Our primary market, serving the well testing sector, has again seen good activity in diverse international markets. The repair and maintenance market has also been strong including some projects centred on modification of the existing North Sea platform infrastructure to facilitate field life extension.

Our high pressure markets also contributed significantly in the period, with equipment and operational personnel being utilised on various pipeline dewatering projects internationally. Our equipment has been employed in the testing of process pipe-work systems on major liquefied natural gas (LNG) plant construction projects and we continue to identify fresh applications for our products in both upstream and downstream oil and gas segments.

The robustness in the oil price, the growth in energy demand and the confidence of our customers for a prolonged up cycle give a positive outlook for the oilfield services sector and Airpac Bukom is well placed to contribute and benefit.

TORRENT TRACKSIDE

Rail infrastructure equipment and services.

Revenue	£14.0 million	(2007: £13.1 million)
Operating Profit before Amortisation	£0.9 million	(2007: £2.0 million)
Investment in Rental Fleet	£1.8 million	(2007: £3.2 million)

As anticipated, the rail market was slow during the year and as a result Torrent's profitability fell to £0.9 million on revenues marginally ahead at £14.0 million.

Two particular market factors were significant to Torrent in the year. During 2007 Network Rail reduced their major renewals and projects contractors from 6 to 4, and this process resulted in a significant interruption to contract releases. Additionally the placing of the Metronet consortium into receivership in July 2007 partially halted the flow of work from the London Underground for a considerable part of the year. This has been a very challenging year for all rail industry suppliers and we believe Torrent has performed commendably in these difficult trading conditions.

In October 2007, Torrent purchased the rail portable plant assets of First Engineering in conjunction with a 3 year preferred supplier agreement which will be of particular benefit to our activities in Scotland and North West England.

Despite the quieter market, Torrent has retained its market leading position and remains well placed to benefit from improved market stability in the year ahead.

Wp Business Review

TPA

Portable roadway systems, bridging, fencing and barriers.

Revenue	£14.0 million	(2007: £11.4 million)
Operating Profit before Amortisation	£1.2 million	(2007: £1.0 million)
Investment in Rental Fleet	£3.5 million	(2007: £4.7 million)

The TPA division delivered a 20% increase in operating profits to £1.2 million on revenues of £14.0 million. After a relatively quiet first quarter, demand for temporary roadway systems in the summer period was very strong, particularly from the outdoor events market where the extreme weather conditions pushed demand even higher. Growth in transmission was below expectations but activity in this market did increase during the final quarter.

In the period, the barriers business in Croydon was reorganised and rebranded to fall within the TPA Site Services operation which provides barriers, fencing, portable toilets and traffic management solutions to complement the roadway systems customer base.

Further investment of over £3.5 million was made in hire stocks in the year. In part, this investment supported continued expansion in Europe via the German subsidiary, TPA GmbH, where both revenues and profits exceeded expectations. TPA has continued to innovate in product design, and the new MD40 lightweight roll out roadway and fencing system has proved to be a major success and is currently in use at various sites throughout the UK and Europe.

The markets within which TPA operate remain broadly supportive. The 5 year programme announced by the National Grid in October 2006 is now in its second year and workloads are now beginning to run at expected levels. The outdoor events market in the UK remains buoyant and we anticipate a further period of strong demand from this sector.

HIRE STATION

Small tools and specialist equipment for industry and construction.

Revenue	£57.1 million	(2007: £44.9 million)
Operating Profit before Amortisation	£5.9 million	(2007: £3.1 million)
Investment in Rental Fleet	£12.0 million	(2007: £8.4 million)

Hire Station had an excellent year with all its business units delivering strong growth. Revenues were up 27% and with costs relatively stable the business generated operating profits of £5.9m, nearly double those in 2007. Return on capital employed now exceeds 15% and net trading margins improved further to over 10%, an increase of nearly 50% on prior year.

Over two thirds of the revenue growth was delivered organically, with the balance coming from the acquisitions of ET Hire, Able Safety, Northern Site Supplies (NSS) and a full year contribution from Cool Customers. Markets have been supportive during the year and we were also actively involved in satisfying the requirements of the remediation companies during the summer floods.

The tools business made further solid progress during the year and delivered excellent profit growth. Strong capital investment in our core hire fleet helped drive revenues forward with stock availability once again being a key differentiator from our many competitors. The National Call Centre in Manchester continued to grow its transaction levels as more customers chose to use this route for order placement. The call centre also proved crucial to the securing of some long term trading partnerships with customers new to tool hire.

Our depot infrastructure has been further strengthened during the year with the opening of green field sites in Hull, Exeter and Skipton, together with the 3 new locations in Scotland from the ET Hire acquisition. In 2008/09, we plan to open a small number of additional green field locations. The specialist lifting business, Lifting Point delivered good revenue growth and now operates satellites in all of our tool branches.

Vp Business Review

Our safety rental business, ESS SafeForce had another excellent year in a broadly supportive market delivering revenues ahead of expectation and opened four additional training centres in the year. In November 2007 we purchased Able Safety, a long established business in Yorkshire with a strong local customer base and a thriving confined space training business. Our penetration of the industrial market place was further boosted in February with the acquisition of NSS, based in Teesside. NSS are suppliers of specialist explosion proof lighting and site electrics into the petrochem sectors with established relationships at the Wilton plant in Middlesbrough. We intend to roll out this offering elsewhere in the UK.

MEP added new locations in the year and now trades out of Heathrow, Manchester and Port Laoise in Ireland in addition to their original site in Glasgow. Investment in additional fleet and resource has enabled this business to deliver excellent revenue and profits growth. The pipefitting market in the UK and Ireland is experiencing strong growth as customers move away from traditional threading methods, which will continue to fuel demand for the more modern alternatives that MEP offers.

The Climate Hire and Sales business had an extremely busy year. The summer weather proved disappointing for the core air conditioning products but the unprecedented flooding in Yorkshire and the South West created dramatic demand for remediation products. The business model, based on high stock availability, meant that we were the first port of call in the majority of cases and enjoyed excellent rental and sales revenues.

Since the year end, Hire Station has completed two further acquisitions: DJ Tool Hire, a long established business based in the North East which added three new locations and in early April, Climate Hire and Sales completed the acquisition of Arcotherm, a sales and rental heating specialist with locations in Stoke and Oxford. Overall trading has remained positive for Hire Station into the new financial year and the work load of the customer base remains broadly unchanged.

PROSPECTS

We have, over the last seven years, established a resilient business model for Vp, which is designed to deliver consistent and progressive performance across the group as a whole. We believe that the diversity of markets within which we operate should compensate for any volatility we might experience from a particular sector.

Whilst we continue to be alert to possible changes in market conditions, we remain confident that our growth ambitions for the business are deliverable and that we will continue to build on the excellent results that we are reporting for the year.

Neil Stothard
Group Managing Director
5 June 2008

SUMMARY OF GROUP RESULTS

Group revenues increased by 23% to £149.3m (2007: £121.6m). Group profit before tax and amortisation of intangibles increased by 39% to £20.2m (2007: £14.5m). Profit before tax after amortisation of intangibles increased by 38% to £19.9m (2007: £14.4m).

Basic earnings per share before the amortisation of intangibles increased from 24.56 pence to 36.64 pence, an increase of 49%. Basic earnings per share after the amortisation of intangibles increased by 48% from 24.40 pence to 36.09 pence.

The return on average capital employed increased to 19.1% from 16.5%. Return on average capital employed is measured as profit before interest expressed as a percentage of the 12 month rolling average of total net assets and net debt (see below).

A 28% increase in the final dividend is proposed to 7.70 pence per share reflecting the performance in the year and our continuing confidence in the future prospects of the Group. If approved, this will make the full year dividend 10.50 pence (2007: 8.25 pence), representing a full year increase of 27%. The full year dividend is covered 3.5 times (2007: 3.0 times) by profits after tax after making allowance for dividends waived by the Vp Employee Trust.

Group total net assets at the year end totalled £73.8m (2007: £65.6m), an increase of 13%. Consequently net assets per share increased from 142 pence to 160 pence.

CASH FLOWS AND NET DEBT

During the year cash generated from operating activities rose to £35.3m (2007: £25.0m) reflecting growth in profits and good cash conversion from rentals and sales. Cash outflow on capital expenditure in the year totalled £45.5m, an increase of 70% on prior year (2007: £26.7m). Within this outflow expenditure on rental equipment totalled £42.9m compared with £25.0m last year. Proceeds from disposals were £10.3m (2007: £9.0m). The cost of acquisitions in the year, including acquired net debt/(cash), was £10.4m (2007: £4.6m), although £0.4m of this was deferred and is contingent upon future performance. Dividend payments to shareholders totalled £3.8m (2007: £2.9m). Net investment in own shares totalled £3.5m (2007: £3.7m) and these continue to be used to hedge actual share option costs. As a consequence, net debt (see notes 13 and 14) increased from £36.6m to £53.4m during the year. Interest cover was 7.5 times (2007: 8.1 times), comfortably ahead of banking covenants.

CAPITAL RISK MANAGEMENT

The Group's objective with respect to managing capital is to maintain a balance sheet structure that is both efficient in terms of providing long-term returns to shareholders and safeguards the Group's ability to continue as a going concern. As appropriate, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (current and non-current borrowings less cash and cash equivalents) divided by Total Equity.

The net debt at 31 March 2008 represents headline gearing of 72% (2007: 56%) and underlying financial gearing of 51% (2007: 41%), excluding investment in own shares of £10.6m (2007: £7.1m).

TAXATION

The Group seeks to build open relationships with tax authorities and advisors to bring about timely agreement on its tax affairs, and to remove uncertainty on business transactions. The Group seeks to minimise its tax burden in a manner which is consistent with commercial objectives and meets its legal obligations and ethical standards.

The overall tax charge on profit before tax was £4.5m (2007: £4.0m) being an effective rate of 22.5% (2007: 27.6%). The tax charge was reduced by £0.5m in respect of the adjustment in deferred tax balances to reflect a future standard tax rate of 28% in the UK. The tax charge was also reduced by £0.5m (2007: £0.3m) in respect of adjustments relating to prior years and by a further £0.5m (2007: £0.5m) in respect of the corporation tax deduction for share options, based on notional taxable gains accruing to employees under the various share option schemes, compared to the charge in the income statement. The underlying tax rate was 27.4% (2007: 29.4%) before prior year adjustments and the impact of the change in future UK corporate tax. A more detailed reconciliation of factors affecting the tax charge is shown in note 7 to the Financial Statements.

ACQUISITIONS AND DISPOSALS

During the year the Group acquired 100% share holdings in Cool Customers Limited, Able Safety (Yorkshire) Limited, Northern Site Supplies Limited and UM (Holdings) Limited. The Group also acquired business and assets from ET Hire's operations in Scotland, the in-house plant division of First Engineering Limited, Underground Safety Services Limited and Pipe Testing Accessories Limited. As noted above, the total net cost of these acquisitions was £10.4m after adjusting for acquired net debt of £0.5m and acquired cash of £1.3m. Since the year end the Group has also acquired the entire share capital of Redding Hire Limited and Arcotherm (UK) Limited together with the business and assets of DJ Tool Hire Limited (in administration).

The excess over fair value of tangible assets relating to acquisitions made during the year totalled £7.7m. In accordance with IFRS3, £3.4m has been ascribed to intangible assets and £4.3m to goodwill. No contingent consideration was payable or paid during the reporting period relating to the acquisition of TPA in 2005/06 and consequently an adjustment of £2.4m has been made to cost of acquisitions and goodwill.

GOODWILL AND INTANGIBLE ASSETS

The Group carried forward £6.0m (2007: £2.9m) of intangible assets and £35.3m (2007: £33.4m) of goodwill at the year end. The movement in the year reflects new intangible assets of £3.4m and goodwill of £4.3m relating to acquisitions made during the year, a release of £2.4m goodwill relating to contingent consideration and amortisation of intangibles of £0.3m. Intangible assets have been recognised in relation to trade names, customer lists/relationships and supply agreements.

TREASURY MANAGEMENT

The Group operates centralised treasury management over its financial risks within a strong control environment. The Group uses financial instruments to raise finance for its operations and to manage the related financial risks. There is neither speculation nor trading in derivative financial instruments and all funding is properly recognised on the balance sheet. The Board has approved the treasury policy and receives regular reports on compliance. The objectives of the Group's treasury policy are summarised below:

To meet the liquidity requirements of the Group cost effectively. The Group aims to minimise the level of surplus cash balances but, where these arise, tight controls apply to ensure that they are placed with a highly rated counterparty on short term deposit.

To deliver the funding demands of the business at low cost. The Group funding requirements are largely driven by acquisition activity and capital expenditure and met by centrally arranged debt finance. In December 2007 the Group's bank facilities were increased from £55m to £85m and now comprise a £50m (2007: £35m) five year revolving credit facility to November 2010, £20m (2007: £10m) of 364 day revolving credit facilities and overdraft facilities totalling £15m (2007: £10m). Bank borrowings net of cash totalled £51.6m (2007: £33.8m) at the year end.

To develop and maintain strong and stable banking relationships. The bank loan facilities are with two leading global banks with whom the Group maintains strong working relationships.

To provide reasonable protection against interest rate and foreign currency volatility. Through the use of interest rate swaps, the Group maintains a broadly even mix of fixed and floating rate debt (see notes 14 and 15). In November 2005 the Company entered into interest rate swap agreements which fix the interest rate on £15.0m of the floating rate debt for a period of 5 years, with a bank only break option after 3 years. Subsequently the Group has entered into two further interest rate swaps which fix the interest rate on a further £15.0m. The first £7.5m is fixed for 5 years with a bank only break option after 3 years from September 2007 and the second £7.5m is fixed on the same basis from December 2007. At last year end the Group had a further swap which fixed the rate on £5.0m of floating rate debt over 5 years with a bank only break option after one year. During the year the bank exercised its right to cancel this swap. The counterparties to these agreements are the two lending banks.

Although the Group's exposure to foreign currency is still relatively modest, the Group has entered into two exchange rate agreements which limit the effect of US dollar exchange rate fluctuations. In December 2007 the Company entered into a US Dollar forward rate agreement to sell a total of US\$8.4m through to December 2008. In January 2008 the Company entered into another US Dollar forward exchange contract to sell a total of US\$7.2m between June 2008 and March 2009 (see note 15). As a result of these agreements, as at 31 March 2008, 86% (2007: 0%) of expected US dollar income net of committed capital expenditure for 2008/9 is at a fixed rate.

Wp Financial Review

To provide reasonable protection against share price volatility in managing share based payments. The Company provides funding to the Vp Employee Trust to enable the purchase of shares to fix the actual cash cost of share options during their vesting period. At 31 March 2008 the Vp Employee Trust held 3,820,000 shares (2007: 3,397,000 shares) against an expected liability in terms of numbers of shares at that date of 4,792,000 (2007: 4,165,000). On a hedged basis, the cost of share options including social security costs for the year ended 31 March 2008 was £2,241,000 (2007: £2,550,000) compared with £1,776,000 (2007: £2,547,000) charged to the Income Statement under IFRS2. The cost reported under IFRS2 for the year is lower than the hedged cost due to the share price at 31 March 2008 being lower than the average share price during the year. However the Board believes that hedging this cost continues to be sound policy and of benefit to shareholders in the longer term.

FINANCIAL CONTROLS

The Group delegates day-to-day control to local management within agreed parameters. The Group has comprehensive control systems in place, with regular reporting to the Executive Directors. The Internal Audit department reviews each accounting centre twice a year, and its findings are reported to the Audit Committee.

Further information regarding the Group's procedures to maintain strict controls over all aspects of risk, including financial risk, are set out in the Corporate Governance Report on pages 21 and 22.

RISK AND UNCERTAINTIES

The Group comprises a number of businesses serving different markets and manages the risks inherent to these activities. The key external risks include general economic conditions, competitor actions, the effect of legislation, credit risk and business continuity. Internal risks relate mainly to investment and controls failure risk. The Group seeks to mitigate exposure to all forms of risk where practicable and to transfer risk to insurers where cost effective. The diversified nature of the Group limits the exposure to external risk within a particular market. Exposure to credit risk in relation to customers, banks and insurers is managed through credit control practices including credit insurance which limits the Group's exposure to bad debts via an aggregate first loss policy which covers the majority of the Group's accounts receivable. Business continuity plans exist for key operations and accounting centres. The Group is an active acquirer and acquisitions may involve risks that might materially affect the Group performance. These risks are mitigated by extensive due diligence and appropriate warranties and indemnities from the vendors.

Taking into account these risk mitigation actions and the treasury management policies described above, the Group's exposure to market, liquidity and credit risk is considered to be within normal parameters and represents an acceptable level of risk.

ACCOUNTING POLICIES

The Group and parent company accounting policies are unchanged from last year. Full details of the policies are provided in note 1 to the Financial Statements.

SHARE PRICE

During the year the Company's share price decreased by 15% from 360 pence to 307 pence, compared to a 24% decrease in the FSTE small cap index. The Company's shares ranged in price from 301 pence (December 2007) to 439 pence (October 2007), but averaged 370 pence during the year. The average number of shares in issue was 42,658,000 (2007: 42,780,000) excluding shares held by the Employee Trust.

Mike Holt
Group Finance Director
5 June 2008

Vp Directors' Report

The Directors of Vp plc present their annual report and the audited Financial Statements for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The statutory information required concerning the 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 are proposing a final dividend of 7.70 pence (2007: 6.00 pence) per share in line with the policy of increasing dividends when justified by trading results and prospects. Subject to approval at the Annual General Meeting, shareholders will receive a total dividend for the year of 10.50 pence (2007: 8.25 pence) per share. This equates to a total dividend of £4,443,000 (2007: £3,521,000) net of waived dividends. As required under adopted IFRSs the dividends charged in the accounts do not include the proposed dividend, which is subject to approval at the Annual General Meeting.

The final dividend will be paid to shareholders on the register of members of the Company on 5 September 2008 and it is proposed that dividend warrants be posted on 1 October 2008.

DIRECTORS

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

Jeremy Pilkington (57) was appointed a Director of the Company in 1979 and was Chairman and Chief Executive between 1981 and 2004. Since July 2004 he has been Chairman of the Company. He is also Chairman of the Nomination Committee.

Neil Stothard (50) joined Vp as Group Finance Director in 1997. In July 2004 he was appointed Group Managing Director. He was previously Group Finance Director of Gray Dawes Group Limited, a business travel management company and Divisional Finance Director of TDG plc. He is also a Non Executive Director of Scarborough Building Society.

Mike Holt (47) joined Vp as Group Finance Director in July 2004. From 1993 until joining Vp, he held a number of senior financial positions with Rolls-Royce Group plc within the UK, USA and Hong Kong.

Barrie Cottingham (74) was appointed a Non Executive Director in 1996. He was a senior partner at Coopers & Lybrand until his retirement in 1995. He was also Non Executive Chairman of SIG plc for 8 years until retiring in 2004 and Non Executive Chairman of Cattles plc for 7 years, having been a Non Executive Director for a total of 11 years until retiring in 2006. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Peter Parkin (62) 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 and Nomination Committees.

Neil Stothard and Mike Holt retire by rotation and being eligible, offer themselves for re-appointment. Neil Stothard and Mike Holt have service contracts with the Company, terminable by 12 months' notice.

As Barrie Cottingham has been a Non Executive Director for over nine years he is required under the Combined Code to retire annually and being eligible offers himself for re-appointment. He does not have a service contract with the company, although he does have a letter of engagement.

Wp Directors' Report

There are three committees of the Board, these are:

Remuneration Committee

Peter Parkin – Chairman of the Committee
Barrie Cottingham

Audit Committee

Barrie Cottingham – Chairman of the Committee
Peter Parkin

Nomination Committee

Jeremy Pilkington – Chairman of the Committee
Barrie Cottingham
Peter Parkin

SHARE CAPITAL

Details of the Company's share capital structure are shown in note 18 to the accounts. All shares have the same voting rights.

DIRECTORS' INTERESTS

The interests of each Director in the shares of the Group companies are shown in the Remuneration Report on page 19.

SUBSTANTIAL SHAREHOLDERS

As at 5 June 2008 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ordinary Shares %
Ackers P Investment Company Limited	23,684,876	51.28
JP Morgan Securities Limited	4,146,355	8.98
Vp Employee Trust	4,155,022	9.00

Jeremy Pilkington is a Director of Ackers P Investment Company Limited 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. This communication takes the form of comprehensive team briefings to all employees together with regular Group and divisional newsletters.

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £38,144 (2007: £32,240). The donations made in the year principally relate to sponsorship of employee driven fund raising activities on behalf of local and national charities.

SUPPLIER PAYMENT POLICY

It is the Company's policy to make payment to suppliers on agreed terms. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The number of days purchases outstanding at 31 March 2008 was 66 days (2007: 88 days). This figure fluctuates dependent on the creditor position for fleet purchases at the year end.

Wp Directors' Report

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 shareholding. The resolution enabling Directors to continue to allot unissued shares will be limited to the allotment of shares up to a maximum nominal amount of £690,750 which represents 29.9% of the total ordinary share capital in issue at 5 June 2008. 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 at 5 June 2008. 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 maximum and minimum prices that may be paid for an Ordinary Share in exercise of such powers are set out at Resolution 10(b) and 10(c) of the Notice of Meeting on page 60. 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 would be in the best interest of shareholders generally. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury stock provided that the number so held did not at any time exceed 10% of the Company's issued share capital. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base.

A resolution will be proposed to amend the rules of four of the employee share schemes adopted by the Company. Pursuant to this resolution the schemes will be renewed for a further 10 years as they are otherwise due to expire shortly. The relevant scheme rules will also be amended to bring them into line with current share dilution limits recommended by the Association of British Insurers, to ensure that they do not breach recently introduced age discrimination legislation, to update legislative references and to allow the Company at its discretion to satisfy an option granted under the Vp Share Option Scheme by a cash payment rather than an issue or transfer of shares.

GOING CONCERN

As at 31 March 2008 the Group has net debt including finance leases of £53.4m. Further details of the net debt and the Group's finance facilities are provided in the Financial Review on pages 11 to 13. After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis has been adopted in the preparation of the accounts.

AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Mike Holt
Company Secretary
5 June 2008

Wp Remuneration Report

This report sets out the Group's policy on the remuneration of Directors and provides information on Directors' remuneration for the year ended 31 March 2008. The sections on Directors' remuneration, pensions, share options and the long term incentive plan have been audited, the remaining sections are not subject to audit. A resolution will be put to shareholders at the Company's Annual General Meeting to approve this report.

REMUNERATION POLICY

Overview

In framing its remuneration policy, the Board has complied with Schedule B 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 15. The policy currently applied and to be applied in future years in setting remuneration is described below.

The Group seeks to recruit, retain and motivate executives of the highest calibre, taking into account levels of remuneration in companies of comparable size and industry orientation. The remuneration package consists of a number of elements: basic salary, annual performance related bonus, share options, long term incentive plan, pension allowance/contributions to pension schemes 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 on achievement of Group profit targets. The maximum bonus payable is capped at 50% of the Executive Director's basic salary. The actual bonuses accrued for 2007/08 are set out in the table on page 18.

Long-term incentive plan

Under the rules of the long-term incentive plan, Executive Directors and senior management may be awarded rights to acquire shares at no cost. Each award is subject to performance conditions over a three year period. Current awards are conditional upon the achievement of growth in earnings per share over a three year period and a minimum return on capital of at least 12% at the end of the three year period. No awards are made if the compounded growth in earnings per share is less than 10% and the maximum award is achieved for 20% growth in earnings per share.

Share option schemes

Under the Approved and Unapproved share option schemes, certain Executive Directors and employees of the Group are granted rights to acquire shares at a pre-determined price, which cannot be less than the higher of the mid-market price on 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 growth in earnings per share over a three year period and a minimum return on capital of at least 12% at the end of the three year period. No awards are made if the compounded growth in earnings per share is less than 10% and the maximum award is achieved for 15% growth in earnings per share.

Share matching scheme

Under the share matching scheme, certain Executive Directors and senior management of the Group are granted rights to acquire shares at nil cost in proportion to the number of shares purchased from their own funds at the time of the grant. Awards are subject to the same performance conditions as the Approved and Unapproved share option schemes.

Wp Remuneration Report

Save as you earn scheme

Under the terms of the SAYE scheme invitations are made to all eligible employees. Options are granted at a discount of up to 20% of the mid-market price immediately prior to invitation. At 31 March 2008 there were 427 employees (2007: 352) or 30% (2007: 28%) of employees participating in the scheme.

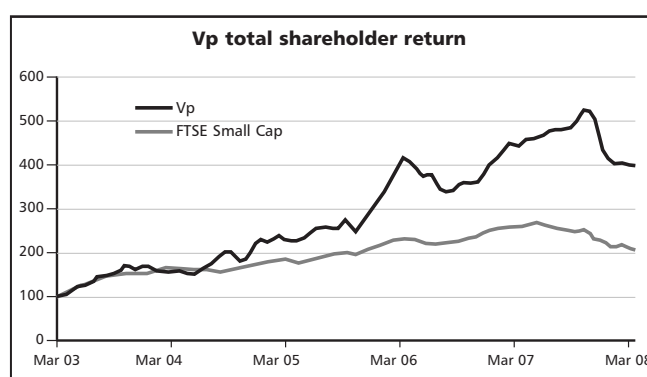
Benefits in kind

For each Executive Director these comprise a pension allowance or contribution to a pension scheme, a car or car allowance and private health insurance. In addition Jeremy Pilkington and Neil Stothard also benefit from permanent health insurance.

TOTAL SHAREHOLDER RETURN

The graph opposite charts the total cumulative shareholder return of the Group for the 5 years to 31 March 2008 as compared to the FTSE 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

In accordance with the Group's policy, Executive Directors have service contracts which are terminable by the Company on twelve months' notice. The contracts of Jeremy Pilkington and Neil Stothard are dated 10 June 2002 and the contract of Mike Holt is dated 15 June 2004. The Non Executive Directors do not have service contracts, however they do have letters of engagement terminable on three months' notice. The dates of these letters are 1 March 1996 for Barrie Cottingham and 18 November 1999 for Peter Parkin.

DIRECTORS' REMUNERATION (audited)

The details of the remuneration of Directors for the year ended 31 March 2008 are set out below:

	Salary/Fees	Bonus	Cash Allowance/ Pension Contributions	Benefits	Total	2007 (Restated)
	£000	£000	£000	£000	£000	£000
Jeremy Pilkington	368	184	147	37	736	601
Neil Stothard	260	130	26	21	437	355
Mike Holt	175	88	18	13	294	242
Barrie Cottingham	30	-	-	-	30	30
Peter Parkin	30	-	-	-	30	30
	<u>863</u>	<u>402</u>	<u>191</u>	<u>71</u>	<u>1,527</u>	<u>1,258</u>

Following the finalisation of negotiations relating to the executive pension scheme arrangements for 2007 and onwards, the 2007 Directors' emolument comparatives has been restated from £1,118,000 to £1,258,000 reflecting the inclusion of a cash allowance in lieu of pension contributions in respect of Jeremy Pilkington. The cash allowance and pension contributions reflect a 25% allowance on total salary for Jeremy Pilkington in lieu of pension contributions (see below) and a contribution of 10% of basic salary to personal pension plans/money purchase schemes in respect of Neil Stothard and Mike Holt. The restated 2007 figure also includes contributions to money purchase/personal pension plans which were previously shown separately. The cash allowance has no impact on the 2006/7 income statement since a provision has been made for the best estimate of the outcome of these negotiations. The provision was not previously included in the analysis of remuneration because the negotiation had not been concluded.

Wp Remuneration Report

PENSIONS (audited)

Jeremy Pilkington is a member of the Vp Pension Scheme, but ceased to accrue benefits from 6 April 2006. Under the scheme, a Directors' category, which is non-contributory, permits individualised arrangements to be incorporated. Such arrangements in respect of Jeremy Pilkington provide for an annual pension entitlement accrual of one thirtieth of final pensionable salary, which includes annual bonuses and benefits in kind (in accordance with the Scheme rules), up to a maximum of two thirds of final pensionable salary. As noted above, Jeremy Pilkington now receives a cash allowance in lieu of these pension contributions.

In addition, Jeremy Pilkington benefits from a long-standing contractual entitlement to retire at any time after the age of 50 without actuarial reduction of pension. However, he has indicated to the Group in writing that he has no present intention of retiring. The present value cost of funding this entitlement is estimated at approximately £791,000. Provision has been made for this liability.

The details of Jeremy Pilkington's pension benefits are as follows:

Accrued benefit at 31 March 2008	Increase in accrued benefit	Decrease in accrued benefit allowing for inflation	Transfer value of decrease in accrued benefit	Transfer value of accrued benefit at 1 April 2007	Transfer value of accrued benefit at 31 March 2008	Decrease in transfer value
£	£	£	£	£	£	£
200,844	5,017	(2,718)	(46,000)	3,365,000	3,352,000	(13,000)

DIRECTORS' INTERESTS (audited)

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 2008	1 April 2007
Jeremy Pilkington	29,750	29,750
Neil Stothard	134,678	126,465
Mike Holt	28,167	20,340
Barrie Cottingham	37,500	35,000
Peter Parkin	67,500	67,500

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

Share Options

Two Directors have share options and these are set out below:

	No. of share options at 1 April 2007	Granted	Exercised	Lapsed in year	No of share options at 31 March 2008	Option price
Neil Stothard						
2004 SAYE Scheme	1,713	-	(1,713)	-	-	110p
2005 SAYE Scheme	2,296	-	-	-	2,296	165p
2006 SAYE Scheme	1,514	-	-	-	1,514	247p
2007 SAYE Scheme	-	623	-	-	623	303p
Mike Holt						
2004 SAYE Scheme	3,427	-	(3,427)	-	-	110p
2005 SAYE Scheme	1,148	-	-	-	1,148	165p
2006 SAYE Scheme	1,514	-	-	-	1,514	247p
2007 SAYE Scheme	-	1,247	-	-	1,247	303p
Approved Share Option Scheme	21,000	-	(7,300)	-	13,700	145.5p

Wp Remuneration Report

Share Matching Scheme

Options held under the Share Matching Scheme were:

	1 April 2007	Granted in year	Lapsed in year	31 March 2008	Vested shares within total
Neil Stothard	24,938	6,500	-	31,438	9,438
Mike Holt	16,500	4,400	-	20,900	7,000

Long-term Incentive Plan

	1 April 2007	Granted in year	Exercised in year	Lapsed in year	31 March 2008	Vested shares within total	Vested in year
Jeremy Pilkington*	432,000*	89,000*	-	-	521,000*	200,000*	200,000*
Neil Stothard	676,400	66,000	-	-	742,400	457,900	200,000
Mike Holt	217,000	44,000	-	-	261,000	100,000	100,000

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

The vesting of the outstanding awards at 31 March 2008 is subject to the achievement of performance criteria over the relevant three year periods up to the year ended 31 March 2010.

Details of the market value of shares at the year end and the highest and lowest market values in the financial year are provided in note 21 to the Financial Statements. The share price on the date the awards were made in the year was 394p.

There were no changes in the interest of the Directors between 31 March 2008 and 5 June 2008.

On behalf of the Board

Mike Holt
Company Secretary
5 June 2008

Wp Corporate Governance

The Board is accountable to the Company's shareholders for good governance and is committed to high standards of corporate governance throughout the Group. The Board has prepared this report with reference to the UK Combined Code of Corporate Governance issued by the Financial Reporting Council as revised in June 2006. The Board confirms that throughout the year ended 31 March 2008 the Company has been in compliance with all of the provisions of the Code.

DIRECTORS

The Board consists of three Executive Directors and two Non Executive Directors, both of whom are considered by the Board to be independent. The Chairman is an Executive Director. Barrie Cottingham is the senior independent Non Executive Director. The biographies of the Board members shown on page 14 indicate the high level and broad range of experience which the Board possesses.

Appropriate training for new and existing Directors is kept under review and provided where necessary.

THE BOARD

The role of the Board is to maximise the long-term performance of the Group through the implementation of strategies designed to enhance shareholder value. The Board reviews strategy on a regular basis and exercises control over the performance of each operating company within the Group by agreeing budgetary targets and monitoring performance against those targets.

The roles of the Chairman and Group Managing Director are separate and clearly defined. The Chairman runs the Board and sets the strategic agenda for the Group. The Group Managing Director is responsible for the operational management of the Group's business.

The Board has five scheduled meetings each year and additional meetings are held as required. The Board has a schedule of matters reserved for its approval, including major capital expenditure, significant investments or disposals and treasury policy. In certain areas, specific responsibility is delegated to committees of the Board within defined terms of reference.

The Audit Committee has two scheduled meetings each year and the Remuneration and Nomination Committees each have one, with additional meetings held as required.

During the year, all Directors attended the five Board meetings that were held. All of the members of the respective committees attended the two Audit Committee meetings and the one Remuneration Committee meeting held during the year. The Nomination Committee was not required to meet during the year.

The membership of the Committees appears on page 15. Copies of the terms of reference of the Audit, Remuneration and Nominations Committees are available on the Company's web site at www.vpplc.com.

There is an agreed procedure for Directors to take independent professional advice at the Company's expense if deemed necessary for the correct performance of their duties. The Company Secretary is charged by the Board with ensuring that Board procedures are followed.

The Board, having implemented improvements last year following a formal evaluation of its performance, its committees and that of the Chairman, feels that there are no major issues requiring change, but will continue to evaluate performance on a regular basis and implement changes as necessary. The evaluation was undertaken using a questionnaire prepared for the Board by Equity Culture, an independent consultant, which drew on its experience of good practice across a range of listed companies.

To enable the Board to function effectively and assist Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including latest available management accounts, regular business progress reports and discussion documents regarding specific matters. In addition, senior managers are regularly invited to Board meetings and make business presentations to the Board. The evaluation of Board performance concluded that the level of information made available to the Board was of appropriate quality and provided on a timely basis.

Any Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The articles also require that at least a third of Directors should retire and seek re-election each year. Neil Stothard and Mike Holt shall retire by rotation and seek re-election by shareholders at the next Annual General Meeting. In addition Barrie Cottingham having served over nine years as a Non Executive Director shall annually retire and offers himself for re-election by shareholders at the next Annual General Meeting in accordance with the Code (A.7.2.). However, cognisant that Barrie Cottingham has been a Director for twelve years, the Board has commenced a search for a new Non-Executive Director and, after an appropriate transition period, it is intended that Barrie Cottingham shall retire.

Full details of Directors' remuneration and a statement of the Company's remuneration policy are set out in the Remuneration Report appearing on pages 17 to 20. Each Executive Director abstains from any discussion or voting at full Board meetings, on the recommendation of the Remuneration Committee, which have a direct bearing on his own remuneration package. Each Executive Director's individual package is set by the Remuneration Committee in line with the policy adopted by the full Board.

COMMUNICATION WITH STAKEHOLDERS

The Board actively seeks and encourages engagement with major institutional shareholders and other stakeholders. The Chairman, Group Managing Director and Group Finance Director attend brokers' and analyst presentations in relation to the Company's interim and full year results and also meet fund managers, brokers, analysts and the media on a regular basis to discuss business strategy, results and other issues. Presentation material used in these briefings is published on the Company's website www.vpplc.com. While the Non Executive Directors do not ordinarily attend these meetings, they are available if required by shareholders. Feedback from these meetings, collated by Brewin Dolphin, is reviewed by the Board as a whole.

The Board encourages all shareholders to attend and ask questions at the Annual General Meeting which is attended by all the Directors. The Board also actively encourages communication with employees and details of this are noted in the Directors' Report.

AUDIT

The primary role of the Audit Committee is to keep under review the Group's financial and other systems and controls and its financial reporting procedures. In fulfilling this role, the Committee receives and reviews work carried out by the internal and external auditors. The Company's internal audit department works to an annual programme developed in consultation with the Committee, as well as covering specific matters arising during the year.

The Audit Committee's terms of reference have been updated to reflect the requirements of the Code.

The Committee keeps the scope and cost effectiveness of both the internal and external audit functions under review. This includes a regular review of the effectiveness of the external auditor.

The independence and objectivity of the external auditor is also considered on a regular basis, with particular regard to the level of non-audit fees. The split between audit and non-audit fees for the year to 31 March 2008 and information on the nature of the non-audit fees incurred appear in note 3 to the Financial Statements. The non-audit fees which were paid in respect of taxation and other advice are considered by the Committee not to affect the independence or objectivity of the auditors. The external auditor's appointment is subject to regular review by the Committee and the lead audit partner is rotated at least every five years. The Committee also maintains a formal policy on the provision of non-audit services by the auditor, which is reviewed each year. This policy prohibits the provision of certain services and requires that others are subject to prior approval by the Committee or its Chairman. All other permitted non-audit services are considered on a case by case basis.

The Committee also receives an annual confirmation of independence from the auditor.

INTERNAL CONTROL

Throughout the year, the Group has been in full compliance with the applicable provisions on internal control contained in the Code.

The Board has overall responsibility for the Group's system of internal controls and risk management. The Audit Committee reviews and monitors the system's effectiveness on behalf of the Board every six months and ensures that a thorough review in accordance with Turnbull guidance is undertaken annually. The responsibility for the system rests with the Executive Directors. The system includes an ongoing process for identifying, evaluating and managing significant business risks. The system can, however, only provide reasonable and not absolute assurance of meeting internal control objectives.

The Audit Committee reports on its assessment to the Board, so that the Board can reach its own informed view on control effectiveness. The Board confirms that it has reviewed the significant risks affecting the Group and has reviewed the effectiveness of the system of internal controls in place during the year ended 31 March 2008 and through to the date of this report.

The Statement of the Directors' Responsibilities in relation to the accounts appears on page 25.

Wp Corporate and Social Responsibility

The Group is very aware of its corporate and social responsibilities. It therefore gives 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 or individual circumstances where appropriate.

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.

The Group is an equal opportunity employer and therefore is committed to providing the same level of opportunity to all, regardless of creed, colour, age, sex, disability or sexual orientation.

Our policies and procedures are reviewed regularly and our line managers are kept up to date with changes to employment legislation. Our policies are applied fairly and consistently with the aim of making the Group 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 is vital to our continued success. We therefore have an extensive training programme that commences with a detailed induction programme and moves on to cover all the technical skills that 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. Throughout this process we try to ensure that our people fulfil their potential to the benefit of both the individual and the Group.

The Group has an established whistle blowing policy and employees are free to voice concerns on a confidential basis through the Human Resources Director to ultimately the Chairman or the Non-Executive Directors, if appropriate.

HEALTH AND SAFETY

All Group sites operate in accordance with the Group's Health and Safety and Environmental policies and procedures. These policies and procedures are designed to ensure that the health and safety of all our employees and customers and anyone else who is affected by our activities is appropriately safeguarded.

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 standing 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.

Wp Corporate and Social Responsibility

THE ENVIRONMENT

We are aware of the potential risks which our operations may cause to the environment. It is the Group's policy to ensure as 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.

The two main areas where the Group's operations have an impact on the environment are emissions to air (principally CO₂) from our equipment and through our energy use and the disposal of fuel and oil.

Emissions to air

During the prior year the Group embarked on a comprehensive carbon audit with a view to identifying environmental impact mitigation opportunities. The key performance indicators outlined in the table below enable us to review our performance throughout the year and year on year. The external haulage emissions have been based on assumptions relating to average journey distances and the average fuel usage of hauliers' vehicles. The CO₂ emissions for all categories are based on the DEFRA July 2005 table for converting energy usage to CO₂ emissions.

Direct Impacts (Operational)

Energy Type	Absolute Tonnes CO ₂		Normalised Tonnes CO ₂ per £m Turnover	
	2008	2007	2008	2007
Gas and electricity	2,063	1,986	13.82	16.33
Diesel	11,165	9,678	74.80	79.59
Gas Oil	329	338	2.20	2.78
Total	13,557	12,002	90.82	98.70

Indirect (Supply Chain)

Energy Type	Absolute Tonnes CO ₂		Normalised Tonnes CO ₂ per £m Turnover	
	2008	2007	2008	2007
External Haulage	4,044	3,409	27.09	28.03

The CO₂ emissions from Gas Oil quoted above reflect Gas Oil used by the Group, if Gas Oil sold to customers is included the total CO₂ emissions would be 1,724 tonnes (2007: 1,386 tonnes).

We have used the results of the carbon audit to highlight areas where we believe we can reduce the impact on the environment of our day to day activities and promote good environmental practices. We have formulated an action plan based on advice received from the Carbon Trust and the Energy Saving Trust which will be used to further develop our environmental programmes and policies.

Our immediate target is to freeze our CO₂ emissions at current levels and thereafter to progressively reduce them within a structured five year plan.

Waste

During the year we have continued to ensure that:

- We are in full compliance with all current legislation.
- All waste is stored securely and disposed of via appropriately registered waste disposal companies.
- Fuel, oil or any other waste products are not allowed into surface water drains or allowed to contaminate land or groundwater.

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 2008 we donated over £38,000 to charities. This included support to employees participating in fund raising activities.

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

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

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

The Group and Parent Company Financial Statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the Parent Company and the performance for that period; the Companies Act 1985 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 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.

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

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Vp plc

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of Vp plc for the year ended 31 March 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Recognised Income and Expense, and the related notes. These Financial Statements have been prepared under the accounting policies set out therein. 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' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 25.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Business Review and Financial Review that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 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. Our responsibilities do not extend to any other information.

Vp Auditors' Report

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company'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 Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2008;
- 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 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Financial Statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds
5 June 2008



Consolidated Income Statement

For the Year Ended 31 March 2008

		2008	2007
	Note	£000	(Restated)*
			£000
Revenue	2	149,269	121,607
Cost of sales		(104,856)	(84,956)
Gross profit		44,413	36,651
Administrative expenses		(21,437)	(20,459)
Operating profit before amortisation and other income	2	23,271	16,276
Amortisation of intangibles		(295)	(84)
Operating profit before other income		22,976	16,192
Other income – property profit		-	257
Operating profit	3	22,976	16,449
Financial income	6	88	125
Financial expenses	6	(3,207)	(2,154)
Profit before amortisation and taxation		20,152	14,504
Amortisation of intangibles		(295)	(84)
Profit before taxation		19,857	14,420
Income tax expense	7	(4,462)	(3,981)
Net profit for the year		15,395	10,439
Basic earnings per 5p ordinary share	20	36.09p	24.40p
Diluted earnings per 5p ordinary share	20	34.26p	23.24p
Dividend per 5p ordinary share interim paid and final proposed	19	10.50p	8.25p

All profits for the year are attributable to equity holders of the parent.

*The restatement of prior year figures relates solely to the amortisation of intangibles and the associated deferred tax credit following hindsight adjustments to prior year acquisitions.



Statements of Recognised Income and Expense

Consolidated Statement of Recognised Income and Expense for the Year Ended 31 March 2008

		2008	2007 (Restated)
	Note	£000	£000
Actuarial (losses) / gains on defined benefit pension scheme	24	(419)	411
Tax on items taken directly to equity		126	(123)
Impact of change in tax rate on items taken direct to equity		(65)	-
Effective portion of changes in fair value of cash flow hedges		(729)	366
Foreign exchange translation difference		238	(1)
Net income recognised direct to equity		(849)	653
Profit for the year		15,395	10,439
Total recognised income and expense for the year	18	14,546	11,092

Total recognised income and expense for the year is all attributable to equity holders of the parent.

Parent Company Statement of Recognised Income and Expense for the Year Ended 31 March 2008

		2008	2007 (Restated)
	Note	£000	£000
Actuarial (losses) / gains on defined benefit pension scheme	24	(419)	411
Tax on items taken directly to equity		126	(123)
Impact of change in tax rate on items taken direct to equity		(65)	-
Effective portion of changes in fair value of cash flow hedges		(729)	366
Net income recognised direct to equity		(1,087)	654
Profit for the year		9,963	6,654
Total recognised income and expense for the year	18	8,876	7,308

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Consolidated Balance Sheet

at 31 March 2008

		2008	2007
	Note	£000	(Restated)*
			£000
Non-current assets			
Property, plant and equipment	8	100,901	76,797
Intangible assets	9	41,220	36,257
Total non-current assets		<u>142,121</u>	<u>113,054</u>
Current assets			
Inventories	11	4,794	4,814
Trade and other receivables	12	32,779	30,112
Cash and cash equivalents	13	4,987	6,662
Total current assets		<u>42,560</u>	<u>41,588</u>
Total assets		<u>184,681</u>	<u>154,642</u>
Current liabilities			
Interest-bearing loans and borrowings	14	(9,757)	(7,535)
Income tax payable		(2,560)	(1,500)
Trade and other payables	16	(40,632)	(31,696)
Total current liabilities		<u>(52,949)</u>	<u>(40,731)</u>
Non-current liabilities			
Interest-bearing loans and borrowings	14	(48,679)	(35,677)
Employee benefits	24	(1,433)	(2,048)
Other payables	16	-	(4,240)
Deferred tax liabilities	17	(7,826)	(6,396)
Total non-current liabilities		<u>(57,938)</u>	<u>(48,361)</u>
Total liabilities		<u>(110,887)</u>	<u>(89,092)</u>
Net assets		<u>73,794</u>	<u>65,550</u>
Equity			
Issued share capital	18	2,309	2,309
Share premium	18	16,192	16,192
Hedging reserve	18	(452)	277
Retained earnings	18	55,718	46,745
Total equity attributable to equity holders of the parent		<u>73,767</u>	<u>65,523</u>
Minority interest	18	<u>27</u>	<u>27</u>
Total equity		<u>73,794</u>	<u>65,550</u>

*Details of the restatement of the prior year, relating solely to hindsight adjustments for prior year acquisitions are shown in the appropriate notes.

These financial statements were approved by the Board of Directors on 5 June 2008 and were signed on its behalf by:

J F G Pilkington
Chairman

M J Holt
Director



Parent Company Balance Sheet

at 31 March 2008

		2008	2007
	Note	£000	(Restated)*
			£000
Non-current assets			
Property, plant and equipment	8	54,107	38,363
Intangible assets	9	13,982	9,720
Investments in subsidiaries	10	29,992	31,606
Total non-current assets		<u>98,081</u>	<u>79,689</u>
Current assets			
Inventories	11	2,236	1,881
Trade and other receivables	12	57,643	50,155
Cash and cash equivalents	13	791	3,387
Total current assets		<u>60,670</u>	<u>55,423</u>
Total assets		<u>158,751</u>	<u>135,112</u>
Current liabilities			
Interest-bearing loans and borrowings	14	(10,773)	(6,570)
Income tax payable		(1,325)	(967)
Trade and other payables	16	(40,684)	(34,742)
Total current liabilities		<u>(52,782)</u>	<u>(42,279)</u>
Non-current liabilities			
Interest-bearing loans and borrowings	14	(48,000)	(34,000)
Employee benefits	24	(1,433)	(2,048)
Other payables	16	-	(4,240)
Deferred tax liabilities	17	(4,238)	(2,821)
Total non-current liabilities		<u>(53,671)</u>	<u>(43,109)</u>
Total liabilities		<u>(106,453)</u>	<u>(85,388)</u>
Net assets		<u>52,298</u>	<u>49,724</u>
Equity			
Issued share capital	18	2,309	2,309
Share premium	18	16,192	16,192
Hedging reserve	18	(452)	277
Retained earnings	18	34,249	30,946
Total equity		<u>52,298</u>	<u>49,724</u>

*Details of the restatement of the prior year, relating solely to hindsight adjustments for prior year acquisitions and the movement of amounts from investments to goodwill, are shown in the appropriate notes.

These financial statements were approved by the Board of Directors on 5 June 2008 and were signed on its behalf by:

J F G Pilkington
Chairman

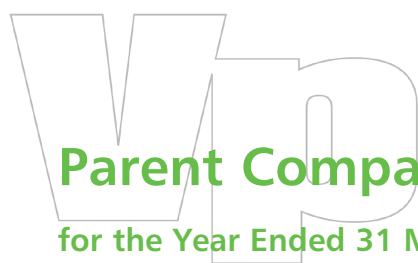
M J Holt
Director



Consolidated Statement of Cash Flows

for the Year Ended 31 March 2008

	2008	2007
	£000	(Restated) £000
Cash flows from operating activities		
Profit before taxation	19,857	14,420
Adjustments for:		
Pension fund contributions in excess of service cost	(1,034)	(435)
Share based payment charges	1,355	1,000
Depreciation	17,810	14,093
Amortisation of intangibles	295	84
Financial expense	3,207	2,154
Financial income	(88)	(125)
Profit on sale of property, plant and equipment	(3,373)	(3,307)
Operating cash flow before changes in working capital and provisions	38,029	27,884
Decrease/(increase) in inventories	467	(1,458)
Increase in trade and other receivables	(1,957)	(1,131)
Increase in trade and other payables	5,498	4,599
Cash generated from operations	42,037	29,894
Interest paid	(3,031)	(1,930)
Interest element of finance lease rental payments	(158)	(155)
Interest received	88	125
Income taxes paid	(3,611)	(2,890)
Net cash from operating activities	35,325	25,044
Investing activities		
Proceeds from sale of property, plant and equipment	10,284	8,966
Purchase of property, plant and equipment	(45,470)	(26,746)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)	(9,556)	(4,375)
Net cash from investing activities	(44,742)	(22,155)
Cash flows from financing activities		
Purchase of own shares by Employee Trust	(3,489)	(3,671)
Repayment of borrowings	-	(156)
Repayment of loan notes	(70)	(941)
New loans	16,000	7,000
New finance lease	29	-
Payment of hire purchase and finance lease liabilities	(1,205)	(1,105)
Dividend paid	(3,761)	(2,932)
Net cash from financing activities	7,504	(1,805)
Net (decrease)/increase in cash and cash equivalents	(1,913)	1,084
Effect of exchange rate fluctuations on cash held	238	-
Cash and cash equivalents as at the beginning of the year	6,662	5,578
Cash and cash equivalents as at the end of the year	4,987	6,662



Parent Company Statement of Cash Flows

for the Year Ended 31 March 2008

	2008	2007
	£000	(Restated) £000
Cash flows from operating activities		
Profit before taxation	12,789	8,885
Adjustments for:		
Pension fund contributions in excess of service cost	(1,034)	(435)
Share based payment charges	1,355	1,000
Depreciation	7,827	6,551
Amortisation of intangibles	30	26
Financial expense	3,082	1,991
Financial income	(796)	(502)
Profit on sale of property, plant and equipment	(2,402)	(1,875)
Operating cash flow before changes in working capital and provisions	20,851	15,641
Increase in inventories	(355)	(570)
Increase in trade and other receivables	(7,765)	(10,268)
Increase in trade and other payables	3,150	3,946
Cash generated from operations	15,881	8,749
Interest paid	(3,055)	(1,920)
Interest element of finance lease rental payments	(9)	(2)
Interest received	796	502
Income taxes paid	(2,079)	(2,109)
Net cash from operating activities	11,534	5,220
Investing activities		
Proceeds from sale of property, plant and equipment	6,080	5,112
Purchase of property, plant and equipment	(26,157)	(9,579)
Acquisition of businesses (net of cash and overdrafts)	-	(368)
Acquisition of subsidiaries	(4,529)	(57)
Investment in new subsidiaries	(21)	-
Net cash from investing activities	(24,627)	(4,892)
Cash flow from financing activities		
Purchase of own shares by Employee Trust	(3,489)	(3,671)
Repayment of loan notes	(70)	(941)
New loans	16,000	7,000
Payment of finance lease liabilities	-	(14)
Dividend paid	(3,761)	(2,932)
Net cash from financing activities	8,680	(558)
Net decrease in cash and cash equivalents	(4,413)	(230)
Cash and cash equivalents as at the beginning of the year	3,387	3,617
Cash and cash equivalents as at the end of the year	(1,026)	3,387

Vp

Notes
(forming part of the financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Vp plc is a company incorporated in Great Britain. These consolidated Financial Statements of Vp plc for the year ended 31 March 2008, consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company's Financial Statements present information about the Company as a separate entity and not about the Group.

Both the Parent Company Financial Statements and the Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs"). In publishing the Parent Company Financial Statements here together with the Group Financial Statements, the Company has taken advantage of the exemptions in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form part of these approved Financial Statements.

Basis of preparation

The Financial Statements are presented in sterling, rounded to the nearest thousand. They are prepared on the historic cost basis except that derivative financial instruments and cash settled share options are stated at fair value.

The Group's accounting policies are set out below and have, unless otherwise stated, been applied consistently to all periods presented in these consolidated Financial Statements. Other than IFRS 7: Financial Instruments – Disclosures and IAS 1: Presentation of Financial Instruments – Capital Disclosures, which have resulted in some additional disclosures being made, whilst not changing underlying accounting, no alterations were made to the accounting policies as a result of considering all amendments to IFRS and IFRIC interpretations that became effective during the financial period as these were considered to be immaterial to the Group's operations or were not relevant.

The following new applicable standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2008 and have not yet been applied in preparing the financial information:

- IFRS 8: Operating segments is a standard that may increase the amount of disclosure and this will be considered when preparing the Financial Statements for the year ending 31 March 2010.

Prior year comparatives have been restated to reflect hindsight adjustments made in relation to prior year acquisitions. The impact of these adjustments is shown in the appropriate notes.

Basis of consolidation

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Revenue

Revenue represents the amounts (excluding Value Added Tax) derived from the hire of equipment and the provision of goods and services to third party customers during the year. Revenue from equipment hire is recognised from the start of hire through to the end of the agreed hire period. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the transaction at the balance sheet date. Proceeds from the disposal of fixed assets are shown in the Group and Parent Company's Statement of Cash Flows and any profit or loss is included within cost of sales.

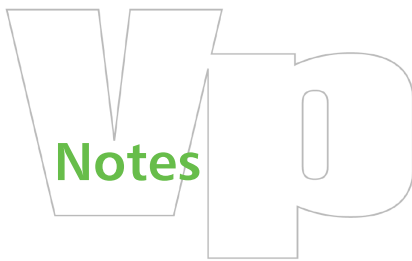
Investments

In the Company's Financial Statements, investments in subsidiary undertakings are stated at cost less impairment. During the year a transfer was made from cost of investments to goodwill and intangibles to reflect the transfer associated with the hive up of acquired businesses and assets. The transfer reduced the holding value of the acquired shares to the fair value of acquired assets.

Dividends received and receivable from post acquisition profit are credited to the Company's Income Statement to the extent that the Company has the right to receive payment.

Goodwill

All business combinations are accounted for by applying the purchase method. In respect of acquisitions since 1 April 2004, goodwill represents the difference between the cost of acquisitions and the fair value of identifiable net assets and contingent liabilities acquired. Goodwill is stated at cost less any accumulated impairment losses and is included on the balance sheet as an intangible asset. It is allocated to cash generating units and is tested annually for impairment against expected future cash flows from the cash generating unit to which it is allocated. The Group has chosen not to restate business combinations prior to 1 April 2004 on an IFRS basis as permitted by IFRS1. Goodwill is included on the basis of deemed cost for these transactions which represent its carrying value at the date of transition to adopted IFRS.



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Intangible Assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is included within cost of sales within the Income Statement. The rate of amortisation attempts to write-off the cost of the intangible asset over its estimated useful life using the following rates:

Customer related intangibles	- up to 10 years
Supply agreement	- the initial term of the agreement
Trade names	- over the estimated initial period of usage

No amortisation is provided where trade names are expected to have an indefinite life.

Dividend

Dividends are recognised as a liability in the period in which they are declared.

Share based payments

The fair value of share options is charged to the Income Statement based upon their fair value at the date of grant with a corresponding increase in equity. The charge is recognised evenly over the vesting period of the options. The liabilities for cash settled share based payment arrangements are measured at fair value.

The fair values are calculated using an appropriate option pricing model. The Group's Approved, Unapproved and Save As You Earn (SAYE) schemes have been valued using the Black-Scholes model and the Income Statement charge is adjusted to reflect the expected number of options that will vest, based on expected levels of performance against non-market based conditions and the expected number of employees leaving the Group. The fair values of the Group's Long Term Incentive Plan (LTIP) and Share Matching options are calculated using a discounted grant price model again adjusted for expected performance against non-market based conditions and employees leaving the Group.

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

The Group has chosen to adopt the exemption permitted by IFRS 1 whereby, for equity settled options, IFRS 2 is only applied to options granted after 7 November 2002 that had not vested at 1 January 2005.

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

Employee Trust shares

The Group has an employee trust (the Vp Employee Trust) for the warehousing of shares in support of awards granted by the Company under its various share option schemes. The Group accounts include the assets and related liabilities of the Vp Employee Trust. In both the Group and Parent Company accounts the shares in the Group held by the employee trust are treated as treasury shares, are held at cost, and presented in the balance sheet as a deduction from retained earnings. The shares are ignored for the purpose of calculating the Group's earnings per share.

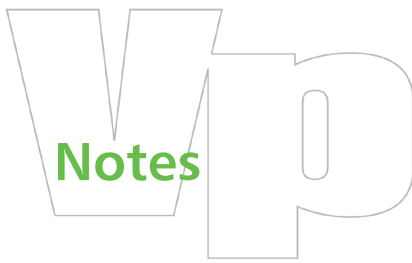
Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation, as permitted by the exemption in IFRS 1.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Operating lease payments are accounted for as described in the accounting policy on operating leases.

Profit on disposal of rental equipment is credited to cost of sales to reflect the fact that it relates to the routine disposal of rental equipment and in essence is an adjustment to depreciation previously charged.



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is provided by the Group to write off the cost or deemed cost less estimated residual value of tangible fixed assets using the following annual rates:

Freehold building	-	2% straight line
Leasehold improvements	-	Term of lease
Rental equipment	-	10% - 33% straight line depending on asset type
Motor vehicles	-	25% straight line
Computers	-	33% straight line
Fixtures, fittings and other equipment	-	10% - 20% straight line

Estimates of residual values are reviewed at least annually and adjustments made as appropriate. 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 Income Statement. Non-monetary assets and liabilities that are stated at fair value are translated to sterling at the foreign exchange rates ruling at the date the values were determined.

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

Operating leases

Payments made under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease.

Interest bearing loans and borrowings

Financial assets and liabilities are recognised on the balance sheet when the Group becomes party to the contractual provision of the instrument. Interest bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the periods of the borrowings on an effective interest basis.

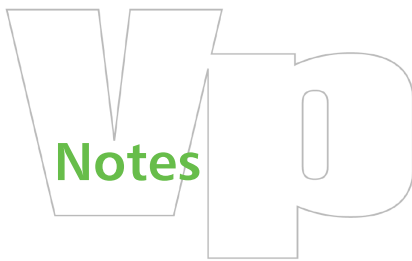
Derivative financial instruments

Interest rate and exchange rate swaps are accounted for in the balance sheet at fair value and any movement in fair value is taken to the Income Statement, unless the transaction is designated as an effective hedge of the variability in cash flows (a cash flow hedge) in which case it is accounted for in accordance with the following policy:

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding policy statement, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged forecast affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current and future interest rates and the current creditworthiness of the swap counterparties. The fair value of the exchange rate swap is the estimated amount the Group would receive or pay to terminate the swap at the balance sheet date taking account of current and future exchange rates. The carrying value of hedge instruments is presented within other payables.



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits – pensions

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

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

The Group's net obligation is recorded as a balance sheet liability and the actuarial gains and losses associated with this liability are recognised in the Statement of Recognised Income and Expense as they arise. All cumulative actuarial gains and losses at 1 April 2004, the date of transition to adopted IFRSs, were recognised directly in equity. Actuarial gains and losses occur when actuarial assumptions including expected returns on scheme assets differ from those previously envisaged by the actuary.

When the benefits of the plan are improved, the proportion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

The full service cost of the pension scheme is charged to operating profit.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials and consumables stock is held primarily for the repair and maintenance of fleet assets. Goods for resale relate to stock held for sale. The basis of expensing stock is either on a first-in first-out basis or weighted average cost basis depending on the system used within each division.

Impairment

The carrying amounts of non financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised through the Income Statement. For goodwill and assets that have an indefinite useful life the recoverable amount is tested at each balance sheet date.

Trade and other payables

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

Taxation

The charge for taxation is based on the results for the year and takes into account full provision for deferred taxation due to temporary differences between the carrying value of an asset or liability and its tax base.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted and are offset where amounts will be settled on a net basis as a result of a legally enforceable right.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Accounting estimates and judgements

The key accounting policies and estimates used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2008 have been reviewed and approved by the Audit Committee. The areas of principal accounting uncertainty are impairment of goodwill and other intangibles, estimated useful lives of fleet assets, assumptions relating to pension costs and the impact of the Group's share price on its liability for cash settled share options.

Goodwill and other intangibles are tested for impairment by reference to the expected cash generated by the business unit. This is deemed to be the best approximation of value, but is subject to the same uncertainties as the cash flow forecast being used.

The Group continually reviews depreciation rates and adopts a cautious policy in assessing estimated useful economic lives of fleet assets (see page 36). The rate of technological and legislative change is factored into the estimates, together with the diminution in value through use and time. As an equipment rental specialist, the Group disposes of used assets and generally achieves profits on disposals which are used to further assess the level of provisioning for asset depreciation across the Group.

The key assumptions applied to pensions are disclosed in note 24. The pension scheme liabilities are derived using actuarial assumptions for inflation, future salary increases, discount rates and mortality rates which are inherently uncertain. Due to the relative size of the scheme liabilities, small changes to these assumptions can give rise to a significant impact on the pension scheme deficit reported in the Balance Sheet.

Certain share options generated by the Group are settled in cash and these are required to be re-measured at each reporting date. Changes in the Company's share price during the reporting period therefore impact the charge to the Income Statement for cash settled options, including vested but not exercised options, as well as unvested options. The impact of a 10 pence increase in share price would increase the charge to the Income Statement by £70,000 (2007: £48,000).

2. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business and geographical segments. The primary reporting segments are the Group's six business units. Details of these are set out on page 1. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

Revenue is generated mainly within the United Kingdom and revenue from overseas customers accounts for less than 10% of Group revenues. In addition all material assets and liabilities of the Group are accounted for by UK based companies.

Business Segments

	Revenue						Operating profit before amortisation and other income	
	External Revenue £000	2008 Internal Revenue £000	Total Revenue £000	External Revenue £000	2007 Internal Revenue £000	Total Revenue £000	2008 £000	2007 £000
Groundforce	35,035	150	35,185	28,119	-	28,119	8,740	6,409
UK Forks	16,066	360	16,426	13,933	350	14,283	3,186	1,407
Airpac Bukom	13,112	-	13,112	10,033	-	10,033	3,335	2,360
Torrent Trackside	14,010	-	14,010	13,149	-	13,149	886	1,954
TPA	13,991	-	13,991	11,442	-	11,442	1,210	1,025
Hire Station	57,055	500	57,555	44,931	450	45,381	5,914	3,121
	149,269	1,010	150,279	121,607	800	122,407	23,271	16,276

2. SEGMENT REPORTING (continued)

Business Segments	Assets		Liabilities		Net Assets	
	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)
	£000	£000	£000	£000	£000	£000
Groundforce	38,687	27,393	10,261	7,940	28,426	19,453
UK Forks	19,128	15,479	4,266	3,778	14,862	11,701
Airpac Bukom	23,359	15,659	5,788	2,821	17,571	12,838
Torrent Trackside	10,622	9,435	3,002	3,064	7,620	6,371
TPA	32,834	32,774	9,894	13,288	22,940	19,486
Hire Station	56,911	45,101	15,264	10,968	41,647	34,133
Group/unallocated	3,140	8,801	62,412	47,233	(59,272)	(38,432)
	184,681	154,642	110,887	89,092	73,794	65,550

	Acquired Assets		Capital Expenditure		Depreciation and Amortisation	
	2008	2007 (Restated)	2008	2007	2008	2007 (Restated)
	£000	£000	£000	£000	£000	£000
Groundforce	6,033	323	8,423	5,943	3,126	2,511
UK Forks	-	-	7,897	3,423	2,601	2,347
Airpac Bukom	-	-	9,946	2,498	1,879	1,324
Torrent Trackside	1,401	-	1,939	3,261	2,052	1,686
TPA	-	-	3,793	4,935	1,481	1,272
Hire Station	3,762	4,269	12,957	8,909	6,649	4,642
Group/unallocated	-	-	332	445	317	395
	11,196	4,592	45,287	29,414	18,105	14,177

Acquired assets relate to non-current assets acquired as a result of acquisitions, including intangible assets and goodwill. Capital expenditure relates to tangible fixed assets acquired in the normal course of business.

3. OPERATING PROFIT

	2008	2007 (Restated)
	£000	£000
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	295	84
Depreciation of property, plant and equipment – owned	17,436	13,666
– leased	374	427
Rent of land and buildings	2,910	2,758
Hire of other assets	12,085	10,199
Profit on sale of plant and equipment	(3,373)	(3,050)
Profit on property transactions	-	(257)
Amounts paid to auditors:		
Audit fees – parent company annual accounts	54	52
– other group companies	64	46
– total group	118	98
Tax services	40	53
Other services pursuant to legislation	15	27

In addition £nil (2007: £5,000) was paid to Group auditors and their associates in relation to acquisitions and is included in cost of investments and goodwill capitalised.

Amounts paid to the Company's auditor in respect of services to the Company, other than audit of the Company's Financial Statements have not been disclosed as the information is required to be disclosed on a consolidated basis.

4. EMPLOYMENT COSTS

Group

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

	Number of employees	
	2008	2007
Operations	1,051	945
Sales	185	163
Administration	187	168
	<u>1,423</u>	<u>1,276</u>

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£000	£000
Wages and salaries	41,137	34,293
Social security costs	4,177	3,362
Defined benefit pension costs	(15)	52
Other pension related costs	569	647
Share option costs including associated social security costs - equity settled	1,441	1,389
- cash settled	335	1,158
	<u>47,644</u>	<u>40,901</u>

Company

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

	Number of employees	
	2008	2007
Operations	332	308
Sales	87	81
Administration	75	68
	<u>494</u>	<u>457</u>

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£000	£000
Wages and salaries	15,300	12,672
Social security costs	1,620	1,305
Defined benefit pension costs	(15)	52
Other pension related costs	303	481
Share option costs including associated social security costs - equity settled	742	822
- cash settled	335	1,158
	<u>18,285</u>	<u>16,490</u>

5. REMUNERATION OF DIRECTORS

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

	2008	2007
	£000	(Restated) £000
Basic remuneration including bonus and benefits	1,336	1,081
Cash allowances/pension contributions	191	177
	<u>1,527</u>	<u>1,258</u>

One Director (2007: One) has retirement benefits accruing under the Company's defined benefit pension scheme.

Further details of Directors' remuneration are given in the Remuneration Report on pages 17 to 20.



6. FINANCIAL INCOME AND EXPENSES

	2008	2007
	£000	£000
Financial income:		
Bank and other interest receivable	<u>88</u>	<u>125</u>
Financial expenses:		
On bank loans and overdrafts	(3,018)	(1,957)
Finance charges payable in respect of finance lease and hire purchase contracts	(159)	(155)
Other	(30)	(42)
	<u>(3,207)</u>	<u>(2,154)</u>

7. INCOME TAX EXPENSE

	2008	2007
	£000	(Restated) £000
Current tax expense		
UK Corporation tax charge at 30% (2007: 30%)	4,016	3,009
Overseas tax	301	81
UK adjustments relating to earlier years	(52)	(43)
Total current tax	<u>4,265</u>	<u>3,047</u>
Deferred tax expense		
Current year deferred tax	1,129	1,146
Impact of change in tax rate	(522)	-
Adjustments to deferred tax relating to earlier years	(410)	(212)
Total deferred tax	<u>197</u>	<u>934</u>
Total tax expense in income statement	<u>4,462</u>	<u>3,981</u>

Reconciliation of effective tax rate

	2008	2008	2007	2007
	%	£000	%	(Restated) £000
Profit on ordinary activities before tax		<u>19,857</u>		<u>14,420</u>
Profit on ordinary activities multiplied by standard rate of corporation tax (30%)	30.0	5,957	30.0	4,326
Effects of:				
Tax rate change	(2.6)	(522)	-	-
Expenses not deductible for tax purposes	0.3	66	1.5	218
Deferred tax written off on carried forward losses	-	-	0.6	86
Non-qualifying depreciation	0.4	72	0.9	138
Share scheme adjustments	(2.6)	(521)	(3.6)	(522)
Gains covered by exemption/losses	(0.9)	(175)	(0.4)	(65)
Overseas tax rate	0.2	47	0.4	55
Adjustments to tax charge in respect of previous years	(2.3)	(462)	(1.8)	(255)
Total tax charge for year	<u>22.5</u>	<u>4,462</u>	<u>27.6</u>	<u>3,981</u>

Deferred tax recognised directly through equity

	2008	2007
	£000	£000
Relating to share based payments	471	22
Relating to actuarial loss on defined benefit pension scheme	(61)	123
	<u>410</u>	<u>145</u>

The rate change of UK corporate taxation from 30% to 28% with effect from 1 April 2008 has been reflected above.

8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
Cost or deemed cost					
At 1 April 2006	9,544	96,645	1,594	7,065	114,848
Additions	351	27,633	59	1,371	29,414
Acquisitions	39	979	57	19	1,094
Disposals	(285)	(13,577)	(405)	(111)	(14,378)
Transfer to assets held for resale	(348)	-	-	-	(348)
At 31 March 2007	9,301	111,680	1,305	8,344	130,630
Additions	818	42,719	245	1,505	45,287
Acquisitions	734	3,239	218	148	4,339
Disposals	(263)	(16,665)	(105)	(1,782)	(18,815)
Transfer between categories	-	(17)	-	17	-
At 31 March 2008	10,590	140,956	1,663	8,232	161,441
Depreciation and impairment losses					
At 1 April 2006	2,947	40,377	968	4,515	48,807
Charge for year	458	12,262	219	1,154	14,093
On disposals	(73)	(8,477)	(369)	(80)	(8,999)
Transfer to assets held for resale	(68)	-	-	-	(68)
At 31 March 2007	3,264	44,162	818	5,589	53,833
Charge for year	519	15,839	200	1,252	17,810
On acquisitions	2	798	1	-	801
On disposals	(95)	(9,966)	(64)	(1,779)	(11,904)
Transfer between categories	-	(10)	-	10	-
At 31 March 2008	3,690	50,823	955	5,072	60,540
Carrying amount					
At 31 March 2008	6,900	90,133	708	3,160	100,901
At 31 March 2007	6,037	67,518	487	2,755	76,797
At 31 March 2006	6,597	56,268	626	2,550	66,041

COMPANY	Land and Buildings £000	Rental Equipment £000	Motor Vehicles £000	Other Assets £000	Total £000
Cost or deemed cost					
At 1 April 2006	7,106	50,712	611	3,937	62,366
Additions	211	11,328	8	755	12,302
Acquisitions	-	168	-	-	168
Disposals	(243)	(5,998)	(210)	(24)	(6,475)
Transfer to assets held for resale	(348)	-	-	-	(348)
At 31 March 2007	6,726	56,210	409	4,668	68,013
Additions	318	25,094	158	608	26,178
Group transfers	6	1,775	63	28	1,872
Disposals	-	(8,417)	(18)	(1,713)	(10,148)
At 31 March 2008	7,050	74,662	612	3,591	85,915
Depreciation and impairment losses					
At 1 April 2006	1,769	21,415	510	2,991	26,685
Charge for year	200	5,843	51	457	6,551
On disposals	(41)	(3,275)	(198)	(4)	(3,518)
Transfer to assets held for resale	(68)	-	-	-	(68)
At 31 March 2007	1,860	23,983	363	3,444	29,650
Charge for year	285	6,948	33	561	7,827
Group transfers	2	798	1	-	801
On disposals	-	(4,739)	(18)	(1,713)	(6,470)
At 31 March 2008	2,147	26,990	379	2,292	31,808
Carrying amount					
At 31 March 2008	4,903	47,672	233	1,299	54,107
At 31 March 2007	4,866	32,227	46	1,224	38,363
At 31 March 2006	5,337	29,297	101	946	35,681

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost or deemed cost of land and buildings for the Group and the Company includes £2,176,000 (2007: £2,176,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £3,670,000 (2007: £3,687,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £398,000 (2007: £nil). The leased equipment secures lease obligations (see note 14). Depreciation for the year on these Group assets was £374,000 (2007: £427,000) and £nil (2007: £13,000) for the Company.

Transfer to assets held for resale relates to the disposal of a property identified as available for disposal during the prior year which was recategorised from property, plant and equipment. The property was subsequently sold and the gain recognised in the Income Statement under Other Income.

9. INTANGIBLE ASSETS

GROUP

	Trade Name £000	Customer Relationships £000	Supply Agreement £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2006	1,400	-	72	32,665	34,137
Acquired through business combinations	-	-	-	3,091	3,091
Hindsight adjustment (see Note 25)	273	1,238	-	(1,104)	407
Adjustment to contingent consideration	-	-	-	(1,290)	(1,290)
At 31 March 2007 (restated)	<u>1,673</u>	<u>1,238</u>	<u>72</u>	<u>33,362</u>	<u>36,345</u>
Acquired through business combinations	445	2,666	260	4,287	7,658
Adjustment to contingent consideration	-	-	-	(2,400)	(2,400)
At 31 March 2008	<u>2,118</u>	<u>3,904</u>	<u>332</u>	<u>35,249</u>	<u>41,603</u>
Accumulated amortisation					
At 1 April 2006	-	-	4	-	4
Hindsight adjustment	11	48	-	-	59
Amortisation charge	-	-	25	-	25
At 31 March 2007	<u>11</u>	<u>48</u>	<u>29</u>	<u>-</u>	<u>88</u>
Amortisation charge	37	199	59	-	295
At 31 March 2008	<u>48</u>	<u>247</u>	<u>88</u>	<u>-</u>	<u>383</u>
Carrying amount					
At 31 March 2008	<u>2,070</u>	<u>3,657</u>	<u>244</u>	<u>35,249</u>	<u>41,220</u>
At 31 March 2007 (restated)	<u>1,662</u>	<u>1,190</u>	<u>43</u>	<u>33,362</u>	<u>36,257</u>
At 31 March 2006	<u>1,400</u>	<u>-</u>	<u>68</u>	<u>32,665</u>	<u>34,133</u>

The carrying value of intangibles and goodwill has been assessed for impairment by reference to its value in use. Values have been estimated using cash flow projections over 5 years derived from the approved budget for the coming year. The discount rate applied was 9% being the estimated weighted average cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying amounts before any such assumption was applied. Based on this testing the Directors do not consider any of the goodwill or indefinite life intangible assets to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions.

Intangible assets with an indefinite life totalling £1,400,000 (2007: £1,400,000) is included within trade names and relates to the TPA name on the basis that it is expected to be maintained indefinitely and continue to deliver future value to the Group.



9. INTANGIBLE ASSETS (continued)

COMPANY	Trade Names £000	Supply Agreement £000	Customer Relationships £000	Goodwill £000	Total £000
Cost or deemed cost					
At 1 April 2006	-	72	-	4,891	4,963
Transfer from cost of investment	-	-	-	4,638	4,638
Acquired through business combinations	-	-	-	155	155
Hindsight adjustment	-	-	62	(62)	-
Hindsight adjustment of transfer from cost of investment	-	-	-	(6)	(6)
At 31 March 2007 (restated)	-	72	62	9,616	9,750
Transfer from cost of investment	376	-	1,506	2,410	4,292
At 31 March 2008	376	72	1,568	12,026	14,042
Accumulated amortisation					
At 1 April 2006	-	4	-	-	4
Amortisation charge	-	25	-	-	25
Hindsight adjustment	-	-	1	-	1
At 31 March 2007 (restated)	-	29	1	-	30
Amortisation charge	-	24	6	-	30
At 31 March 2008	-	53	7	-	60
Carrying amount					
At 31 March 2008	376	19	1,561	12,026	13,982
At 31 March 2007 (restated)	-	43	61	9,616	9,720
At 31 March 2006	-	68	-	4,891	4,959

The Directors have reviewed the carrying amount of the Company's goodwill on the same basis as the Group's goodwill and concluded that no impairment charge is required.

10. INVESTMENTS IN SUBSIDIARIES

COMPANY

	£000
Cost	
At 1 April 2006	39,215
Transfer to goodwill	(4,638)
Restatement of transfer to goodwill	6
Reduction in contingent consideration	(1,290)
At 31 March 2007 (restated)	33,293
Acquisitions	4,529
Investment in new subsidiary	21
Transfer to intangible assets	(3,764)
Reduction in contingent consideration	(2,400)
At 31 March 2008	31,679
Impairment	
At 1 April 2006, 31 March 2007 and 31 March 2008	1,687
Carrying amount	
At 31 March 2008	29,992
At 31 March 2007 (restated)	31,606
At 31 March 2007	37,528

The significant investments in 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%
Trax Portable Access Limited	England	Hire of portable roadways	UK	Ordinary shares 100%



11. INVENTORIES

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Raw materials and consumables	1,268	1,832	715	771
Goods for resale	3,526	2,982	1,521	1,110
	<u>4,794</u>	<u>4,814</u>	<u>2,236</u>	<u>1,881</u>

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade receivables	30,472	26,649	12,784	11,807
Amounts owed by subsidiary undertakings	-	-	43,892	36,216
Other receivables	447	1,242	230	767
Prepayments and accrued income	1,860	2,221	737	1,365
	<u>32,779</u>	<u>30,112</u>	<u>57,643</u>	<u>50,155</u>

There are £5.5m of trade receivables that are overdue at the balance sheet date that have not been provided against. There is no indication as at 31 March 2008 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are overdue and unprovided. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	2008	2007
	£000	£000
Not overdue	24,987	22,119
0-30 days overdue	1,828	1,865
31-90 days overdue	2,133	1,599
More than 90 days overdue	1,524	1,066
	<u>30,472</u>	<u>26,649</u>

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank balances	4,386	2,532	390	(743)
Call deposits	601	4,130	401	4,130
Cash and cash equivalents	<u>4,987</u>	<u>6,662</u>	<u>791</u>	<u>3,387</u>

During the year the rate of interest received on sterling cash deposits was in the range 5.4% to 6.5% and on US dollar deposits was in the range 2.7% to 5.5%.

14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Current liabilities				
Bank overdraft	-	-	1,817	-
Secured bank loans	8,543	6,500	8,543	6,500
Obligations under finance leases and hire purchase contracts	1,214	965	413	-
Loan notes	-	70	-	70
	<u>9,757</u>	<u>7,535</u>	<u>10,773</u>	<u>6,570</u>
Non-current liabilities				
Secured bank loans	48,000	34,000	48,000	34,000
Obligations under finance leases and hire purchase contracts	679	1,677	-	-
	<u>48,679</u>	<u>35,677</u>	<u>48,000</u>	<u>34,000</u>

14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2008 is:

	Group		Company	
	2008	2007	2008	2007
Due in more than one year but not more than two years:	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	<u>543</u>	<u>823</u>	<u>-</u>	<u>-</u>
Due in more than two years but not more than five years:				
Secured bank loans	48,000	34,000	48,000	34,000
Obligations under finance leases and hire purchase contracts	<u>136</u>	<u>854</u>	<u>-</u>	<u>-</u>
	<u>48,136</u>	<u>34,854</u>	<u>48,000</u>	<u>34,000</u>
Total	<u>48,679</u>	<u>35,677</u>	<u>48,000</u>	<u>34,000</u>

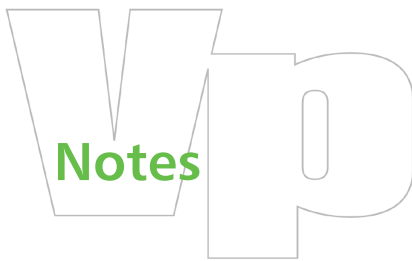
The Group's bank accounts are subject to set off arrangements covered by cross guarantees and, where appropriate, are presented accordingly. The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to LIBOR. The unutilised bank facility available of the Group was £28,500,000 as at 31 March 2008.

There is no material difference between the carrying value and fair value of the Group's borrowings. Further details relating to the Group's funding strategy (including the maturity details of the bank loans) and its credit, interest rate and currency risk policies are provided in the Financial Review on pages 11 to 13. The loans are subject to covenants and these have been fulfilled at all times during the year.

Liquidity Risk

The following are cash flows relating to the Group's financial liabilities, including estimated interest payments, but excluding the impact of netting agreements, based on the assumption that the year end loans are repaid at the end of the committed period and interest rates remain constant.

GROUP	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years
	£000	£000	£000	£000	£000
31 March 2008					
Secured bank loans	56,543	64,282	11,722	2,880	49,680
Finance lease liabilities	1,893	2,132	1,346	786	-
Trade and other payables	40,632	40,632	40,632	-	-
	<u>99,068</u>	<u>107,046</u>	<u>53,700</u>	<u>3,666</u>	<u>49,680</u>
31 March 2007					
Secured bank loans	40,500	48,038	8,768	2,040	37,230
Loan notes	70	78	78	-	-
Finance lease liabilities	2,642	3,024	1,115	901	1,008
Trade and other payables	35,936	35,936	31,696	4,240	-
	<u>79,148</u>	<u>87,076</u>	<u>41,657</u>	<u>7,181</u>	<u>38,238</u>
COMPANY					
31 March 2008					
Secured bank loans	56,543	64,282	11,722	2,880	49,680
Finance lease liabilities	413	452	452	-	-
Trade and other payables	40,684	40,684	40,684	-	-
	<u>97,640</u>	<u>105,418</u>	<u>52,858</u>	<u>2,880</u>	<u>49,680</u>
31 March 2007					
Secured bank loans	40,500	48,038	8,768	2,040	37,230
Loan notes	70	78	78	-	-
Trade and other payables	34,742	34,742	34,742	-	-
	<u>75,312</u>	<u>82,858</u>	<u>43,588</u>	<u>2,040</u>	<u>37,230</u>



14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Hire purchase and finance lease liabilities

GROUP	Payment	Interest	Principal	Payment	Interest	Principal
	2008	2008	2008	2007	2007	2007
	£000	£000	£000	£000	£000	£000
Payable:						
Less than one year	1,346	(132)	1,214	1,115	(150)	965
Between one and five years	786	(107)	679	1,909	(232)	1,677
	<u>2,132</u>	<u>(239)</u>	<u>1,893</u>	<u>3,024</u>	<u>(382)</u>	<u>2,642</u>

The average effective interest rate on hire purchase and finance lease obligations was 6.4%.

15. FINANCIAL INSTRUMENTS

Swaps

The Group has four interest rate swaps which are held for hedging purposes in order to reduce the risk of exposure to changes in interest rates on the Group's secured bank loans. Two swaps, which total £15.0m, were taken out in November 2005 and two others, of £7.5m each, in September 2007 and December 2007. All these swaps are for a period of 5 years, with a bank only call option after 3 years. They fix interest rates net of bank margin at between 4.7% and 5.56%. In addition in March 2008 the Group entered into two basis rate swap agreements for £15.0m each with termination dates in November and December 2008. These agreements are designed to provide an interest rate saving on existing arrangements whilst maintaining the effectiveness of the original swaps. These are effective cash flow hedges and the movements in fair values have been taken to equity. In October 2007 the bank exercised its call option on an interest swap agreement for £5.0m entered into during July 2006.

At 31 March 2008 the notional contract value of interest rate swaps was £30,000,000 (2007: £20,000,000) and the fair value of the swaps was a liability of £360,000 (2007: asset of £247,000). The cash flows are expected to occur during the remaining life of the swap.

Furthermore the Group has two foreign exchange hedges which were taken out in January 2008 to reduce the risk of exchange rate fluctuations on US dollars. These swaps are effective cash flow hedges and movements in fair value are taken to equity. The notional contract value at 31 March 2008 is \$13,500,000 and the fair value was a liability of £92,000 (2007: asset of £30,000). All cash flows relating to foreign exchange hedges occur within one year.

There are no material differences between the carrying value and the fair value of the Group's other financial instruments including trade debtors and trade creditors. The risks associated with interest rate and foreign exchange rate management are discussed in the Financial Review on pages 11 to 13 as are the risks relating to credit and currency management.

Financial Sensitivity Analysis

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

	Equity and Profit / Loss	
	2008	2007
	£000	£000
10% strengthening of Sterling against:		
US Dollar	(305)	(349)
Euro	360	307
10% weakening of Sterling against:		
US Dollar	242	554
Euro	(440)	(307)
10% movement in Sterling interest rates:		
Increase in interest rates	(169)	(101)
Decrease in interest rates	169	101

16. TRADE AND OTHER PAYABLES

Current liabilities

	Group		Company	
	2008	2007 (Restated)	2008	2007 (Restated)
	£000	£000	£000	£000
Trade payables	17,251	15,533	9,467	8,283
Amounts owed to subsidiary undertakings	-	-	17,318	17,075
Other taxes and social security	3,006	2,239	1,158	1,000
Other payables	1,540	900	452	-
Accruals and deferred income	14,226	10,624	8,049	5,984
Contingent consideration	4,609	2,400	4,240	2,400
	40,632	31,696	40,684	34,742

Prior year accruals and deferred income have been restated by Group £(2,000), Company £(6,000) to reflect changes in the completion balance sheets of acquisitions and accruals for acquisition fees. In addition, prior year amounts owed by subsidiary undertakings has been restated by £6,000 for the Company to reflect changes in the transfer of net assets from an acquired company.

Non-current liabilities

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Contingent consideration	-	4,240	-	4,240

Of the contingent consideration £4,240,000 (2007: £6,640,000) relates to the acquisition of Trax Portable Access Limited and is dependent on the future profitability of that company through to 31 December 2008.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

GROUP	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2006	6,740	427	(1,968)	(393)	4,806
Recognised on acquisitions	102	-	-	-	102
Recognised in income	1,105	(17)	(277)	123	934
Recognised in equity	-	-	145	-	145
Restatement on acquisitions	-	409	-	-	409
At 31 March 2007	7,947	819	(2,100)	(270)	6,396
Recognised on acquisitions	89	734	-	-	823
Recognised in income	922	(68)	(278)	(379)	197
Recognised in equity	-	-	410	-	410
At 31 March 2008	8,958	1,485	(1,968)	(649)	7,826
COMPANY	Property, plant and equipment £000	Intangible assets £000	Employee benefits £000	Other items £000	Total £000
1 April 2006	4,909	7	(1,968)	(269)	2,679
Recognised in income	251	-	(277)	23	(3)
Recognised in equity	-	-	145	-	145
At 31 March 2007	5,160	7	(2,100)	(246)	2,821
Recognised on acquisitions	-	528	-	-	528
Recognised in income	756	(7)	(278)	(82)	389
Recognised in equity	-	-	410	-	410
Transfer from Group Company	90	-	-	-	90
At 31 March 2008	6,006	528	(1,968)	(328)	4,238



18. CAPITAL AND RESERVES

GROUP	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Minority Interest £000	Total Equity £000
Balance as at 1 April 2006	2,309	16,192	(89)	41,884	27	60,323
Total recognised income and expense	-	-	366	10,726	-	11,092
Tax movement on equity	-	-	-	(22)	-	(22)
Share option charge in the year	-	-	-	1,000	-	1,000
Losses on share disposals	-	-	-	(240)	-	(240)
Net movement in shares held by Vp Employee Trust at cost	-	-	-	(3,671)	-	(3,671)
Dividends to equity holders of the parent	-	-	-	(2,932)	-	(2,932)
Balance as at 31 March 2007	<u>2,309</u>	<u>16,192</u>	<u>277</u>	<u>46,745</u>	<u>27</u>	<u>65,550</u>
Balance as at 1 April 2007	2,309	16,192	277	46,745	27	65,550
Total recognised income and expense	-	-	(729)	15,275	-	14,546
Tax movement on equity	-	-	-	(451)	-	(451)
Effect of tax rate change	-	-	-	(20)	-	(20)
Share option charge in the year	-	-	-	1,355	-	1,355
Gains on share disposals	-	-	-	64	-	64
Net movement in shares held by Vp Employee Trust at cost	-	-	-	(3,489)	-	(3,489)
Dividends to equity holders of the parent	-	-	-	(3,761)	-	(3,761)
Balance as at 31 March 2008	<u>2,309</u>	<u>16,192</u>	<u>(452)</u>	<u>55,718</u>	<u>27</u>	<u>73,794</u>
COMPANY	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000		Total Equity £000
Balance as at 1 April 2006	2,309	16,192	(89)	29,869		48,281
Total recognised income and expense	-	-	366	6,942		7,308
Tax movement on equity	-	-	-	(22)		(22)
Share option charge in the year	-	-	-	1,000		1,000
Losses on share disposals	-	-	-	(240)		(240)
Net movement in shares held by Vp Employee Trust at cost	-	-	-	(3,671)		(3,671)
Dividends to equity holders	-	-	-	(2,932)		(2,932)
Balance as at 31 March 2007	<u>2,309</u>	<u>16,192</u>	<u>277</u>	<u>30,946</u>		<u>49,724</u>
Balance as at 1 April 2007	2,309	16,192	277	30,946		49,724
Total recognised income and expense	-	-	(729)	9,605		8,876
Tax movement on equity	-	-	-	(451)		(451)
Effect of tax rate change	-	-	-	(20)		(20)
Share option charge in the year	-	-	-	1,355		1,355
Gains on share disposal	-	-	-	64		64
Net movement in shares held by Vp Employee Trust at cost	-	-	-	(3,489)		(3,489)
Dividends to equity holders	-	-	-	(3,761)		(3,761)
Balance as at 31 March 2008	<u>2,309</u>	<u>16,192</u>	<u>(452)</u>	<u>34,249</u>		<u>52,298</u>

For the Group, exchange differences related to foreign operations are not material and have therefore not been disclosed as a separate component of equity.

Own shares held

Deducted from retained earnings (Group and Company) is £10,588,000 (2007: £7,099,000) in respect of own shares held by the Vp Employee Trust. The Trust acts as a repository of issued Company shares and held 3,820,000 shares (2007: 3,397,000) with a market value at 31 March 2008 of £11,726,000 (2007: £12,229,000).



18. CAPITAL AND RESERVES (continued)

Ordinary share capital	2008	2007
	£000	£000
Authorised		
60,000,000 Ordinary shares of 5 pence each	3,000	<u>3,000</u>
Allotted, called up and fully paid		
46,185,000 Ordinary shares of 5 pence each (2007: 46,185,000)	2,309	<u>2,309</u>

All shares have the same voting rights.

19. DIVIDENDS

	2008	2007
	£000	£000
Amounts recognised as distributions to equity holders of the parent in the year:		
Ordinary shares:		
Final paid 6.00p (2007: 4.65p) per share	2,566	1,978
Interim paid 2.80p (2007: 2.25p) per share	1,195	954
	3,761	<u>2,932</u>

The dividend paid in the year is after dividends were waived to the value of £303,000 (2007: £255,000) in relation to shares held by the Vp Employee Trust. These dividends will continue to be waived in the future.

In addition the Directors are proposing a final dividend in respect of the current year of 7.70p per share which will absorb an estimated £3,248,000 of shareholders' funds. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share of 36.09 pence (2007: 24.40 pence) was based on the profit attributable to equity holders of the parent of £15,395,000 (2007: £10,439,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2008 of 42,658,000 (2007: 42,780,000), calculated as follows:

Weighted average number of ordinary shares	2008	2007
	Shares	Shares
	000's	000's
Issued ordinary shares	46,185	46,185
Effect of own shares held	(3,527)	(3,405)
Weighted average number of ordinary shares	42,658	<u>42,780</u>

Basic earnings per share before the amortisation of intangibles was 36.64 pence (2007: 24.56 pence) and is based on an after tax add back of £234,000 (2007: £67,000) in respect of the amortisation of intangibles.

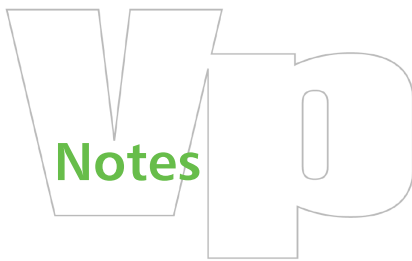
Diluted earnings per share

The calculation of diluted earnings per share of 34.26 pence (2007: 23.24 pence) was based on profit attributable to equity holders of the parent of £15,395,000 (2007: £10,439,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2008 of 44,939,000 (2007: 44,913,000), calculated as follows:

	2008	2007
	Shares	Shares
	000's	000's
Weighted average number of ordinary shares	42,658	42,780
Effect of share options on issue	2,281	2,133
Weighted average number of ordinary shares (diluted)	44,939	<u>44,913</u>

There are additional options which are not currently dilutive, but may become dilutive in the future.

Diluted earnings per share before the amortisation of intangibles was 34.78 pence (2007: 23.39 pence).



21. SHARE OPTION SCHEMES

SAYE Scheme

During the year options over a further 306,382 shares were granted under the SAYE scheme at a price of 303 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
August 2005	165p	241,309
August 2006	247p	237,964
August 2007	303p	287,931
		<u>767,204</u>

All the options are exercisable between 3 and 3.5 years. At 31 March 2008 there were 427 employees saving an average £114 per month in respect of options under the SAYE scheme. The only SAYE scheme condition is continuous employment over the term of the option.

Approved Share Option Scheme

Options over a further 215,000 shares were granted during the year at a price of 388.25 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
July 2001	65.0p	4,425
June 2002	93.0p	10,000
June 2003	104.0p	37,000
June 2004	145.5p	104,376
June 2005	200.0p	260,000
June 2006	293.5p	309,500
June 2007	388.25p	210,000
		<u>935,301</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 Remuneration Report on page 17.

Unapproved Share Option Scheme

Options over 390,000 shares were granted during the year at a price of 388.25 pence. The options outstanding at the year end were:

Date of Grant	Price per share	Number of shares
June 2002	93.0p	23,000
June 2004	145.5p	115,000
June 2005	200.0p	510,000
June 2006	293.5p	312,000
June 2007	388.25p	385,000
		<u>1,345,000</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 Remuneration Report on page 17.

Long Term Incentive Plan

Awards were made during the year in relation to a further 301,000 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
July 2001	45,000
June 2002	100,000
June 2003	112,500
June 2004	640,000
June 2005	408,000
June 2006	338,000
June 2007	301,000
	<u>1,944,500</u>

The vesting of the awards is subject to the achievement of performance targets over a three year period, as shown in the Remuneration Report on page 17.



21. SHARE OPTION SCHEMES (continued)

Share Matching

Awards were made during the year in relation to a further 35,650 shares. Shares outstanding at the year end were:

Date of Grant	Number of shares
September 2003	6,938
August 2004	11,500
August 2005	43,500
August 2006	34,000
August 2007	35,650
	<u>131,588</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 Remuneration Report on page 17.

Awards under the above schemes will be generally made utilising shares owned by the Vp Employee Trust.

The market value of the ordinary shares at 31 March 2008 was 307 pence (2007: 360 pence), the highest market value in the year to 31 March 2008 was 439 pence and the lowest 301 pence. The average share price during the year was 370 pence.

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

	2008		2007	
	Weighted average exercise price	Number of options 000s	Weighted average exercise price	Number of options 000s
Outstanding at beginning of the year	123p	4,738	85p	4,601
Lapsed during the year	247p	(123)	113p	(54)
Exercised during the year	120p	(739)	55p	(1,113)
Granted during the year	263p	1,248	199p	1,305
Outstanding at the end of the year	155p	<u>5,124</u>	123p	<u>4,739</u>
Exercisable at the year end	32p	<u>1,210</u>	33p	<u>405</u>

The options outstanding at 31 March 2008 have an exercise price in the range of 0.0p to 388.25p and have a weighted average life of 2.2 years.

For options granted prior to November 2002 the options are valued at the intrinsic value at the date of the grant. For options granted after November 2002 the fair value of services received in return for share options granted are measured by reference to the fair value of those share options. The fair value for the approved, unapproved and SAYE options are measured using the Black-Scholes model and the LTIP and share matching schemes are valued using a discounted grant price method. Cash settled options are valued at their fair value at each period end. The assumptions used to value the models are in the following ranges:

Weighted average fair value per share	2008 175.2p	2007 120.4p
Share price at date of grant	379p to 394p	273p to 308p
Exercise price (details provided above)	0p to 388.25p	0p to 293.5p
Expected volatility	28.4p	32.4p
Option life	3 to 10 years	3 to 10 years
Expected divided yield	2.3% to 2.4%	2.4% to 2.7%
Risk free rate	5.75%	4.5%

The expected volatility is based on historic volatility which is based on the latest three years' share price data.

The cost of share options charged to the Income Statement is shown in note 4.

The total carrying amount of cash settled transaction liabilities at the year end was £1,357,000 (2007: £1,023,000).

22. OPERATING LEASES

The total remaining cost of non-cancellable operating leases is payable as follows:

	2008		2007	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
GROUP				
Operating leases which expire:				
Within one year	206	628	123	823
In the second to fifth years inclusive	5,355	7,879	5,376	7,945
Over five years	7,255	-	7,433	211
	<u>12,816</u>	<u>8,507</u>	<u>12,932</u>	<u>8,979</u>
COMPANY				
Operating leases which expire:				
Within one year	-	363	5	329
In the second to fifth years inclusive	1,534	5,197	1,729	4,418
Over five years	2,528	-	3,140	-
	<u>4,062</u>	<u>5,560</u>	<u>4,874</u>	<u>4,747</u>

23. CAPITAL COMMITMENTS

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

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Contracted	<u>10,094</u>	<u>12,465</u>	<u>7,553</u>	<u>9,259</u>

24. PENSION SCHEME

Defined benefit scheme

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

The cash contributions made by the employer over the financial year have been £1,019,000. This is equivalent to approximately 22.7% of pensionable pay plus regular monthly contributions to reduce the deficit in the scheme of £445,000 in total for the year and a further lump sum contribution of £530,000. Contributions are expected to continue at the rate of 21.6% of pensionable pay plus £225,000 per annum payable in monthly instalments, until reviewed following the finalisation of the formal actuarial valuation of the scheme as at 1 April 2006. These contributions represent the cash cost to the business. The overall impact on the Income Statement and Statement of Recognised Income and Expense is considered in detail below.

It is the policy of the Company to recognise all actuarial gains and losses in the year in which they occur in the Statement of Recognised Income and Expense.

Present value of net obligation

	Group and Company	
	2008 £000	2007 £000
Present value of defined benefit obligation	(12,098)	(12,089)
Fair value of scheme assets	10,665	10,041
Present value of net obligations	<u>(1,433)</u>	<u>(2,048)</u>



24. PENSION SCHEME (continued)

Liability for defined benefit obligations

Changes in the present value of the defined benefit obligation are as follows:

	Group and Company	
	2008	2007
	£000	£000
Opening defined benefit obligation	12,089	11,864
Service cost	36	36
Interest cost	662	621
Actuarial gain	(564)	(297)
Benefits paid	(136)	(146)
Contributions by employees	11	11
Closing defined benefit obligation	12,098	12,089

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	Group and Company	
	2008	2007
	£000	£000
Opening fair value of scheme assets	10,041	8,970
Expected return	713	605
Actuarial (losses)/gains	(983)	114
Contributions by employer	1,019	487
Contributions by employees	11	11
Benefits paid	(136)	(146)
Closing fair value of scheme assets	10,665	10,041

Expenses recognised in the Income Statement

	Group and Company	
	2008	2007
	£000	£000
Current service costs	36	36
Interest on obligation	662	621
Expected return on scheme assets	(713)	(605)
	(15)	52

These expenses are recognised in the following line items in the Income Statement:

	Group and Company	
	2008	2007
	£000	£000
Cost of sales	36	36
Administrative expenses	(51)	16
	(15)	52

Cumulative actuarial net losses reported in the Statement of Recognised Income and Expense since 1 April 2004, the transition to adopted IFRSs, for the Group and Company are £1,087,000 (2007: £668,000).

Scheme assets and returns

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

	Group and Company		2007	
	2008		Long Term	
	Long Term	£000	Rate of Return	£000
	Rate of Return			
Equities	7.00%	8,290	7.00%	8,441
Bonds and other	5.50%	2,375	5.00%	1,600
	6.67%	10,665	6.68%	10,041
Actual return on scheme assets		(270)		719



24. PENSION SCHEME (continued)

Scheme assets and returns (continued)

None of the fair values of the assets shown on page 54 include any of the Company's own financial instruments or any property occupied by or other assets used by the Company.

The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date.

Principal actuarial assumptions

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

	Group and Company	
	2008	2007
Inflation	3.60%	3.25%
Discount rate at 31 March	6.60%	5.50%
Expected future salary increases	4.60%	4.25%
Expected future pension increases	3.60%	3.25%
Revaluation of deferred pensions	3.60%	3.25%

Mortality rate assumptions adopted at 31 March 2008 imply the following life expectations on retirement at age 65 for:

	2008	2007
	26 years	20 years
Male currently aged 40	26 years	20 years
Female currently aged 40	29 years	23 years
Male currently aged 65	24 years	20 years
Female currently aged 65	26 years	23 years

History of scheme

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

	Group and Company				
	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	(12,098)	(12,089)	(11,864)	(10,155)	(8,086)
Fair value of plan assets	10,665	10,041	8,970	6,239	5,492
Present value of net obligations	(1,433)	(2,048)	(2,894)	(3,916)	(2,594)

Gains/(losses) recognised in Statement of Recognised Income and Expense

	Group and Company				
	2008	2007	2006	2005	2004
Difference between expected and actual return on scheme assets:					
Amount (£000)	(983)	114	1,334	307	770
Percentage of scheme assets	(9.2%)	1.1%	14.9%	4.9%	14.0%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	30	79	(533)	(232)	(93)
Percentage of present value of scheme liabilities	0.2%	0.7%	(4.5%)	(2.3%)	(1.2%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	534	218	(570)	(1,385)	(73)
Percentage of present value of scheme liabilities	4.4%	1.8%	(4.8%)	(13.7%)	(0.9%)
Total amount recognised in statement of recognised income and expense:					
Amount (£000)	(419)	411	231	(1,310)	604
Percentage of present value of scheme liabilities	(3.5%)	3.4%	1.9%	(12.9%)	7.5%

The Group expects to contribute £254,000 to its defined benefit pension plan in 2008/9.

Defined contribution plan

The Group also operates defined contribution schemes for other eligible employees. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £430,000 (2007: £348,000) in the year.

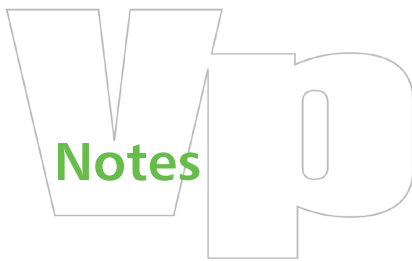
25. ACQUISITIONS

The Group acquired the following businesses from 1 April 2006 to 31 March 2008:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
MEP Limited	3 November 2006	Share purchase (100% equity)	Hire Station Limited
Midway Plant & Tool Hire Limited	2 March 2007	Business and assets	Hire Station Limited
Evershore	7 March 2007	Business and assets	Vp plc
Cool Customers Limited	17 April 2007	Share purchase (100% equity)	Hire Station Limited
ET Hire	6 August 2007	Business and assets	Hire Station Limited
First Engineering Plant Division	15 October 2007	Business and assets	Torrent Trackside Limited
Able Safety (Yorkshire) Limited	9 November 2007	Share purchase (100% equity)	Hire Station Limited
Underground Safety Services Limited	15 November 2007	Business and assets	Vp Equipment Rental (Ireland) Limited
Pipe Testing Accessories Limited	15 November 2007	Business and assets	Vp Equipment Rental (Ireland) Limited
Northern Site Supplies Limited	29 February 2008	Share purchase (100% equity)	Hire Station Limited
UM (Holdings) Limited	31 March 2008	Share purchase (100% equity)	Vp plc

None of the acquisitions in the current year were individually material in Group terms and hence the details are provided in aggregate below:

	Group				Company			
	2008	2007	2007	2007	2008	2007	2007	2007
		(As Reported)	(Restatement)	(Restated)		(As Reported)	(Restatement)	(Restated)
	£000	£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	3,436	1,326	-	1,326	-	168	-	168
Current assets	1,434	1,076	-	1,076	-	-	-	-
Net debt	813	(339)	-	(339)	-	-	-	-
Tax, trade and other payables	(1,416)	(685)	6	(679)	-	-	-	-
Deferred tax	(89)	(102)	-	(102)	-	-	-	-
Book value of assets acquired	4,178	1,276	6	1,282	-	168	-	168
Fair value adjustments								
Intangibles on acquisition	3,371	-	1,511	1,511	-	-	62	62
Deferred tax on intangibles	(839)	-	(409)	(409)	-	-	-	-
Rate change on deferred tax on intangibles	105	-	-	-	-	-	-	-
Fair value adjustment to property, plant and equipment	102	(232)	-	(232)	-	-	-	-
Fair value of assets acquired	6,917	1,044	1,108	2,152	-	168	62	230
Goodwill on acquisition	4,287	3,091	(1,104)	1,987	-	155	(62)	93
Cost of acquisitions	11,204	4,135	4	4,139	-	323	-	323
Satisfied by								
Consideration	10,894	4,007	-	4,007	-	312	-	312
Acquisition costs	310	128	4	132	-	11	-	11
	11,204	4,135	4	4,139	-	323	-	323
Analysis of cash flow for acquisitions								
Consideration	10,894	4,007	-	4,007	-	312	-	312
Contingent consideration	(369)	-	-	-	-	-	-	-
Acquisition costs capitalised	310	128	4	132	-	11	-	11
Net (cash)/overdraft from acquisitions	(1,283)	135	-	135	-	-	-	-
Adjustment for accruals	4	105	(4)	101	-	45	-	45
	9,556	4,375	-	4,375	-	368	-	368



25. ACQUISITIONS (continued)

Certain of the fair values included above are provisional due to the timing of acquisitions and will be finalised within 12 months of the acquisition date. The value of intangible assets other than goodwill has been assessed by the Board having regard for components of value associated with each acquisition.

Customer related intangibles have been identified where the acquired customer list/relationships provide access to new markets or territories or provide further leverage for the acquiring business or target. Customer related intangibles are being amortised over ten years, which is considered to be the period over which the majority of the benefits are expected to arise.

Brand related intangibles have been identified for the U-Mole and MEP acquisitions as the businesses continue to trade under these names. Both brand values are being amortised over ten years, being the period during which the majority of value is expected to be realised.

The supply agreement recognised during the year relates to the acquisition of the in-house plant division of First Engineering Limited by Torrent Trakside Limited. The acquisition was conditional upon Torrent entering into a three year supply agreement with First Engineering Limited.

Goodwill on acquisitions relates to the relationships, skills and inherent market knowledge of employees within the acquired businesses together with the synergistic benefits within the enlarged businesses post acquisition, principally through economies of scale and improved business processes and management. These are critical to the ongoing success of any specialised equipment rental business, together with the availability of the right equipment.

As a result of the immediate integration of the acquisitions into the acquirer's business, including the transfer of assets between branches, it is not possible to accurately disclose separately the trading performance of the acquisitions in the Income Statement. For the same reason it is not possible to disclose what the revenue or profit for the combined entity would have been had all business combinations effected in the year occurred on 1 April 2007.

26. RELATED PARTIES

Material transactions with key management (being the Directors of the Group) only constitute remuneration, details of which are included in the Remuneration Report on pages 17 to 20 and in note 5 to the Financial Statements.

Trading transactions with subsidiaries - Group

Transactions between the Company and the Group's subsidiaries, which are related parties, have been eliminated on consolidation and are therefore not disclosed.

Trading transactions with subsidiaries – Parent Company

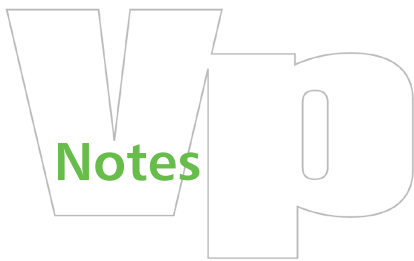
The Company enters into transactions with its subsidiary undertakings in respect of the following:

- Internal funding loans
- Provision of Group services (including Senior Management, IT, Group Finance, Group HR and Group Properties)
- Rehire of equipment on commercial terms

Recharges are made for Group services based on the utilisation of those services, however with the exception of one subsidiary the Group does not charge interest on internal funding. In addition to these services the Company acts as a buying agent for certain Group purchases such as insurance and IT services. These are recharged based on utilisation by the subsidiary undertaking.

The amount outstanding from subsidiary undertakings to the Company at 31 March 2008 totalled £43,892,000 (2007: £36,216,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2008 totalled £17,318,000 (2007: £17,075,000).

The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans and overdrafts to the Company. The total value of such borrowings at 31 March 2008 was £56.5m (2007: £40.5m).



27. POST BALANCE SHEET EVENTS

Since the year end the Group has made the following acquisitions:

Name of acquisition	Date	Type of acquisition	Acquired by
Redding Hire Limited	3 April 2008	Share purchase (100% equity)	Vp plc
Arcotherm (UK) Limited	18 April 2008	Share purchase (100% equity)	Hire Station Limited
DJ Tool Hire Limited (in administration)	24 April 2008	Business and assets	Hire Station Limited

Total consideration for these acquisitions was £3.9m.

28. CONTINGENT LIABILITIES

There are no contingent liabilities (2007: Nil) in respect of the Group or Company.

29. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company Limited which is the ultimate parent company incorporated in Great Britain. Consolidated accounts are prepared for this company.

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Five Year Summary

	UK GAAP	IFRS			
	2004	2005	2006	2007 (Restated)	2008
	£000	£000	£000	£000	£000
Revenue	<u>83,497</u>	<u>90,044</u>	<u>99,396</u>	<u>121,607</u>	<u>149,269</u>
Operating profit before amortisation	<u>9,031</u>	<u>10,196</u>	<u>11,466</u>	<u>16,533</u>	<u>23,271</u>
Profit before amortisation and taxation	<u>9,245</u>	<u>9,888</u>	<u>10,676</u>	<u>14,504</u>	<u>20,152</u>
Profit before taxation	8,868	9,888	10,672	14,420	19,857
Taxation	(2,529)	(2,815)	(3,070)	(3,981)	(4,462)
Profit after taxation	<u>6,339</u>	<u>7,073</u>	<u>7,602</u>	<u>10,439</u>	<u>15,395</u>
Dividends*	<u>(2,142)</u>	<u>(2,214)</u>	<u>(2,572)</u>	<u>(2,932)</u>	<u>(3,761)</u>
Share capital	2,309	2,309	2,309	2,309	2,309
Reserves	49,494	53,094	57,987	63,214	71,458
Total equity before minority interest	<u>51,803</u>	<u>55,403</u>	<u>60,296</u>	<u>65,523</u>	<u>73,767</u>
Share Statistics					
Asset value	<u>112p</u>	<u>120p</u>	<u>131p</u>	<u>142p</u>	<u>160p</u>
Earnings (pre amortisation)	<u>14.59p</u>	<u>16.31p</u>	<u>17.49p</u>	<u>24.56p</u>	<u>36.64p</u>
Dividends**	<u>5.00p</u>	<u>5.75p</u>	<u>6.60p</u>	<u>8.25p</u>	<u>10.50p</u>
Times covered (pre amortisation)	<u>2.96</u>	<u>2.82</u>	<u>2.65</u>	<u>2.98</u>	<u>3.49</u>

* Dividends under IFRS relate only to dividends declared in that year, whereas dividends under UK GAAP included those proposed at the year end relating to that year.

** Dividends per share statistics are the dividends related to that year whether paid or proposed.

Vp Notice of Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Vp plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the thirty sixth Annual General Meeting of the Company will be held at Rudding House, Rudding Park, Follifoot, Harrogate on 9 September 2008 at 10am for the following purposes:

As ordinary business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2008 and the Auditors' Report contained therein.
2. To declare a final dividend.
3. To re-appoint N A Stothard as a Director.
4. To re-appoint M J Holt as a Director.
5. To re-appoint B Cottingham as a Director.
6. 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.
7. To approve the Remuneration Report for the year ended 31 March 2008.

As special business

To consider and, if thought fit, pass the following resolutions of which Resolutions 8 and 11 will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions:

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 sub-paragraphs (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 may 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.
11. That the Vp Savings Related Share Option Scheme (the "SAYE Scheme"), the Vp Approved Share Option Scheme (the "Approved Scheme"), the Vp Share Option Scheme (the "Unapproved Scheme") and the Vp Long Term Incentive Plan (the "LTIP") (together being the "Schemes") be amended as follows:
 - a) to allow options/awards to be granted/made under each of the Schemes for a further 10 years from the date of passing this Ordinary Resolution;
 - b) to bring the rules of the Schemes into line with current share dilution limits recommended by the Association of British Insurers;

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Notice of Meeting

- c) to update the rules of the Unapproved Scheme and the LTIP to ensure that they do not breach recently introduced age discrimination legislation;
- d) to amend the rules of the Unapproved Scheme to allow the Company at its discretion to satisfy an option by a cash payment rather than an issue or transfer of shares; and
- e) to update legislative references and terms used in the Schemes.

Copies of the rules of the Schemes showing the proposed amendments in blackline are available upon request to the Company's Head Office.

By order of the Board.

M J Holt
Secretary

4 July 2008

Registered Office:
Central House, Beckwith Knowle,
Otley Road, Harrogate,
North Yorkshire. HG3 1UD

Notes

1. 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 7 September 2008 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. Changes to the register of members after 5pm on 7 September 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy or proxies using the procedures set out in these notes and the notes to the proxy form.
3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of these held by you on the record date will result in the proxy appointment being invalid. To appoint more than one proxy, you may photocopy this Form of Proxy. Please indicate in the box next to the proxy holder's name the number of shares in relation to which you authorise them to act as your proxy and complete any voting instructions. Please also indicate by ticking the box provided on the Form of Proxy if the proxy instruction is one of multiple instructions being given. All such Forms of Proxy should be returned in one envelope.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- complete and signed;
- sent or delivered to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
- received by Capita Registrars no later than 48 hours before the time appointed for holding the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

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Notice of Meeting

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 48 hours before the time appointed for the holding the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment(s) will automatically be terminated.

Corporate representatives

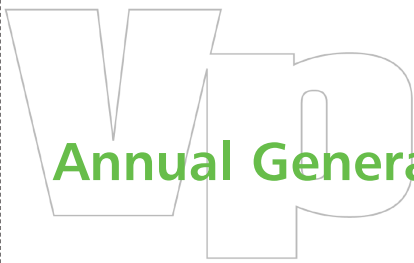
12. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:
 - (i) if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

- (ii) if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

Nominated persons

13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):
 - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.



Annual General Meeting – Vp plc FORM OF PROXY

I/We _____
 (BLOCK LETTERS)
 of _____

hereby appoint the Chairman of the Meeting, or (note 6) _____ in relation to _____ Ordinary Shares 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 9 September 2008 and at any adjournment thereof. I/We request the Proxy to vote on the following resolutions as indicated.

Please tick here if the proxy appointment is one of multiple appointments being made (please see note 3)

Resolution	For	Against	Vote Withheld
1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2008 and the Auditors' Report contained therein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint N A Stothard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint M J Holt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint B Cottingham as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint KPMG Audit Plc as Auditors and to authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To approve the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the authority to allot shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To approve the disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To approve the authority for the purchase of own shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To amend the rules of the Schemes as described in the Notice of Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature _____ Date _____

Notes

- As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy or proxies using the procedures set in these notes.
- Submission of a proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy or proxies and attend the meeting in person, your proxy appointment(s) will automatically be terminated.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by you on the record date will result in the proxy appointment being invalid. To appoint more than one proxy, you may photocopy this Form of Proxy. Please indicate in the box next to the proxy holder's name the number of shares in relation to which you authorise them to act as your proxy and complete any voting instructions. Please also indicate by ticking the box provided on the Form of Proxy if the proxy instruction is one of multiple instructions being given. All such Forms of Proxy should be returned in one envelope.
- 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.
- A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
- 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. If you wish your proxy to make comments on your behalf, you will need to appoint someone other than the Chairman of the Meeting and give them relevant instructions directly. A proxy need not be a member of the Company.
- 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.
- 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.
- To be effective this Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this proxy is signed) at the offices of the Company's Registrars at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for the meeting.
- CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual. CREST Personal Members or other CREST sponsored members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's registrar, Capita Registrars (whose CREST ID is RA10) not later than 48 hours before the time fixed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of the proxies will take precedence.
- For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of the meeting.

THIRD FOLD AND TUCK IN

BUSINESS REPLY
Licence No. MB122

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FIRST FOLD

**Capita Registrars
Proxies Department
PO Box 25
Beckenham
Kent
BR3 4BR**

SECOND FOLD