



# Vp plc

Annual Report  
and Accounts  
2009

[www.vpplc.com](http://www.vpplc.com)

# Vp plc

## Groundforce

Excavation support systems, specialist solutions and trenchless technology for the water, gas, civil engineering and construction industries incorporating:

- Groundforce Shorco – shoring.
- Piletec – pile driving and breaking.
- 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 exploration and development markets.

## Torrent Trackside

Suppliers of rail infrastructure portable plant and specialist services including lighting, power supply and ventilation to Network Rail, London Underground and their appointed contractor base.

## TPA

Portable roadway systems, primarily to the UK market, but also in mainland Europe and Republic of Ireland.

## Hire Station

Small tools and equipment for industry and construction including:

- Hire Station – tool hire products.
- ESS Safeforce – safety and environmental products.
- MEP – electrofusion and press fitting equipment.
- Climate Hire and Sales – warm, cool, clean and dry air products.



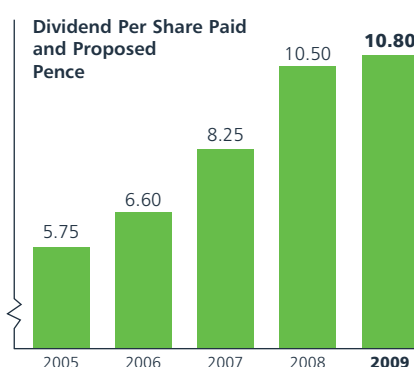
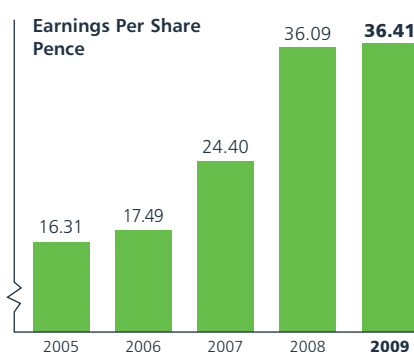
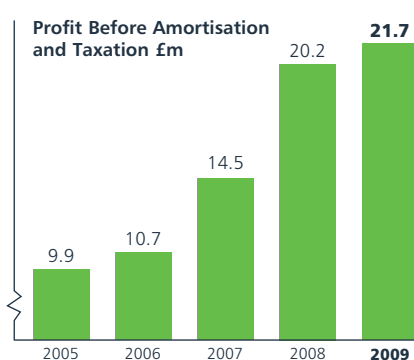
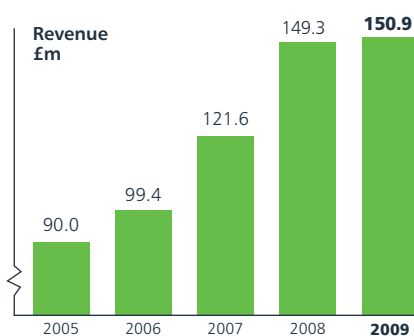
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# Financial Highlights

	2009	2008
Revenue	<b>£150.9m</b>	£149.3m
Operating profit before amortisation	<b>£25.4m</b>	£23.3m
Profit before amortisation and taxation	<b>£21.7m</b>	£20.2m
Basic earnings per share before amortisation	<b>37.99p</b>	36.64p
Basic earnings per share	<b>36.41p</b>	36.09p
Dividend per share – paid and proposed	<b>10.80p</b>	10.50p
Return on average capital employed	<b>17.0%</b>	19.1%
Net assets per share	<b>167p</b>	160p
Net debt	<b>£65.8m</b>	£53.4m
Financial gearing	<b>69%</b>	49%
Interest cover	<b>6.9x</b>	7.5x
Expenditure on rental equipment	<b>£28.4m</b>	£42.7m



# 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

Peter W Parkin (Senior Independent Non Executive Director)

Barrie Cottingham, F.C.A., A.T.I.I.

Stephen Rogers B.Sc., F.C.A.

## Secretary

Michael J Holt

## Registered Office

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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

Royal Bank of Scotland Plc

Barclays Bank Plc

## Merchant Bankers

N M Rothschild & Sons Limited

## Stockbrokers

Brewin Dolphin Securities Limited



# Chairman's Statement

**I am pleased to report a year of further progress for the Group and, under the current economic circumstances, what we believe to be a very satisfactory set of results.**

Profit before tax and amortisation rose 8% to £21.7 million on revenues largely unchanged at £151 million (2008: £149 million). Earnings per share increased from 36.1p to 36.4p notwithstanding an increased rate of tax charge. Although we expect the new financial year to be more challenging, reflecting these very satisfactory results and the Group's strong financial position, your Board is recommending a maintained final dividend of 7.7p per share, making a total for the year of 10.8p, an increase of 2.9%. Subject to shareholders' approval at the Annual General Meeting in September the dividend will be paid on 1 October 2009 to members registered as of 4 September 2009.

Today's economic landscape is radically different to the environment in which I wrote my statement twelve months ago. Although our significant exposure to regulated and niche construction markets, together with timely action by management, has helped to mitigate the impact of the economic downturn on the Group's performance, most of our businesses experienced a more challenging second half than a year ago.

Our natural conservatism with regard to borrowings meant that we entered this recession with relatively modest gearing. Nevertheless, the focus of the Group this year is to conserve cash and manage costs, whilst still taking advantage of business opportunities as and when they arise. Recent investment in our hire fleet has given us an age profile which enables us to reduce capital expenditure significantly over the short term without damaging the quality of the service offered to our customers.

The Group will undoubtedly face challenges in the new financial year. The level of Government debt will constrain spending on public sector infrastructure and social programmes, which have to date been very important in offsetting the sharp decline in private sector work in the UK. Internationally, the decline in the price of oil has led to the deferment of some exploration and development activity, although we expect these workloads to recover and regard prospects for the oil and gas sector positively.

Elsewhere, although no business can expect to be immune from the effects of the global economic slowdown, we believe our mix of regulated and outsourcing markets will provide some cushion against the worst impact of the recession.

Under what are uniquely challenging economic circumstances, we believe our financial strength, our diversity of end markets and our continued focus on service excellence will enable Vp to deliver another satisfactory result in the new financial year. As always, but of particular importance in the current economic climate, I wish to acknowledge the loyalty and commitment of our employees and their contribution to the continuing success of the Group.

**Jeremy Pilkington**  
Chairman  
29 May 2009



# Business Review

## OVERVIEW

Vp plc is a specialist equipment rental business providing the hire and sale of products and services to a diverse range of markets including civil engineering, rail, oil and gas exploration, construction, outdoor events and industrial markets. During the year under review the strength that the Group derives from that diversity has been clearly demonstrated.

Revenue	£150.9 million	(2008: £149.3 million)
Operating Profit before amortisation	£25.4 million	(2008: £23.3 million)
Investment in Rental Fleet	£28.4 million	(2008: £42.7 million)
Operating margin before amortisation	16.8%	(2008: 15.6%)

Despite the rapid deterioration of the economy in the UK and globally, the year ended 31 March 2009 saw the Group deliver further growth in profitability. Operating profits before amortisation increased 9% to £25.4m, on revenues marginally ahead at £150.9m. Operating margins before amortisation improved from 15.6% to 16.8% in the year.

Investment in rental fleet was reduced by approximately a third on prior year to £28.4m, reflecting the changing economic environment and its direct impact on certain of our businesses.

The markets which we serve have been mixed. Privately funded construction including housebuilding has been severely affected, but infrastructure and regulated markets largely held up well during the year, although they have started to soften as we enter the new financial year.

## GROUNDFORCE

*Excavation support systems, specialist solutions and trenchless technology for the water, gas, civil engineering and construction industries.*

Revenue	£37.8 million	(2008: £35.0 million)
Operating Profit before amortisation	£11.0 million	(2008: £8.7 million)
Investment in Rental Fleet	£6.8 million	(2008: £7.8 million)

Groundforce delivered excellent results with revenues up £2.8 million to £37.8 million, and generating operating profits of £11.0 million, 26% ahead of prior year.

The continued investment in infrastructure and contract releases from AMP4 underpinned revenues compensating for the reduction in housebuilding activity. Major excavation propping activity such as at Staythorpe Power Station and over thirty schemes on the 2012 Olympics site provided a steady income stream. Groundforce's class leading expertise in this field secured work on the major second Tyne Tunnel project which commenced in February and will continue into Autumn 2009.

During the year Groundforce integrated two small acquisitions. Redding Hire was merged into the shoring business and provided a new distribution point in Wellingborough. U Mole, acquired on 31 March 2008, specialises in pipe rehabilitation and trenchless technology. U Mole introduces a complementary product offering and will benefit from increased geographical coverage across the existing Groundforce network. The business in Ireland maintained its performance, winning new customers and leveraging existing relationships in a very challenging market. Further afield and towards the end of the year, two contracts were undertaken in Denmark.

Capital investment in fleet, whilst down on prior year, remained strong at £6.8 million.

We believe that Groundforce's core markets will be more challenging going forward. Capital investment will be adjusted accordingly but not at the expense of new business opportunities that may arise throughout the coming year.



# Business Review

## UK FORKS

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

Revenue	£13.2 million	(2008: £16.1 million)
Operating Profit before amortisation	£1.2 million	(2008: £3.2 million)
Investment in Rental Fleet	£1.3 million	(2008: £7.8 million)

Trading conditions proved extremely challenging and, after an exceptional prior year performance, operating profits at UK Forks reduced to £1.2 million. The well documented difficulties within the housing market, which intensified as the year progressed, were the prime cause of revenues falling to £13.2 million, 18% lower than the previous year. Although non-residential construction represents more than 60% of UK Forks' end markets, housebuilding inevitably remains an important element of the customer mix. Other revenue streams were reasonably resilient although shrinkage in demand resulted in some hire rate attrition.

With significant investment having been made in replacement fleet during the previous year, the focus was, and remains, to maintain a fleet aligned with market opportunity. Demand for telehandler products fell and an ongoing programme of fleet reduction and rebalancing was undertaken. Investment in fleet was very significantly reduced on prior year. Cash disposals of older fleet generated proceeds of £3.9 million and margins, whilst showing some weakening, remained at respectable levels.

The division achieved ISO9001 and ISO14001 for all of its operating locations during the year as it continues its drive to add value to its service offering.

Although we believe that housebuilding may be over the worst, it is too early to expect any improvement in demand from this sector for 2009/10. The regime of prudent cost management and fleet maximisation will continue to be the key focus this year.

## AIRPAC BUKOM OILFIELD SERVICES

*Equipment and service providers to the international oil and gas exploration and development markets.*

Revenue	£14.7 million	(2008: £13.1 million)
Operating Profit before amortisation	£3.9 million	(2008: £3.3 million)
Investment in Rental Fleet	£6.3 million	(2008: £9.8 million)

Building on its sustained growth in revenues and profit over the past 5 years, Airpac Bukom made further progress delivering operating profits of £3.9 million, 18% up on prior year from revenues up 12% to £14.7 million.

The past year has seen reversals in the oil price from the high levels of Summer 2008 and lower estimates of oil demand, mirroring general global economic conditions. These factors have led to a contraction in exploration and production expenditure by oil companies during 2009 following six years of double-digit growth. Combined with tightening credit markets, this presents a more challenging business environment for the oilfield services sector.

Further capacity of more specialist equipment such as sand filters, heat exchangers and coflexip hoses was added to the fleet in the course of the year continuing the major capital investment programme embarked on in recent years.

The new satellite facilities in Western Australia, the Middle East and South America are all contributing to growth, with the Australian operation developing particularly well and supporting business across a variety of end markets.

Well testing, our primary market, absorbed much of the specialist equipment delivered through the investment programme. The maintenance business, largely focussed in the North Sea, remained strong and grew further during the year. Whilst the activity from pipeline commissioning projects was down, the versatility of our products was demonstrated by a strong contribution from process pipe-work testing for Liquefied Natural Gas plant construction, a new revenue stream involving pipeline product transfer related work.

The comparatively low oil price and lower energy demand environment has led to oil company spending cuts and a less certain picture in the short term. Whilst it seems likely that these factors will lead to some fall off in exploration and production activities, particularly from smaller oil operators, overall we anticipate the diversity of our markets will enable us to manage demand changes. In the medium to long term our view is that the market for oilfield services will continue its strong growth trend.





# Business Review

## TORRENT TRACKSIDE

*Suppliers of rail infrastructure portable plant and specialist services to Network Rail, London Underground and their appointed contractor base.*

Revenue	£14.0 million	(2008: £14.0 million)
Operating Profit before amortisation	£1.2 million	(2008: £0.9 million)
Investment in Rental Fleet	£1.2 million	(2008: £1.8 million)

Torrent produced an improved trading performance in a difficult market. Profits were £1.2 million, 33% ahead of prior year on static revenues at £14.0 million. The margin improvement demonstrates the impact of a number of cost saving initiatives undertaken over the past year.

Industry funding suffered as Network Rail, in the last year of Control Spend Period 3 (CP3), re-negotiated the next five year CP4 with the Office of the Rail Regulator. This has now been concluded. We are aware that in year one of CP4, some spending from the track renewals programme will be withheld but there will be increased spending on projects and track enhancements. Torrent is well positioned to support all these areas of investment.

Activities on London Underground were curtailed during the year but improvement is expected over the coming year as the Tube enhancement programme geared towards the 2012 Olympic deadline gets underway. Torrent depots at Harlow and Aylesford, along with our new London Underground support depot at Canning Town, are ideally located to benefit from these projects and other national rail infrastructure projects planned in and around the capital in the coming years.

Torrent has secured, and renewed, long term trading agreements with its main contractor customer base and retains its market leading position in the rail portable plant and services market.

## TPA

*Portable roadway systems, primarily to the UK market, but also in mainland Europe and the Republic of Ireland.*

Revenue	£15.6 million	(2008: £14.0 million)
Operating Profit before amortisation	£1.7 million	(2008: £1.2 million)
Investment in Rental Fleet	£4.0 million	(2008: £3.5 million)

TPA made further good progress in the year, increasing profits by 42% to £1.7 million on revenues of £15.6 million, 11% up on prior year.

The business operates in three distinct sectors: outdoor events, transmission and construction. Demand for portable roadway products for the summer events season was particularly strong and the transmission sector was very active during 2008 and much improved on prior year. Construction related activity was also good during the year.

The outdoor event market in particular, and to a degree the transmission sectors, are seasonal, which causes demand levels to drop in the winter months. This year the transmission sector experienced a quiet final quarter, contributing to a slow finish to the financial year.

In Germany, TPA GmbH performed very well, further expanding its fleet and operations with demand from the transmission and wind power sectors particularly strong.

Notwithstanding the difficult economic background, we anticipate further positive demand from the transmission and outdoor events markets in the coming year, though the construction related markets are expected to be challenging.



# Business Review

## HIRE STATION

*Small tools and specialist equipment for industry and construction.*

Turnover	£55.7 million	(2008: £57.1 million)
Operating Profit before amortisation	£6.4 million	(2008: £5.9 million)
Investment in Rental Fleet	£8.8 million	(2008: £12.0 million)

Against the background of a difficult market, Hire Station performed extremely well in the year, producing profits of £6.4 million, 8% up on prior year, based on further margin improvement. Underlying revenues grew marginally as the prior year included over £2 million of exceptional flood-related revenue.

Capital investment in the rental fleet was £8.8 million, 27% down on prior year, reflecting the hardening market conditions. Three small acquisitions were made earlier in the year (Arcotherm, DJ Tool Hire and UCS Plant) followed in November by Power Tool Supplies, a single tool hire location in Brighton.

Markets in the main were supportive in the first half of the year, which allowed Hire Station to deliver good year on year growth. The second half proved to be much more difficult with some revenue deterioration and an increasing number of bad debts from small to medium sized customers. The business responded quickly to the changing market conditions, reducing both headcount and infrastructure to secure an immediate £2 million of annualised savings.

The tools business made further steady progress during the year. New greenfield locations were added in Croydon, Norwich, Poole and Oxford, and the prior year openings in Exeter, Hull and Skipton developed very well and made positive profit contributions. A number of larger branches were successfully relocated in the period. The National Call centre in Manchester has once more grown its transaction levels as more branch telephone traffic is handled by the centre, freeing up the branches to focus on service, delivery and asset management. In the past two years a dedicated operation in the call centre has been established to manage our virtual hire partners. These long term agreements have in effect created over 1,000 new tool hire outlets. Most of our virtual hire customers deal via credit cards and this up front payment is particularly helpful in the current climate.

The safety rental business, ESS Safeforce, reported excellent revenue and profit growth, some from the prior year's NSS acquisition but with the majority being organic. NSS supplies hazardous area lighting to the industrial sector and has been rolled out to two further locations: Runcorn and Rainham. Two new confined space training centres, in Scotland and Middlesbrough, were opened during the year, which increased the network to eleven. In the final quarter ESS Safeforce absorbed the Survey Technology business from Groundforce, providing cost and commercial synergies. The combined survey and safety offering will further enhance ESS's market leading position. The introduction of breathing air trailers into the fleet during the year has worked well with excellent demand for this product.

MEP continues to progress well, with its customer base, mainly in the mechanical, electrical and plumbing sectors, maintaining healthy order books. Two new locations were opened up in Newcastle and Stoke taking the network to six and we anticipate two or three more openings in due course to complete national coverage.

The Climate Hire business had a mixed year. No disaster recovery work and almost non-existent summer demand for air conditioning contrasted with better revenues from heaters during the winter. The Climate Hire business operates from a central call centre in Alfreton with distribution via twelve tool hire outlets around the country.

## PROSPECTS

In the year under review, we have seen certain markets slowing down and we anticipate that this general trend will continue into the coming year. The focus of the Group in the near term is to conserve cash, by significantly reducing rental fleet expenditure, tightening working capital management and by negotiating better supply chain arrangements.

Opportunities to win business still exist despite the overall condition of the market and we remain as engaged in development as we do in carefully managing the Group through a challenging environment. These actions, together with strength in the balance sheet, should see that the Group remains in good shape and ready to embrace the opportunities for expansion that will undoubtedly arise in the longer term.

**Neil Stothard**  
Group Managing Director  
29 May 2009



# Financial Review

## SUMMARY OF GROUP RESULTS

Group revenues increased by 1% to £150.9m (2008: £149.3m). Group profit before tax and amortisation of intangibles increased by 8% to £21.7m (2008: £20.2m). Profit before tax after amortisation of intangibles increased by 5% to £20.8m (2008: £19.9m).

Basic earnings per share before the amortisation of intangibles increased from 36.64 pence to 37.99 pence, an increase of 4%; although last years' figure was favourably affected by the exceptionally low tax rate. Basic earnings per share after the amortisation of intangibles increased by 1% from 36.09 pence to 36.41 pence.

The return on average capital employed decreased to 17.0% from 19.1%. 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).

An unchanged final dividend of 7.7 pence per share is proposed reflecting the performance in the year, but recognising the outlook in the coming year. If approved, this will make the full year dividend 10.8 pence (2008: 10.5 pence), representing a full year increase of 3%. The full year dividend is covered 3.5 times (2008: 3.5 times) by profits after tax.

Group total net assets at the year end totalled £77.2m (2008: £73.8m), an increase of 5%. Consequently net assets per share increased from 160 pence to 167 pence.

## CASH FLOWS AND NET DEBT

During the year cash generated from operations was £35.0m (2008: £42.0m) reflecting growth in profits but offset by an increase in working capital. Cash outflow on capital expenditure in the year totalled £34.2m, a decrease of 25% on prior year (2008: £45.5m); this outflow included expenditure totalling £31.6m on rental equipment compared with £42.9m in the previous year. Proceeds from disposals were £10.8m (2008: £10.3m). The cost of acquisitions in the year including acquired net debt, but net of cash acquired, was £6.3m (2008: £10.4m) with a further £0.3m of contingent consideration being paid on prior year acquisitions. Dividend payments to shareholders totalled £4.5m (2008: £3.8m). Net investment in own shares totalled £3.0m (2008: £3.5m) including £1.5m acquired as treasury shares, the balance of £1.5m related to shares which continue to be used to hedge actual share option costs. As a consequence, net debt (see notes 13 and 14) increased from £53.4m to £65.8m during the year. Interest cover was 6.9 times (2008: 7.5 times) and net debt/EBITA was 2.6 (2008: 2.3), 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 2009 represents headline gearing of 85% (2008: 72%) and underlying financial gearing of 69% (2008: 49%), this is after excluding investment in own shares at market value of £7.7m (2008: £11.7m).



# Financial Review

## 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 was £5.7m (2008: £4.5m) being an effective rate of 27.4% (2008: 22.5%). The current year tax charge was reduced by £0.4m (2008: £0.5m) in respect of adjustments relating to prior years. The corporation tax treatment, including deferred tax, of notional taxable gains accruing to employees under the various share option schemes compared to the charge in the income statement increased the tax charge in the current year by £0.4m, due to the lower year end share price, compared to a reduction to last year's charge of £0.5m. In the prior year the tax charge was reduced by a further £0.5m in respect of the adjustment in deferred tax balances to reflect future lower corporate tax rates in the UK. The underlying tax rate was 29.4% (2008: 27.4%) before prior year adjustments and the impact of the change in future UK corporate tax, although this includes 2% as noted above for the deferred tax on share options. 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 Redding Hire Limited, Arcotherm (UK) Limited and Power Tool Supplies Limited and the business and assets of DJ Tool Hire Limited and UCS Plant Limited. As noted above, the total net cost of these acquisitions was £6.3m after adjusting for acquired net debt of £0.6m and acquired cash of £0.4m.

The excess over fair value of tangible net assets relating to acquisitions made during the year totalled £5.0m. In accordance with IFRS3, £2.3m has been ascribed to intangible assets and £2.7m to goodwill. No contingent consideration was payable or paid during the year relating to the acquisition of TPA in November 2005 and consequently an adjustment of £4.2m has been made to cost of acquisitions and goodwill. Contingent consideration of £0.3m was paid relating to the acquisitions in the prior year of Northern Site Supplies and Pipe Testing Accessories.

## GOODWILL AND INTANGIBLE ASSETS

The Group carried forward £7.4m (2008: £6.0m) of intangible assets and £33.9m (2008: £35.4m) of goodwill at the year end. The movement in the year reflects new intangible assets of £2.3m and goodwill of £2.7m relating to acquisitions made during the year, a release of £4.2m of goodwill relating to contingent consideration, and amortisation of intangibles of £0.9m. Intangible assets have been recognised in relation to trade names, customer lists/relationships and supply agreements. Taking into account current and budgeted financial performance the Board remains comfortable with the carrying value of these assets.

## 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.



# Financial Review

**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 are met by centrally arranged debt finance. The Group's bank facilities comprise a £50m (2008: £50m) committed five year revolving credit facility to November 2010, £20m of committed three year revolving credit facilities to September 2011 which replaced a £20m 364 day facility, and overdraft facilities totalling £10m (2008: £15m). Bank borrowings net of cash totalled £64.9m (2008: £51.6m) at the year end.

**To develop and maintain strong and stable banking relationships.** The bank loan facilities are with two leading global banks (Royal Bank of Scotland and Barclays Commercial) with whom the Group maintains strong working relationships.

**To provide reasonable protection against interest rate and foreign currency volatility.** At 31 March 2009 the Group had fixed the interest rates on £37.5m of floating rate debt through the use of five interest rate swaps. Three of the agreements in place at 31 March 2009 also existed at 31 March 2008; these were entered into in November 2005, September 2007 and December 2007, each fixing £7.5m of debt for a period of 5 years with a bank only break option after 3 years. In November 2008 the bank exercised its option to break an agreement the Group entered into in November 2005 which fixed £7.5m of floating rate debt. This was replaced on the same date by an agreement fixing £7.5m of debt for a period of 2 years. A further agreement was entered into in August 2008 to fix £7.5m of floating rate debt for a period of 5 years with a bank only break option after 3 years. In January 2009 the Group entered into three basis rate swap agreements for a period of 6 months, relating to a total of £22.5m of the interest rate swaps, which effectively converted 3 month LIBOR to 1 month LIBOR. The counterparties to all of these agreements are the two lending banks.

Although the Group's exposure to foreign currency risk remains relatively modest the Group has entered into exchange rate agreements which limit the effect of US Dollar and Euro exchange fluctuations. Agreements existed at 31 March 2008 to sell a total of US\$13.5m during the year ended 31 March 2009. A further agreement was entered into in September 2008 to sell a total of US\$2.6m before the end of the year. The Group therefore had arrangements in place to sell US\$16.1m during the year ended 31 March 2009. The Group also entered into an agreement in April 2008 to sell €4.6m during the year. In November 2008, December 2008 and January 2009 agreements were entered into with the banks to sell a total of US\$19.1m in the year ending 31 March 2010. The agreement entered into in January 2009 also included arrangements to sell US\$2.1m during the first quarter of the year ending 31 March 2011. As a result of these agreements 87% (2008: 86%) of expected US Dollar income for the year ahead is at fixed rate.

**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 2009 the Vp Employee Trust held 4,093,000 shares (2008: 3,820,000 shares) against an expected liability in terms of numbers of shares at that date of 3,612,000 (2008: 4,792,000); the over hedged position relates to lower performance expectations after the date of hedging, the excess shares will however be used to offset liabilities expected to arise from new awards. On a hedged basis against shares held by the Vp Employee Trust the cost of share options including social security costs for the year ended 31 March 2009 would have been £0.7m (2008: £2.2m) compared with a credit of £0.5m (2008: charge of £1.8m) to the Income Statement under IFRS2. The hedged based calculation generates a charge of £0.7m compared to the credit of £0.5m under IFRS2 mainly as a result of the year end share price being lower than the cost of shares used for hedging.

## TREASURY SHARES

In December 2008 the Company purchased 1,215,000 Ordinary Shares, on market, at an average price of 125 pence per share. These shares are being held as treasury shares and have not been cancelled. The acquisition was earnings per share enhancing at that price and was considered to be in the best interest of shareholders generally.



# Financial Review

## 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 23 and 24.

## 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 is managed through credit control practices including credit insurance which limits the Group's exposure to bad debts via aggregate first loss policies which cover approximately half 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's 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 a level of acceptable 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 53% from 307 pence to 145 pence, compared to a 43% decrease in the FTSE small cap index. The Company's shares ranged in price from 115 pence (November 2008) to 330 pence in (April 2008), but averaged 203 pence during the year. The average number of shares in issue was 41,562,000 (2008: 42,658,000) excluding treasury shares and shares held by the Employee Trust.

**Mike Holt**  
**Group Finance Director**  
**29 May 2009**



# Directors' Report

The Directors of Vp plc present their Annual Report and the audited Financial Statements for the year ended 31 March 2009.

## 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 and the other reports and reviews in these Financial Statements.

## DIVIDEND

The Directors are proposing a final dividend of 7.7 pence (2008: 7.7 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 10.8 pence (2008: 10.5 pence) per share. This equates to a total dividend of £4,438,000 (2008: £4,410,000) 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 4 September 2009 and it is proposed that dividend warrants be posted on 1 October 2009.

## DIRECTORS

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

Jeremy Pilkington (58) 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 (51) 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 was also a Non Executive Director of Scarborough Building Society for 2 years until 2009.

Mike Holt (48) 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 (75) 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 (63) 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.

Steve Rogers (57) was appointed a Non Executive Director on 1 October 2008. He recently retired as a senior partner of PricewaterhouseCoopers. He is also a non-executive director at Heywood Williams PLC and is a trustee and treasurer of the Leeds Community Foundation. He is a member of the Audit, Remuneration and Nomination Committees.



# Directors' Report

Jeremy Pilkington and Peter Parkin retire by rotation and being eligible, offer themselves for re-appointment. Jeremy Pilkington has a service contract with the Company, terminable by 12 months' notice. Peter Parkin does not have a service contract, although he does have a letter of engagement.

As Steve Rogers was appointed a Director since the last Annual General Meeting he is required to retire and seek re-appointment. He does not have a service contract although he does have a letter of engagement. Barrie Cottingham has been a Non Executive Director for over ten years and will retire as a Director at the Annual General Meeting; Steve Rogers will then assume the responsibility of chairing the Audit Committee.

There are three committees of the Board, these are:

#### *Remuneration Committee*

Peter Parkin – Chairman of the Committee  
Barrie Cottingham  
Steve Rogers

#### *Audit Committee*

Barrie Cottingham – Chairman of the Committee  
Peter Parkin  
Steve Rogers

#### *Nomination Committee*

Jeremy Pilkington – Chairman of the Committee  
Barrie Cottingham  
Peter Parkin  
Steve Rogers

## 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 21.

## SUBSTANTIAL SHAREHOLDERS

As at 29 May 2009 the following had notified the Company of an interest of 3% or more in the Company's voting rights (issued ordinary share capital exclusive of treasury shares).

	Number of Ordinary Shares	Percentage of Voting Rights %
Ackers P Investment Company Limited	23,684,876	52.67
JP Morgan Asset Management Holdings Inc.	4,601,355	10.23
Vp Employee Trust	4,092,858	9.10

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





# Directors' Report

## 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 £39,002 (2008: £38,144). 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 2009 was 56 days (2008: 66 days). This figure fluctuates depending on the creditor position for rental equipment purchases at the year end.

## CONTRACTS

There are no disclosures required under section 417(5) of the Companies Act 2006 in relation to contractual or other arrangements with customers or suppliers which are essential to the business of the Company.

## ANNUAL GENERAL MEETING

Resolutions are to be proposed as special business to enable the Directors to allot unissued shares and (subject to the limits therein contained) to allot shares for cash other than to existing shareholders in proportion to their shareholdings. The resolution enabling Directors to continue to allot unissued shares will be limited to the allotment of shares up to a maximum nominal amount of £690,750 which represents 30.7% of the total ordinary share capital (exclusive of treasury shares) in issue at 29 May 2009. 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 £112,000 which represents 5% of the total ordinary share capital (exclusive of treasury shares) in issue at 29 May 2009. These resolutions seek to renew the authorities approved at last year's Annual General Meeting and comply with the current guidelines issued by 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 is set out at Resolution 10(b) and 10(c) of the Notice of Meeting on page 64. 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 shares, 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. During the year ended 31 March 2009 the Company acquired 1,215,000 Ordinary Shares, on market, under the authority of the resolution passed at the Annual General Meeting in September 2008. These shares are being held as treasury shares and represent 2.6% of the total ordinary share capital in issue (exclusive of treasury shares) at 29 May 2009.



# Directors' Report

## GOING CONCERN

The Business Review on pages 6 to 9 sets out the Group's business activities, markets and outlook for the forthcoming year and beyond. This is supported by the Financial Review on pages 10 to 13 which sets out the Group's current financial position, including its cashflows, net debt and borrowing facilities and also outlines the Group's treasury management objectives, policies and processes.

Notes 14 and 15 ("Interest Bearing Loans and Borrowings" and "Financial Instruments") to the financial statements give further information on the Group's borrowings, financial instruments and liquidity risk.

Despite the current economic conditions and uncertain outlook, the Group is in a healthy financial position. The Group has total banking facilities of £80m which are subject to bank covenant testing. The Board has evaluated the facilities and covenants on the basis of the budget for 2009/10, which has been prepared taking into account the current economic climate, together with a robust sensitivity analysis. On the basis of this testing the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and to manage its business risks through this difficult period. For this reason the going concern basis has been adopted in the preparation of the financial statements.

## RESPONSIBILITY STATEMENT OF THE DIRECTORS

The directors whose names appear on page 14 confirm that to the best of their knowledge:

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

## 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**  
**Director**  
**29 May 2009**



# Remuneration Report

This report sets out the Group's policy on the remuneration of directors and provides details of the remuneration, fees and share incentives of the directors for the year ended 31 March 2009. A resolution will be put to shareholders at the Company's Annual General Meeting to approve this report.

This report complies with the Companies Act 1985 which incorporates the Directors' Remuneration Report Regulations 2002 and also with the 2006 Combined Code.

## UNAUDITED INFORMATION

### THE REMUNERATION COMMITTEE

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 committee comprises the Company's independent non-executive directors, chaired by Peter Parkin. Jeremy Pilkington, Chairman, and Neil Stothard, Group Managing Director, attend meetings by invitation but are not present during any discussion on their own emoluments.

The committee's terms of reference, which are available on the Company's website and from the Company Secretary on request, set out the responsibilities of the committee which include determining and agreeing with the Board the fair and reasonable remuneration of the executive directors. The objective of this policy is to ensure that executive management are appropriately rewarded for their contribution to the success of the Company and provided with incentives to encourage enhanced performance. The committee met once during the year. The committee takes into account levels of remuneration in comparable companies, benchmark surveys and consults with independent remuneration advisers as appropriate.

### REMUNERATION POLICY

The Group is committed to achieving sustainable improvements in performance and therefore seeks to recruit, retain and motivate employees of the highest calibre at all levels within the organisation.

The main components of executive director and senior management remuneration are base salary, annual performance related bonus, long-term incentives and pension allowances. Additional benefits include a company car or car allowance and private health insurance. The annual bonus is set at a maximum of 50% of base salary and the maximum initial nominal value of the long-term incentive at the date of the award is set at 100% of base salary. The committee is mindful of the balance between performance and non-performance related remuneration.

### SALARY

The committee's policy is to set base salaries broadly comparable to the median level of a comparator group of companies in the FTSE Small Cap Index. When conducting its review the committee takes into account the Company's performance, market conditions and market rates for similar positions in comparable companies and pay conditions elsewhere within the Group. The committee also takes into account the personal performance of each director. The salaries of executive directors are reviewed annually in March.

It is the committee's policy that no executive director should have a contract with a notice period of more than twelve months.

Non-executive directors do not have service contracts. The remuneration of the non executive directors is set by the full board with each director abstaining from voting on his own remuneration.

### ANNUAL PERFORMANCE RELATED BONUS

The executive directors are entitled to an annual bonus which rewards performance against financial targets set at the beginning of each year. The annual bonus is capped at 50% of base salary and any bonus payable is reviewed and agreed by the Remuneration Committee.



# Remuneration Report

## SHARE PLANS

Awards under all share plans, with the exception of the save as you earn scheme, are subject to achievement of pre-agreed rates of compound annual growth rates (CAGR) in earnings per share over the three year performance period. Recent awards have required a minimum CAGR of 10% and the full award is granted for achieving 15% growth in earnings per share, with awards vesting prorata within this range.

### Long-term incentive plan

Under the long-term incentive plan, executive directors and senior management may currently receive a conditional right to acquire at no cost, shares worth up to 100% of base salary at grant. The vesting of this entitlement is dependent upon the satisfaction of performance conditions over a three year period.

Compound growth in earnings (CAGR) per share is the primary performance measure, subject to achievement of a minimum level of return on capital employed of 12%. The committee believe that earnings per share growth is the most appropriate performance measure consistent with the financial goals of the Group, the size of the Group and the broad range of sectors in which it operates.

Under the long-term incentive plans, the recent (2008) award required 15% CAGR to achieve full vesting. Earlier schemes required 20% CAGR to achieve full vesting.

### Share option schemes

Under the Approved and Unapproved share option schemes, certain 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 a minimum level of return on capital employed of 12% and a target range of growth in earnings per share over a three year period. The average award during the year ended 31 March 2009 was for 8,194 options (2008: 5,990). Awards under these schemes are no longer granted to executive directors.

### 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. The maximum annual level of award under this scheme is shares to the value of 10% of base salary.

### 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 and are not subject to any performance targets. At 31 March 2009 there were 428 (27%) employees (2008: 427 (30%)) participating in the scheme.

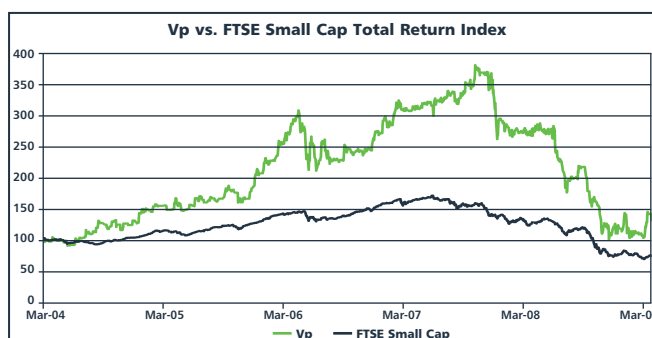
### Benefits in kind

For each executive director these comprise a pension allowance or contribution to a pension scheme, a car or car allowance and private health insurance. Permanent health insurance is also in place for Jeremy Pilkington and Neil Stothard.

## TOTAL SHAREHOLDER RETURN

The total cumulative shareholder return of the Group for the 5 years to 31 March 2009 was 32% as compared to a reduction of 35% for the FTSE Small Cap Index, which is regarded as an appropriate benchmark for the Group's shareholders. The movements in shareholder return for both are shown in the graph opposite.

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



# Remuneration Report

## 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 between three and six months' notice. The dates of these letters are 1 March 1996 for Barrie Cottingham, 18 November 1999 for Peter Parkin and 10 September 2008 for Steve Rogers.

## AUDITED INFORMATION

### DIRECTORS' REMUNERATION

The details of the remuneration of directors for the year ended 31 March 2009 are set out below:

	Salary	Bonus	Cash Allowance/ Pension	Benefits	<b>Total 2009</b>	Total 2008
	£000	£000	£000	£000	<b>£000</b>	£000
Jeremy Pilkington	420	-	114	35	<b>569</b>	736
Neil Stothard	300	-	53	3	<b>356</b>	437
Mike Holt	205	-	36	1	<b>242</b>	294
Barrie Cottingham	35	-	-	-	<b>35</b>	30
Peter Parkin	35	-	-	-	<b>35</b>	30
Steve Rogers ( <i>appointed 1 October 2008</i> )	18	-	-	-	<b>18</b>	-
	<u>1,013</u>	<u>-</u>	<u>203</u>	<u>39</u>	<u><b>1,255</b></u>	<u>1,527</u>

## PENSIONS

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. 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 intention of retiring in the immediate future. The present value cost of funding of this entitlement is estimated at approximately £503,000. Provision has been made for this liability.

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

Accrued benefit at 31 March 2009	Decrease 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 2008	Transfer value of accrued benefit at 31 March 2009	Decrease in transfer value
£	£	£	£	£	£	£
131,382	(69,462)	(79,504)	(1,593,000)	3,352,000	2,593,000	(759,000)



# Remuneration Report

## DIRECTORS' INTERESTS

### Shareholdings

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

	31 March 2008	Purchases	31 March 2009
Jeremy Pilkington	27,220	-	<b>27,220</b>
Neil Stothard	134,678	119,450	<b>254,128</b>
Mike Holt	28,167	52,748	<b>80,915</b>
Barrie Cottingham	37,500	1,200	<b>38,700</b>
Peter Parkin	67,500	-	<b>67,500</b>
Steve Rogers	-	-	-

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 2008	Granted	Exercised	Lapsed in year	No of share options at 31 March 2009	Option price
<b>Neil Stothard</b>						
2005 SAYE Scheme	2,296	-	(2,296)	-	-	165p
2006 SAYE Scheme	1,514	-	-	-	1,514	247p
2007 SAYE Scheme	623	-	-	-	623	303p
2008 SAYE Scheme	-	1,989	-	-	1,989	189p
<b>Mike Holt</b>						
2005 SAYE Scheme	1,148	-	(1,148)	-	-	165p
2006 SAYE Scheme	1,514	-	-	-	1,514	247p
2007 SAYE Scheme	1,247	-	-	-	1,247	303p
2008 SAYE Scheme	-	994	-	-	994	189p
Approved Share Option Scheme	13,700	-	-	-	13,700	145.5p

### Share Matching Scheme

Awards under the Share Matching Scheme were:

	1 April 2008	Granted in year	Exercised in year	Lapsed in year	31 March 2009	Vested shares within total
Neil Stothard	31,438	13,938	(6,938)	-	38,438	11,500
Mike Holt	20,900	9,600	(7,000)	-	23,500	5,000



# Remuneration Report

## Long-term Incentive Plan

Awards under the long-term incentive plan were:

	<b>At 1 April 2008</b>	<b>Granted in year</b>	<b>Exercised in year</b>	<b>Lapsed in year</b>	<b>At 31 March 2009</b>	<b>Vested shares within total</b>	<b>Vested in year</b>
Jeremy Pilkington*	521,000*	197,000*	(330,000)*	-	388,000*	-	130,000*
Neil Stothard	742,400	141,000	(100,000)	-	783,400	487,900	130,000
Mike Holt	261,000	96,000	(42,000)	-	315,000	124,000	66,000

\*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 2009 is subject to the achievement of performance criteria over the relevant three year periods up to the year ended 31 March 2011.

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 213p.

There were no changes in the interest of the directors between 31 March 2009 and 29 May 2009.

On behalf of the Board

**Peter Parkin**  
Chairman, Remuneration Committee  
29 May 2009



# 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 (the "Code") issued by the Financial Reporting Council as revised in June 2006. The Board confirms that throughout the year ended 31 March 2009 the Company has been in compliance with all of the provisions of the Code.

## DIRECTORS

The Board consists of three Executive Directors and three Non Executive Directors. The Non Executive Directors are considered by the Board to be independent under the provisions of the Code on the basis that they are not members of management and they are free of any business or other relationships that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement. Peter Parkin is the senior independent Non Executive Director. The Chairman is an 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 met once during the year to approve the appointment of Steve Rogers. The primary role of the Nomination Committee is to ensure that appointments to the key leadership roles within the Group, particularly Board appointments, are made after due consideration of the relevant and necessary skills, knowledge and experience of the potential candidates. In addition it considers succession planning in order to ensure the continued ability of the Group to compete effectively in the market place.

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](http://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 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 reappointment 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. Jeremy Pilkington and Peter Parkin shall retire by rotation and seek re-election by shareholders at the next Annual General Meeting. Furthermore since Steve Rogers was appointed a Director since the last Annual General Meeting he is required to retire and seek re-appointment. In addition Barrie Cottingham having served over ten years as a Non Executive Director will retire as a Director at the Annual General Meeting.





# Corporate Governance

Full details of Directors' remuneration and a statement of the Company's remuneration policy are set out in the Remuneration Report appearing on pages 18 to 22. 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](http://www.vpplc.com). While the Non Executive Directors do not ordinarily attend these meetings, they are available if required by stakeholders. 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 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 2009 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 2009 and through to the date of this report.

The Statement of the Directors' Responsibilities in relation to the accounts appears on page 27.



# 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 it not only takes account of the most recent legislation and best practice in each area, but also considers the wider picture or individual circumstances where appropriate.

## EMPLOYMENT

The Group recognises the importance of attracting talented people to its business. Our recruitment processes are rigorous and competency based. Our aim is to recruit the best. It is therefore vital that we treat employees 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 of choice who maintains a good relationship with its employees and encourages them to balance work requirements with both social and family needs.

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.

## 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.



# Corporate and Social Responsibility

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 CO<sub>2</sub>) from our equipment and through our energy use and the disposal of fuel and oil.

## Emissions to air

The Group has previously undertaken 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 CO<sub>2</sub> emissions for all categories are based on the DEFRA June 2007 table for converting energy usage to CO<sub>2</sub> emissions.

### Direct Impacts (Operational)

Energy Type	Absolute Tonnes CO <sub>2</sub>		Normalised Tonnes CO <sub>2</sub> per £m Turnover	
	2009	2008	2009	2008
Gas and electricity	<b>1,848</b>	2,063	<b>12.24</b>	13.82
Diesel	<b>11,336</b>	11,165	<b>75.10</b>	74.80
Gas Oil	<b>286</b>	329	<b>1.89</b>	2.20
Total	<b>13,470</b>	13,557	<b>89.23</b>	90.82

### Indirect (Supply Chain)

External haulage	Absolute Tonnes CO <sub>2</sub>		Normalised Tonnes CO <sub>2</sub> per £m Turnover	
	2009	2008	2009	2008
	<b>3,829</b>	4,044	<b>25.37</b>	27.09

We have used the results of our 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 CO<sub>2</sub> 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 through internal review of legislation, working with specialist waste disposal companies and use of external consultants. In this regard a number of our divisions are registered under the environmental standard ISO14001.
- All waste is stored securely and disposed of via appropriately registered waste disposal companies. In addition sites which produce hazardous waste are registered with the Environment Agency and waste data is reported to them. Furthermore, relevant divisions are registered under the Waste Electronic and Electrical Equipment Directive.
- 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 2009 we donated over £39,000 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.



# Auditor's Report

## INDEPENDENT AUDITOR'S 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 2009 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 27.

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 the 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.



# Auditor's 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 2009 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 2009;
- 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**  
**29 May 2009**



# Consolidated Income Statement

## for the Year Ended 31 March 2009

	Note	2009 £000	2008 £000
<b>Revenue</b>	2	<b>150,945</b>	149,269
Cost of sales		<b>(107,806)</b>	(104,856)
<b>Gross profit</b>		<b>43,139</b>	44,413
Administrative expenses		<b>(18,617)</b>	(21,437)
Operating profit before amortisation	2	<b>25,431</b>	23,271
Amortisation of intangibles		<b>(909)</b>	(295)
<b>Operating profit</b>	3	<b>24,522</b>	22,976
Financial income	6	<b>28</b>	88
Financial expenses	6	<b>(3,715)</b>	(3,207)
<b>Profit before amortisation and taxation</b>		<b>21,744</b>	20,152
Amortisation of intangibles		<b>(909)</b>	(295)
<b>Profit before taxation</b>		<b>20,835</b>	19,857
Income tax expense	7	<b>(5,701)</b>	(4,462)
<b>Net profit for the year</b>		<b>15,134</b>	15,395
Basic earnings per 5p ordinary share	20	<b>36.41p</b>	36.09p
Diluted earnings per 5p ordinary share	20	<b>35.30p</b>	34.26p
Dividend per 5p ordinary share interim paid and final proposed	19	<b>10.80p</b>	10.50p

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



# Statements of Recognised Income and Expense

## Consolidated Statement of Recognised Income and Expense for the Year Ended 31 March 2009

	Note	2009 £000	2008 £000
Actuarial losses on defined benefit pension scheme	24	(1,882)	(419)
Tax on items taken directly to equity		527	126
Impact of change in tax rate on items taken direct to equity		-	(65)
Effective portion of changes in fair value of cash flow hedges		(3,154)	(729)
Foreign exchange translation difference		274	238
Net income recognised direct to equity		(4,235)	(849)
Profit for the year		15,134	15,395
Total recognised income and expense for the year	18	10,899	14,546

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

## Parent Company Statement of Recognised Income and Expense for the Year Ended 31 March 2009

	Note	2009 £000	2008 £000
Actuarial losses on defined benefit pension scheme	24	(1,882)	(419)
Tax on items taken directly to equity		527	126
Impact of change in tax rate on items taken direct to equity		-	(65)
Effective portion of changes in fair value of cash flow hedges		(3,154)	(729)
Net income recognised direct to equity		(4,509)	(1,087)
Profit for the year		9,007	9,963
Total recognised income and expense for the year	18	4,498	8,876





# Consolidated Balance Sheet

at 31 March 2009

	Note	2009 £000	2008 (Restated) £000
<b>Non-current assets</b>			
Property, plant and equipment	8	107,889	100,868
Intangible assets	9	41,222	41,335
<b>Total non-current assets</b>		<b>149,111</b>	<b>142,203</b>
<b>Current assets</b>			
Inventories	11	5,463	4,794
Trade and other receivables	12	32,814	32,773
Cash and cash equivalents	13	551	4,987
<b>Total current assets</b>		<b>38,828</b>	<b>42,554</b>
<b>Total assets</b>		<b>187,939</b>	<b>184,757</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	14	(681)	(9,757)
Income tax payable		(2,268)	(2,575)
Trade and other payables	16	(30,477)	(40,693)
<b>Total current liabilities</b>		<b>(33,426)</b>	<b>(53,025)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	(65,707)	(48,679)
Employee benefits	24	(3,194)	(1,433)
Deferred tax liabilities	17	(8,433)	(7,826)
<b>Total non-current liabilities</b>		<b>(77,334)</b>	<b>(57,938)</b>
<b>Total liabilities</b>		<b>(110,760)</b>	<b>(110,963)</b>
<b>Net assets</b>		<b>77,179</b>	<b>73,794</b>
<b>Equity</b>			
Issued share capital	18	2,309	2,309
Share premium	18	16,192	16,192
Hedging reserve	18	(3,606)	(452)
Retained earnings	18	62,257	55,718
<b>Total equity attributable to equity holders of the parent</b>		<b>77,152</b>	<b>73,767</b>
<b>Minority interest</b>	18	<b>27</b>	<b>27</b>
<b>Total equity</b>		<b>77,179</b>	<b>73,794</b>

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 29 May 2009 and were signed on its behalf by:

**J F G Pilkington**  
Chairman

**M J Holt**  
Director



# Parent Company Balance Sheet

at 31 March 2009

	Note	2009 £000	2008 (Restated) £000
<b>Non-current assets</b>			
Property, plant and equipment	8	55,925	54,107
Intangible assets	9	15,189	14,053
Investments in subsidiaries	10	25,125	29,986
<b>Total non-current assets</b>		<b>96,239</b>	<b>98,146</b>
<b>Current assets</b>			
Inventories	11	1,922	2,236
Trade and other receivables	12	64,132	57,617
Cash and cash equivalents	13	452	791
<b>Total current assets</b>		<b>66,506</b>	<b>60,644</b>
<b>Total assets</b>		<b>162,745</b>	<b>158,790</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	14	(5,029)	(10,773)
Income tax payable		(1,601)	(1,325)
Trade and other payables	16	(33,453)	(40,723)
<b>Total current liabilities</b>		<b>(40,083)</b>	<b>(52,821)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	(65,544)	(48,000)
Employee benefits	24	(3,194)	(1,433)
Deferred tax liabilities	17	(4,642)	(4,238)
<b>Total non-current liabilities</b>		<b>(73,380)</b>	<b>(53,671)</b>
<b>Total liabilities</b>		<b>(113,463)</b>	<b>(106,492)</b>
<b>Net assets</b>		<b>49,282</b>	<b>52,298</b>
<b>Equity</b>			
Issued share capital	18	2,309	2,309
Share premium	18	16,192	16,192
Hedging reserve	18	(3,606)	(452)
Retained earnings	18	34,387	34,249
<b>Total equity</b>		<b>49,282</b>	<b>52,298</b>

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 29 May 2009 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 2009

	Note	2009 £000	2008 £000
<b>Cash flows from operating activities</b>			
Profit before taxation		20,835	19,857
Adjustments for:			
Pension fund contributions in excess of service cost		(204)	(1,034)
Share based payment charges		442	1,355
Depreciation	8	18,964	17,810
Amortisation of intangibles	9	909	295
Financial expense		3,715	3,207
Financial income		(28)	(88)
Profit on sale of property, plant and equipment		(3,825)	(3,373)
<b>Operating cash flow before changes in working capital and provisions</b>		<b>40,808</b>	<b>38,029</b>
(Increase)/decrease in inventories		(348)	467
Decrease/(increase) in trade and other receivables		741	(1,957)
(Decrease)/increase in trade and other payables		(6,225)	5,498
<b>Cash generated from operations</b>		<b>34,976</b>	<b>42,037</b>
Interest paid		(3,711)	(3,031)
Interest element of finance lease rental payments		(199)	(158)
Interest received		28	88
Income taxes paid		(5,991)	(3,611)
<b>Net cash from operating activities</b>		<b>25,103</b>	<b>35,325</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		10,799	10,284
Purchase of property, plant and equipment		(34,211)	(45,470)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)	25	(6,013)	(9,556)
<b>Net cash from investing activities</b>		<b>(29,425)</b>	<b>(44,742)</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares by Employee Trust and Company		(3,014)	(3,489)
Repayment of borrowings		(20,401)	-
Repayment of loan notes		-	(70)
New loans		29,000	16,000
New finance leases		-	29
Payment of hire purchase and finance lease liabilities		(1,216)	(1,205)
Dividend paid	19	(4,505)	(3,761)
<b>Net cash from financing activities</b>		<b>(136)</b>	<b>7,504</b>
Net decrease in cash and cash equivalents		(4,458)	(1,913)
Effect of exchange rate fluctuations on cash held		22	238
Cash and cash equivalents as at the beginning of the year		4,987	6,662
<b>Cash and cash equivalents as at the end of the year</b>		<b>551</b>	<b>4,987</b>



# Parent Company Statement of Cash Flows

## for the Year Ended 31 March 2009

	Note	2009 £000	2008 £000
<b>Cash flows from operating activities</b>			
Profit before taxation		12,767	12,789
Adjustments for:			
Pension fund contributions in excess of service cost		(204)	(1,034)
Share based payment charges		442	1,355
Depreciation	8	8,850	7,827
Amortisation of intangibles	9	315	30
Financial expense		3,572	3,082
Financial income		(594)	(796)
Profit on sale of property, plant and equipment		(2,602)	(2,402)
<b>Operating cash flow before changes in working capital and provisions</b>		<b>22,546</b>	20,851
Increase in inventories		(254)	(355)
Increase in trade and other receivables		(2,230)	(7,765)
(Decrease)/increase in trade and other payables		(4,510)	3,150
<b>Cash generated from operations</b>		<b>15,552</b>	15,881
Interest paid		(3,711)	(3,055)
Interest element of finance lease rental payments		(56)	(9)
Interest received		594	796
Income taxes paid		(3,282)	(2,079)
<b>Net cash from operating activities</b>		<b>9,097</b>	11,534
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		7,647	6,080
Purchase of property, plant and equipment		(18,033)	(26,157)
Acquisition of subsidiaries (net of cash acquired)		(2,824)	(4,529)
Investment in new subsidiaries		-	(21)
<b>Net cash from investing activities</b>		<b>(13,210)</b>	(24,627)
<b>Cash flow from financing activities</b>			
Purchase of own shares by Employee Trust and Company		(3,014)	(3,489)
Repayment of borrowings		(20,401)	-
Repayment of loan notes		-	(70)
New loans		29,000	16,000
Payment of finance lease liabilities		(394)	-
Dividend paid	19	(4,505)	(3,761)
<b>Net cash from financing activities</b>		<b>686</b>	8,680
Net decrease in cash and cash equivalents		(3,427)	(4,413)
Cash and cash equivalents as at the beginning of the year		(1,026)	3,387
<b>Cash and cash equivalents net of overdraft as at the end of the year</b>		<b>(4,453)</b>	(1,026)



# 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 2009, 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 a going concern basis (further details are provided in the Directors' Report) and 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. No alterations were made to the accounting policies as a result of considering all amendments to IFRSs 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 endorsed standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2009 and have not yet been applied in preparing the financial information:

- IFRS 8 Operating segments: This standard may increase the amount of segmental disclosure. This will be considered when preparing the Financial Statements for the year ending 31 March 2010.
- Amendments to IAS1: This amendment will change the presentation of performance reporting, but will not affect the results reported.
- Amendment to IFRS2: This amendment clarifies that vesting conditions are limited to service and performance conditions. It is not expected to have a material effect on the results reported.
- Amendment to IAS16: This standard has been amended to change the presentation in the accounts of rental assets which cease to be rented, are held for sale and are then sold. This amended should not materially affect the reported result, but does affect the way sales proceeds from these disposals are reported. This will be taken into account in drafting accounts for the year ended 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, which is the vast majority of Group revenues, is recognised from the start of hire through to the end of the agreed hire period predominately on a time apportioned basis. 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.



# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments

In the Company's Financial Statements, investments in subsidiary undertakings are stated at cost less impairment.

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.

### 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	– 10 years
Supply agreements	– 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 scheme 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.



# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 earning per share.

### Treasury Shares

When share capital recognised as equity is repurchased and classified as treasury shares the amount of the consideration paid is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

### Property, plant and equipment

Property, plant and equipment are 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.

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 buildings	– 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 the 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.



# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 swap is designated as an effective hedge of the variability of cash flows (an "effective cash flow hedge").

Where a derivative financial instrument is designated as an effective cash flow hedge, 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 item 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.

### 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.





# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Trade and other receivables

Trade and other receivables are stated at their due amounts 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 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.

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.



# Notes

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Accounting estimates and judgements

The key accounting policies, estimates and judgements used in preparing the Group's Annual Report and Accounts for the year ended 31 March 2009 have been reviewed and approved by the Audit Committee. The areas of principal accounting uncertainty are estimates of useful lives of rental assets, including residual values, and assumptions relating to pension costs. In addition the testing for impairment of goodwill and other intangibles requires significant estimates and judgements relating to cash flows.

The Group continually reviews depreciation rates and using its judgement adopts a cautious policy in assessing estimated useful economic lives of fleet assets (see page 38). 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.

Goodwill and other intangibles are tested for impairment by reference to the expected estimated 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.

In addition the Group's results are subject to fluctuations caused by the cash settled share options as these are required to be re-measured at each reporting date based on the Company's share price. 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 the share price would increase the charge to the Income Statement by £26,000 (2008: £70,000).

## 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 with no overseas geographical area accounting for more than 10% of the Group's revenue. In addition, all material assets and liabilities of the Group are accounted for by UK based companies.

### Business Segments

	Revenue						Operating profit before amortisation	
	2009 External Revenue £000	2009 Internal Revenue £000	Total Revenue £000	2008 External Revenue £000	2008 Internal Revenue £000	Total Revenue £000	2009 £000	2008 £000
Groundforce	37,804	150	37,954	35,035	150	35,185	11,004	8,740
UK Forks	13,178	350	13,528	16,066	360	16,426	1,238	3,186
Airpac Bukom	14,733	-	14,733	13,112	-	13,112	3,882	3,335
Torrent Trackside	13,952	-	13,952	14,010	-	14,010	1,231	886
TPA	15,628	-	15,628	13,991	-	13,991	1,691	1,210
Hire Station	55,650	375	56,025	57,055	500	57,555	6,385	5,914
	<b>150,945</b>	<b>875</b>	<b>151,820</b>	<b>149,269</b>	<b>1,010</b>	<b>150,279</b>	<b>25,431</b>	<b>23,271</b>



# Notes

## 2. SEGMENT REPORTING (continued)

Business Segments	Assets		Liabilities		Net Assets	
	2009	2008 (Restated)	2009	2008 (Restated)	2009	2008
	£000	£000	£000	£000	£000	£000
Groundforce	40,535	38,739	8,746	10,313	31,789	28,426
UK Forks	14,771	19,128	2,695	4,266	12,076	14,862
Airpac Bukom	30,163	23,359	5,358	5,788	24,805	17,571
Torrent Trackside	10,679	10,630	2,802	3,010	7,877	7,620
TPA	30,499	32,834	4,363	9,894	26,136	22,940
Hire Station	60,523	56,927	12,085	15,280	48,438	41,647
Group/unallocated	769	3,140	74,711	62,412	(73,942)	(59,272)
	<b>187,939</b>	<b>184,757</b>	<b>110,760</b>	<b>110,963</b>	<b>77,179</b>	<b>73,794</b>

	Acquired Assets		Capital Expenditure		Depreciation and Amortisation	
	2009	2008 (Restated)	2009	2008	2009	2008
	£000	£000	£000	£000	£000	£000
Groundforce	3,519	6,111	7,279	8,423	3,973	3,126
UK Forks	-	-	1,369	7,897	2,378	2,601
Airpac Bukom	-	-	6,629	9,946	2,744	1,879
Torrent Trackside	-	1,409	1,216	1,939	2,091	2,052
TPA	-	-	4,492	3,793	1,394	1,481
Hire Station	3,197	3,758	9,548	12,957	7,026	6,649
Group/unallocated	-	-	494	332	267	317
	<b>6,716</b>	<b>11,278</b>	<b>31,027</b>	<b>45,287</b>	<b>19,873</b>	<b>18,105</b>

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.

Included within segmental assets above is goodwill and indefinite life intangibles in relation to Groundforce of £8.1m, Airpac Bukom £4.8m, TPA £9.6m and Hire Station £12.8m.

## 3. OPERATING PROFIT

	2009 £000	2008 £000
<b>Operating profit is stated after charging/(crediting):</b>		
Amortisation of intangible assets	909	295
Depreciation of property, plant and equipment – owned	18,656	17,436
– leased	308	374
Rent of land and buildings	3,328	2,910
Hire of other assets	11,824	12,085
Profit on sale of plant and equipment	(3,825)	(3,373)
<b>Amounts paid to auditors:</b>		
Audit fees – parent company annual accounts	55	54
– other group companies	63	64
– total group	118	118
Tax services	58	40
Other services pursuant to legislation	16	15

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.



# Notes

## 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	
	2009	2008
Operations	1,186	1,051
Sales	182	185
Administration	211	187
	<b>1,579</b>	<b>1,423</b>

The aggregate payroll costs of these persons were as follows:

	2009		2008	
	£000		£000	
Wages and salaries	40,954		41,137	
Social security costs	4,174		4,177	
Defined benefit pension costs	105		(15)	
Other pension related costs	546		569	
Share option costs including associated social security costs - equity settled	123		1,441	
- cash settled	(604)		335	
	<b>45,298</b>		<b>47,644</b>	

### Company

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

	Number of employees	
	2009	2008
Operations	332	332
Sales	89	87
Administration	91	75
	<b>512</b>	<b>494</b>

The aggregate payroll costs of these persons were as follows:

	2009		2008	
	£000		£000	
Wages and salaries	15,720		15,300	
Social security costs	1,627		1,620	
Defined benefit pension costs	105		(15)	
Other pension related costs	266		303	
Share option costs including associated social security costs - equity settled	137		742	
- cash settled	(604)		335	
	<b>17,251</b>		<b>18,285</b>	

## 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:

	2009	2008
	£000	£000
Basic remuneration including bonus and benefits	1,052	1,336
Cash allowances/pension contributions	203	191
	<b>1,255</b>	<b>1,527</b>

One Director (2008: 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 18 to 22.



# Notes

## 6. FINANCIAL INCOME AND EXPENSES

	2009 £000	2008 £000
Financial income:		
Bank and other interest receivable	<u>28</u>	<u>88</u>
Financial expenses:		
On bank loans and overdrafts	<b>(3,516)</b>	(3,018)
Finance charges payable in respect of finance leases and hire purchase contracts	<b>(199)</b>	(159)
Other	-	(30)
	<b><u>(3,715)</u></b>	<b><u>(3,207)</u></b>

## 7. INCOME TAX EXPENSE

	2009 £000	2008 £000
<b>Current tax expense</b>		
UK Corporation tax charge at 28% (2008: 30%)	<b>5,286</b>	4,016
Overseas tax	<b>255</b>	301
UK adjustments relating to earlier years	<b>(212)</b>	(52)
Total current tax	<b>5,329</b>	4,265
<b>Deferred tax expense</b>		
Current year deferred tax	<b>573</b>	1,129
Impact of change in tax rate	-	(522)
Adjustments to deferred tax relating to earlier years	<b>(201)</b>	(410)
Total deferred tax	<b>372</b>	197
Total tax expense in income statement	<b><u>5,701</u></b>	<b><u>4,462</u></b>

### Reconciliation of effective tax rate

	2009 %	2009 £000	2008 %	2008 £000
Profit on ordinary activities before tax		<b>20,835</b>		19,857
Profit on ordinary activities multiplied by standard rate of corporation tax	<b>28.0</b>	<b>5,834</b>	30.0	5,957
Effects of:				
Tax rate change	-	-	(2.6)	(522)
Expenses not deductible for tax purposes	<b>0.6</b>	<b>130</b>	0.3	66
Non-qualifying depreciation	<b>0.6</b>	<b>122</b>	0.4	72
Share option schemes	<b>2.0</b>	<b>412</b>	(2.6)	(521)
Gains covered by exemption/losses	<b>(1.8)</b>	<b>(373)</b>	(0.9)	(175)
Overseas tax rate	-	<b>(11)</b>	0.2	47
Adjustments to tax charge in respect of previous years	<b>(2.0)</b>	<b>(413)</b>	(2.3)	(462)
Total tax charge for the year	<b><u>27.4</u></b>	<b><u>5,701</u></b>	<b><u>22.5</u></b>	<b><u>4,462</u></b>

### Deferred tax recognised directly through equity

	2009 £000	2008 £000
Relating to share based payments	<b>285</b>	471
Relating to actuarial loss on defined benefit pension scheme	<b>(527)</b>	(61)
	<b><u>(242)</u></b>	<b><u>410</u></b>



# Notes

## 8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings	Rental Equipment	Motor Vehicles	Other Assets	Total
	£000	£000	£000	£000	£000
<b>Cost or deemed cost</b>					
At 1 April 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
Restatement on acquisition	21	(10)	26	41	78
Disposals	(263)	(16,665)	(105)	(1,782)	(18,815)
Transfer between categories	-	(17)	-	17	-
At 31 March 2008	10,611	140,946	1,689	8,273	161,519
Additions	780	28,403	397	1,447	31,027
Acquisitions	4	1,866	241	30	2,141
Disposals	(27)	(17,280)	(302)	(1,247)	(18,856)
Exchange rate differences	12	224	11	32	279
Transfer between categories	-	43	-	(43)	-
At 31 March 2009	11,380	154,202	2,036	8,492	176,110
<b>Depreciation and impairment losses</b>					
At 1 April 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
Restatement on acquisitions	23	-	33	55	111
On disposals	(95)	(9,966)	(64)	(1,779)	(11,904)
Transfer between categories	-	(10)	-	10	-
At 31 March 2008	3,713	50,823	988	5,127	60,651
Charge for year	497	16,870	353	1,244	18,964
On acquisitions	-	388	71	2	461
On disposals	(24)	(10,362)	(264)	(1,232)	(11,882)
Exchange rate differences	1	14	3	9	27
Transfer between categories	-	34	-	(34)	-
At 31 March 2009	4,187	57,767	1,151	5,116	68,221
<b>Carrying amount</b>					
<b>At 31 March 2009</b>	<b>7,193</b>	<b>96,435</b>	<b>885</b>	<b>3,376</b>	<b>107,889</b>
At 31 March 2008	6,898	90,123	701	3,146	100,868
At 31 March 2007	6,037	67,518	487	2,755	76,797
<b>COMPANY</b>					
<b>Cost or deemed cost</b>					
At 1 April 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
Additions	346	14,173	92	793	15,404
Group transfers	21	(1,554)	189	(71)	(1,415)
Disposals	-	(9,629)	(205)	(1,203)	(11,037)
At 31 March 2009	7,417	77,652	688	3,110	88,867
<b>Depreciation and impairment losses</b>					
At 1 April 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
Charge for year	206	8,067	117	460	8,850
Group transfers	23	(1,190)	104	(18)	(1,081)
On disposals	-	(5,242)	(194)	(1,199)	(6,635)
At 31 March 2009	2,376	28,625	406	1,535	32,942
<b>Carrying amount</b>					
<b>At 31 March 2009</b>	<b>5,041</b>	<b>49,027</b>	<b>282</b>	<b>1,575</b>	<b>55,925</b>
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



# Notes

## 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 (2008: £2,176,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £3,799,000 (2008: £3,670,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £491,000 (2008: £398,000). The leased equipment secures lease obligations (see note 14). Depreciation for the year on these Group assets was £308,000 (2008: £374,000) and £65,000 (2008: nil) for the Company. In addition the banks have a fixed and floating charge over the assets of the Group as set out in note 14.

## 9. INTANGIBLE ASSETS GROUP

	Trade Names £000	Customer Relationships £000	Supply Agreements £000	Goodwill £000	Total £000
<b>Cost or deemed cost</b>					
At 1 April 2007	1,673	1,238	72	33,362	36,345
Acquired through business combinations	445	2,666	260	4,287	7,658
Hindsight adjustment (see Note 25)	-	-	8	107	115
Adjustment to contingent consideration	-	-	-	(2,400)	(2,400)
At 31 March 2008 (restated)	2,118	3,904	340	35,356	41,718
Acquired through business combinations	-	1,445	836	2,755	5,036
Adjustment to contingent consideration	-	-	-	(4,240)	(4,240)
At 31 March 2009	2,118	5,349	1,176	33,871	42,514
<b>Accumulated amortisation</b>					
At 1 April 2007	11	48	29	-	88
Amortisation charge	37	199	59	-	295
At 31 March 2008	48	247	88	-	383
Amortisation charge	72	516	321	-	909
At 31 March 2009	120	763	409	-	1,292
<b>Carrying amount</b>					
<b>At 31 March 2009</b>	<b>1,998</b>	<b>4,586</b>	<b>767</b>	<b>33,871</b>	<b>41,222</b>
At 31 March 2008 (restated)	2,070	3,657	252	35,356	41,335
At 31 March 2007	1,662	1,190	43	33,362	36,257

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 a period of up to 10 years derived from the approved budget for the coming year. The discount rate applied was 9% based upon the estimated weighted average cost of capital, which is consistent with last year, but is still considered appropriate for all businesses. 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 intangible assets to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate.

An intangible asset with an indefinite life totalling £1,400,000 (2008: £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. The impairment test of this has been performed using the same assumptions as for the other intangibles.

The adjustment to contingent consideration reflects the fact that no contingent consideration was paid or payable in relation to the acquisition of TPA in 2005/06 as a result of the business not reaching the appropriate performance target in 2008/09.



# Notes

## 9. INTANGIBLE ASSETS (continued)

### COMPANY

	Trade Names £000	Supply Agreements £000	Customer Relationships £000	Goodwill £000	Total £000
<b>Cost or deemed cost</b>					
At 1 April 2007	-	72	62	9,616	9,750
Transfer from cost of investment	376	-	1,506	2,410	4,292
Hindsight adjustment	-	-	-	71	71
At 31 March 2008 (restated)	376	72	1,568	12,097	14,113
Transfer from cost of investment	-	-	597	1,513	2,110
Fair value of deferred tax on intangibles	-	-	253	-	253
Group transfer	-	-	-	(912)	(912)
At 31 March 2009	376	72	2,418	12,698	15,564
<b>Accumulated amortisation</b>					
At 1 April 2007	-	29	1	-	30
Amortisation charge	-	24	6	-	30
At 31 March 2008	-	53	7	-	60
Amortisation charge	41	19	255	-	315
At 31 March 2009	41	72	262	-	375
<b>Carrying amount</b>					
<b>At 31 March 2009</b>	<b>335</b>	<b>-</b>	<b>2,156</b>	<b>12,698</b>	<b>15,189</b>
At 31 March 2008 (restated)	376	19	1,561	12,097	14,053
At 31 March 2007	-	43	61	9,616	9,720

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

#### Cost

	£000
At 1 April 2007	33,293
Acquisition	4,529
Investment in new subsidiary	21
Transfer to intangible assets	(3,764)
Hindsight adjustment	(6)
Reduction in contingent consideration	(2,400)
At 31 March 2008 (restated)	31,673
Acquisitions	2,839
Transfer to intangible asset	(2,110)
Repayment of investment	(1,350)
Reduction in contingent consideration	(4,240)
At 31 March 2009	26,812

#### Impairment

At 1 April 2007, 31 March 2008 and 31 March 2009	1,687
--------------------------------------------------	-------

#### Carrying amount

<b>At 31 March 2009</b>	<b>25,125</b>
At 31 March 2008 (restated)	29,986
At 31 March 2007	31,606

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%
TPA Portable Roadways Limited	England	Hire of portable roadways	UK	Ordinary shares 100%





# Notes

## 11. INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Raw materials and consumables	1,452	1,268	1,033	715
Goods for resale	4,011	3,526	889	1,521
	<u>5,463</u>	<u>4,794</u>	<u>1,922</u>	<u>2,236</u>

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade receivables	29,511	(Restated) 30,446	12,341	(Restated) 12,758
Amounts owed by subsidiary undertakings	-	-	49,987	43,892
Other receivables	100	467	-	230
Prepayments and accrued income	3,203	1,860	1,804	737
	<u>32,814</u>	<u>32,773</u>	<u>64,132</u>	<u>57,617</u>

Prior year trade receivables have been restated by Group £(26,000), Company £(26,000) to reflect changes in the completion accounts for acquisitions. In addition prior year other receivables have been restated by Group £20,000 to reflect recoverable acquisition consideration.

There are £9.7m 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 2009 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are overdue and unprovided. During the year there was an increase in the provisions for impairment of trade receivables of £1,615,000 (2008: £2,133,000). These increases reflect the Group's judgement regarding the risks associated with collecting trade receivables. The Group has a reasonable spread of credit risk with the top 25 customers accounting for less than 50% of gross trade debtors. The ageing of the Group's trade receivables (net of impairment provision) at the end of the year was as follows:

	2009	2008
	£000	£000
Not overdue	19,828	21,383
0-30 days overdue	4,419	4,609
31-90 days overdue	1,992	1,812
More than 90 days overdue	3,272	2,642
	<u>29,511</u>	<u>30,446</u>

## 13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Bank balances	551	4,386	452	390
Call deposits	-	601	-	401
Cash and cash equivalents	<u>551</u>	<u>4,987</u>	<u>452</u>	<u>791</u>

During the year the rate of interest received on sterling cash deposits was in the range of 0.75% to 5.60% and on US dollar deposits was in the range of 0.25% to 2.73%.



# Notes

## 14. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>Current liabilities</b>				
Bank overdraft	-	-	4,905	1,817
Secured bank loans	-	8,543	-	8,543
Obligations under finance leases and hire purchase contracts	681	1,214	124	413
	<u>681</u>	<u>9,757</u>	<u>5,029</u>	<u>10,773</u>
<b>Non-current liabilities</b>				
Secured bank loans	65,500	48,000	65,500	48,000
Obligations under finance leases and hire purchase contracts	207	679	44	-
	<u>65,707</u>	<u>48,679</u>	<u>65,544</u>	<u>48,000</u>

The repayment schedule of the carrying amount of the non-current liabilities as at 31 March 2009 is:

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>Due in more than one year but not more than two years:</b>				
Secured bank loans	48,500	-	48,500	-
Obligations under finance leases and hire purchase contracts	191	543	44	-
	<u>48,691</u>	<u>543</u>	<u>48,544</u>	<u>-</u>
<b>Due in more than two years but not more than five years:</b>				
Secured bank loans	17,000	48,000	17,000	48,000
Obligations under finance leases and hire purchase contracts	16	136	-	-
	<u>17,016</u>	<u>48,136</u>	<u>17,000</u>	<u>48,000</u>
<b>Total</b>	<u>65,707</u>	<u>48,679</u>	<u>65,544</u>	<u>48,000</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 to the Group was £14,500,000 as at 31 March 2009.

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 10 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 £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
<b>31 March 2009</b>					
Secured bank loans	65,500	70,433	2,620	50,473	17,340
Finance lease liabilities	888	1,021	786	235	-
Trade and other payables	30,477	30,477	30,477	-	-
	<u>96,865</u>	<u>101,931</u>	<u>33,883</u>	<u>50,708</u>	<u>17,340</u>
<b>31 March 2008</b>					
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	40,693	40,693	40,693	-	-
	<u>99,129</u>	<u>107,107</u>	<u>53,761</u>	<u>3,666</u>	<u>49,680</u>



# Notes

## 14. INTEREST-BEARING LOANS AND BORROWINGS (continued)

COMPANY	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000
<b>31 March 2009</b>					
Secured bank loans	65,500	70,433	2,620	50,473	17,340
Finance lease liabilities	168	193	142	51	-
Trade and other payables	33,453	33,453	33,453	-	-
	<u>99,121</u>	<u>104,079</u>	<u>36,215</u>	<u>50,524</u>	<u>17,340</u>
<b>31 March 2008</b>					
Secured bank loans	56,543	64,282	11,722	2,880	49,680
Finance lease liabilities	413	452	452	-	-
Trade and other payables	40,723	40,723	40,723	-	-
	<u>97,679</u>	<u>105,457</u>	<u>52,897</u>	<u>2,880</u>	<u>49,680</u>

### Hire purchase and finance lease liabilities

GROUP	Payment	Interest	Principal	Payment	Interest	Principal
Payable:	<b>2009</b>	<b>2009</b>	<b>2009</b>	2008	2008	2008
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000	£000	£000
Less than one year	<b>786</b>	<b>(105)</b>	<b>681</b>	1,346	(132)	1,214
Between one and five years	<b>235</b>	<b>(28)</b>	<b>207</b>	786	(107)	679
	<u><b>1,021</b></u>	<u><b>(133)</b></u>	<u><b>888</b></u>	<u>2,132</u>	<u>(239)</u>	<u>1,893</u>

## 15. FINANCIAL INSTRUMENTS

The Group has five 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. These swaps, all of which are for £7.5m of debt, were taken out in November 2005, September 2007, December 2007, July 2008 and October 2008. All these swaps are for a period of 5 years, with a bank only call option after 3 years except for the swap entered into in October 2008 which has a duration of 2 years. They fix interest rates, before bank margin, at between 4.78% and 5.56%. In addition, in January 2009, the Group entered into three basis rate swap agreements for £7.5m each with termination dates in August and September 2009. These agreements are designed to provide an interest 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.

At 31 March 2009 the notional contract value of interest rate swaps was £37,500,000 (2008: £30,000,000) and the fair value of the swaps was a liability of £3,320,000 (2008: £360,000). The cash flows are expected to occur during the remaining life of the swaps.

Furthermore the Group has three foreign exchange hedges which were taken out in November 2008, December 2008 and January 2009 to reduce the risk of exchange rate fluctuation between the US dollar and sterling. These swaps are effective cash flow hedges and movements in fair value are taken to equity. The notional contract value at 31 March 2009 is US\$21,150,000 and the fair value was a liability of £286,000 (2008: £92,000); US\$19,050,000 of cash flows relating to foreign exchange hedges occur within 1 year and US\$2,100,000 will occur between 1 and 2 years.

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 Treasury Management section of the Financial Review on pages 10 to 13, as are the risks relating to credit and currency management, this disclosure in the Financial Review has been subject to audit.



# Notes

## 15. FINANCIAL INSTRUMENTS (continued)

### 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	
	2009	2008
	£000	£000
<b>10% strengthening of Sterling against:</b>		
US Dollar	(8)	(305)
Euro	59	36
<b>10% weakening of Sterling against:</b>		
US Dollar	(154)	242
Euro	(97)	(44)
<b>10% movement in Sterling interest rates:</b>		
Increase in interest rates	(164)	(169)
Decrease in interest rates	164	169

The loss as a result of a 10% weakening in Sterling compared to US dollars reflects the fact the exchange rate would have breached a barrier which would have led to the Group converting US dollars at a rate above spot.

## 16. TRADE AND OTHER PAYABLES

### Current liabilities

	Group		Company	
	2009	2008	2009	2008
	£000	(Restated) £000	£000	(Restated) £000
Trade payables	12,569	17,251	5,808	9,467
Amounts owed to subsidiary undertakings	-	-	16,753	17,318
Other taxes and social security	2,471	3,006	899	1,158
Other payables	4,511	1,540	3,606	452
Accruals and deferred income	10,852	14,287	6,387	8,088
Contingent consideration	74	4,609	-	4,240
	<u>30,477</u>	<u>40,693</u>	<u>33,453</u>	<u>40,723</u>

Prior year accruals and deferred income have been restated by Group £61,000, Company £39,000 to reflect changes in the completion balance sheets of acquisitions and accruals for acquisition fees.

Of the contingent consideration £nil (2008: £4,240,000) relates to the acquisition of TPA Portable Roadways Limited and was dependent on the future profitability of that company through to 31 December 2008.



# Notes

## 17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

<b>GROUP</b>	<b>Property, plant and equipment £000</b>	<b>Intangible assets £000</b>	<b>Employee benefits £000</b>	<b>Other items £000</b>	<b>Total £000</b>
1 April 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
Recognised on acquisitions	72	405	-	-	477
Recognised in income	75	(151)	438	10	372
Recognised in equity	-	-	(242)	-	(242)
<b>At 31 March 2009</b>	<b>9,105</b>	<b>1,739</b>	<b>(1,772)</b>	<b>(639)</b>	<b>8,433</b>
<b>COMPANY</b>	<b>Property, plant and equipment £000</b>	<b>Intangible assets £000</b>	<b>Employee benefits £000</b>	<b>Other items £000</b>	<b>Total £000</b>
1 April 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 subsidiary	90	-	-	-	90
At 31 March 2008	6,006	528	(1,968)	(328)	4,238
Recognised on acquisitions	-	238	-	-	238
Recognised in income	205	(82)	438	(212)	349
Recognised in equity	-	-	(242)	-	(242)
Transfer from subsidiary	59	-	-	-	59
<b>At 31 March 2009</b>	<b>6,270</b>	<b>684</b>	<b>(1,772)</b>	<b>(540)</b>	<b>4,642</b>

Deferred tax assets have been recognised on employee benefits and other items on the basis that there will be future taxable profits against which these assets can be utilised.



# Notes

## 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 2007	2,309	16,192	277	46,745	27	<b>65,550</b>
Total recognised income and expense	-	-	(729)	15,275	-	<b>14,546</b>
Tax movement on equity	-	-	-	(451)	-	<b>(451)</b>
Effect of tax rate change	-	-	-	(20)	-	<b>(20)</b>
Share option charge in the year	-	-	-	1,355	-	<b>1,355</b>
Gains on share disposals	-	-	-	64	-	<b>64</b>
Net movement in shares held by Vp Employee Trust at cost	-	-	-	(3,489)	-	<b>(3,489)</b>
Dividends to equity holders of the parent	-	-	-	(3,761)	-	<b>(3,761)</b>
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><b>73,794</b></u>
Balance as at 1 April 2008	2,309	16,192	(452)	55,718	27	<b>73,794</b>
Total recognised income and expense	-	-	(3,154)	14,053	-	<b>10,899</b>
Tax movement on equity	-	-	-	(285)	-	<b>(285)</b>
Share option charge in the year	-	-	-	442	-	<b>442</b>
Loss on share disposals	-	-	-	(152)	-	<b>(152)</b>
Net movement in shares held by Vp Employee Trust and Company at cost	-	-	-	(3,014)	-	<b>(3,014)</b>
Dividends to equity holders of the parent	-	-	-	(4,505)	-	<b>(4,505)</b>
<b>Balance as at 31 March 2009</b>	<u>2,309</u>	<u>16,192</u>	<u>(3,606)</u>	<u>62,257</u>	<u>27</u>	<u><b>77,179</b></u>

### COMPANY

	Share Capital £000	Share Premium £000	Hedging Reserve £000	Retained Earnings £000	Total Equity £000
Balance as at 1 April 2007	2,309	16,192	277	30,946	<b>49,724</b>
Total recognised income and expense	-	-	(729)	9,605	<b>8,876</b>
Tax movement on equity	-	-	-	(451)	<b>(451)</b>
Effect of tax rate change	-	-	-	(20)	<b>(20)</b>
Share option charge in the year	-	-	-	1,355	<b>1,355</b>
Gains on share disposals	-	-	-	64	<b>64</b>
Net movement in shares held by Vp Employee Trust at cost	-	-	-	(3,489)	<b>(3,489)</b>
Dividends to equity holders	-	-	-	(3,761)	<b>(3,761)</b>
Balance as at 31 March 2008	<u>2,309</u>	<u>16,192</u>	<u>(452)</u>	<u>34,249</u>	<u><b>52,298</b></u>
Balance as at 1 April 2008	2,309	16,192	(452)	34,249	<b>52,298</b>
Total recognised income and expense	-	-	(3,154)	7,652	<b>4,498</b>
Tax movement on equity	-	-	-	(285)	<b>(285)</b>
Share option charge in the year	-	-	-	442	<b>442</b>
Loss on share disposals	-	-	-	(152)	<b>(152)</b>
Net movement in shares held by Vp Employee Trust and Company at cost	-	-	-	(3,014)	<b>(3,014)</b>
Dividends to equity holders	-	-	-	(4,505)	<b>(4,505)</b>
<b>Balance as at 31 March 2009</b>	<u>2,309</u>	<u>16,192</u>	<u>(3,606)</u>	<u>34,387</u>	<u><b>49,282</b></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.



# Notes

## 18. CAPITAL AND RESERVES (continued)

### Own shares held

Deducted from retained earnings (Group and Company) is £13,602,000 (2008: £10,588,000) in respect of own shares held by the Vp Employee Trust and the Company. The Trust acts as a repository of issued Company shares and held 4,093,000 shares (2008: 3,820,000 shares) with a market value at 31 March 2009 of £5,935,000 (2008: £11,726,000). The Company has 1,215,000 treasury shares (2008: nil) with a market value of £1,762,000.

<b>Ordinary share capital</b>	<b>2009</b>	2008
	<b>£000</b>	£000
<b>Authorised</b>		
60,000,000 Ordinary shares of 5 pence each	<u><b>3,000</b></u>	<u>3,000</u>
<b>Allotted, called up and fully paid</b>		
46,185,000 Ordinary shares of 5 pence each (2008: 46,185,000)	<u><b>2,309</b></u>	<u>2,309</u>

All shares have the same voting rights.

## 19. DIVIDENDS

	<b>2009</b>	2008
	<b>£000</b>	£000
Amounts recognised as distributions to equity holders of the parent in the year:		
Ordinary shares:		
Final paid 7.70p (2008: 6.00p) per share	<b>3,215</b>	2,566
Interim paid 3.10p (2008: 2.80p) per share	<u><b>1,290</b></u>	<u>1,195</u>
	<u><b>4,505</b></u>	<u>3,761</u>

The dividend paid in the year is after dividends were waived to the value of £483,000 (2008: £303,000) in relation to shares held by the Vp Employee Trust and the Company as treasury shares. 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 7.7p per share which will absorb an estimated £3,148,000 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 earning per share

The calculation of basic earnings per share of 36.41 pence (2008: 36.09 pence) was based on the profit attributable to equity holders of the parent of £15,134,000 (2008: £15,395,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2009 of 41,562,000 (2008: 42,658,000), calculated as follows:

	<b>2009</b>	2008
	<b>Shares</b>	Shares
	<b>000's</b>	000's
Issued ordinary shares	<b>46,185</b>	46,185
Effect of own shares held	<u><b>(4,623)</b></u>	<u>(3,527)</u>
Weighted average number of ordinary shares	<u><b>41,562</b></u>	<u>42,658</u>

Basic earnings per share before the amortisation of intangibles was 37.99 pence (2008: 36.64 pence) and is based on an after tax add back of £654,000 (2008: £234,000) in respect of the amortisation of intangibles.



# Notes

## 20. EARNINGS PER SHARE (continued)

### Diluted earnings per share

The calculation of diluted earnings per share of 35.30 pence (2008: 34.26 pence) was based on profit attributable to equity holders of the parent of £15,134,000 (2008: £15,395,000) and a weighed average number of ordinary shares outstanding during the year ended 31 March 2009 of 42,872,000 (2008: 44,939,000), calculated as follows:

	<b>2009</b>	2008
	<b>Shares</b>	Shares
	<b>000's</b>	000's
Weighted average number of ordinary shares	<b>41,562</b>	42,658
Effect of share options on issue	<b>1,310</b>	2,281
Weighted average number of ordinary shares (diluted)	<b><u>42,872</u></b>	<u>44,939</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 36.83 pence (2008: 34.78 pence).

## 21. SHARE OPTION SCHEMES

### SAYE Scheme

During the year options over a further 525,197 shares were granted under the SAYE scheme at a price of 189 pence. The outstanding options at the year end were:

<b>Date of Grant</b>	<b>Price per share</b>	<b>Number of shares</b>
August 2006	247p	164,926
August 2007	303p	163,751
August 2008	189p	474,387
		<u>803,064</u>

All the options are exercisable between 3 and 3.5 years. At 31 March 2009 there were 428 employees saving an average £110 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 283,000 shares were granted during the year at a price of 213 pence. The options outstanding at the year end were:

<b>Date of Grant</b>	<b>Price per share</b>	<b>Number of shares</b>
July 2001	65.0p	4,425
June 2002	93.0p	10,000
June 2003	104.0p	32,375
June 2004	145.5p	92,376
June 2005	200.0p	235,000
June 2006	293.5p	284,000
June 2007	388.25p	189,500
June 2008	213.0p	272,000
		<u>1,119,676</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 19.

### Unapproved Share Option Scheme

Options over 561,000 shares were granted during the year at a price of 213 pence. The options outstanding at the year end were:

<b>Date of Grant</b>	<b>Price per share</b>	<b>Number of shares</b>
June 2004	145.5p	114,250
June 2005	200.0p	500,000
June 2006	293.5p	294,000
June 2007	388.25p	328,000
June 2008	213.0p	505,500
		<u>1,741,750</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 19.





# Notes

## 21. SHARE OPTION SCHEMES (continued)

### Long-Term Incentive Plan

Awards were made during the year in relation to a further 620,000 shares. Shares outstanding at the year end were:

	<b>Number of shares</b>
July 2001	45,400
June 2003	112,500
June 2004	398,000
June 2005	219,000
June 2006	338,000
June 2007	281,000
June 2008	610,000
	<u>2,003,900</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 19.

### Share Matching

Awards were made during the year in relation to a further 56,488 shares. Shares outstanding at the year end were:

<b>Date of Grant</b>	<b>Number of shares</b>
August 2004	4,500
August 2005	32,500
August 2006	30,750
August 2007	30,650
August 2008	56,488
	<u>154,888</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 19.

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 2009 was 145 pence (2008: 307 pence), the highest market value in the year to 31 March 2009 was 330 pence and the lowest 115 pence. The average share price during the year was 202.8 pence.

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

	<b>2009</b>		<b>2008</b>
	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
	<b>000s</b>	<b>000s</b>	<b>000s</b>
Outstanding at beginning of the year	<b>155p</b>	<b>5,124</b>	123p
Lapsed during the year	<b>229p</b>	<b>(606)</b>	247p
Exercised during the year	<b>45p</b>	<b>(777)</b>	120p
Granted during the year	<b>136p</b>	<b>2,046</b>	263p
Outstanding at the end of the year	<u><b>155p</b></u>	<u><b>5,787</b></u>	<u>155p</u>
Exercisable at the year end	<u><b>101p</b></u>	<u><b>1,800</b></u>	<u>32p</u>

The options outstanding at 31 March 2009 have an exercise price in the range of 0.0p to 388.25p and have a weighted average life of 2.3 years.



# Notes

## 21. SHARE OPTION SCHEMES (continued)

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	<b>2009</b> <b>49.1p</b>	2008 175.2p
Share price at date of grant	<b>213p to 236p</b>	379p to 394p
Exercise price (details provided above)	<b>0p to 213p</b>	0p to 388.25p
Expected volatility	<b>19.2%</b>	28.4%
Option life	<b>3 to 10 years</b>	3 to 10 years
Expected divided yield	<b>4.9% to 5.5%</b>	2.3% to 2.4%
Risk free rate	<b>5.00%</b>	5.75%

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 £165,000 (2008: £1,357,000).

## 22. OPERATING LEASES

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

	<b>2009</b>		2008	
	<b>Land and buildings</b>	<b>Other</b>	Land and buildings	Other
	<b>£000</b>	<b>£000</b>	£000	£000
<b>GROUP</b>				
Operating leases which expire:				
Within one year	<b>619</b>	<b>933</b>	206	628
In the second to fifth years inclusive	<b>4,813</b>	<b>4,732</b>	5,355	7,879
Over five years	<b>7,532</b>	<b>-</b>	7,255	-
	<b><u>12,964</u></b>	<b><u>5,665</u></b>	<u>12,816</u>	<u>8,507</u>
<b>COMPANY</b>				
Operating leases which expire:				
Within one year	<b>50</b>	<b>740</b>	-	363
In the second to fifth years inclusive	<b>1,483</b>	<b>2,742</b>	1,534	5,197
Over five years	<b>3,238</b>	<b>-</b>	2,528	-
	<b><u>4,771</u></b>	<b><u>3,482</u></b>	<u>4,062</u>	<u>5,560</u>

## 23. CAPITAL COMMITMENTS

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

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>£000</b>	£000	<b>£000</b>	£000
Contracted	<b><u>3,213</u></b>	<u>10,094</u>	<b><u>3,195</u></b>	<u>7,553</u>



# Notes

## 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 £226,000. This is equivalent to approximately 21.6% of pensionable pay together with regular monthly contributions to reduce the deficit in the scheme totalling £204,000 for the year. 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 2009. 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	
	2009	2008
	£000	£000
Present value of defined benefit obligation	<b>(10,302)</b>	(12,098)
Fair value of scheme assets	<b>7,108</b>	10,665
Present value of net obligations	<b><u>(3,194)</u></b>	<u>(1,433)</u>

### Liability for defined benefit obligations

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

	Group and Company	
	2009	2008
	£000	£000
Opening defined benefit obligation	<b>12,098</b>	12,089
Service cost	<b>22</b>	36
Interest cost	<b>686</b>	662
Actuarial gain	<b>(350)</b>	(564)
Benefits paid	<b>(2,160)</b>	(136)
Contributions by employees	<b>6</b>	11
Closing defined benefit obligation	<b><u>10,302</u></b>	<u>12,098</u>

### Fair value of scheme assets

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

	Group and Company	
	2009	2008
	£000	£000
Opening fair value of scheme assets	<b>10,665</b>	10,041
Expected return	<b>603</b>	713
Actuarial losses	<b>(2,232)</b>	(983)
Contributions by employer	<b>226</b>	1,019
Contributions by employees	<b>6</b>	11
Benefits paid	<b>(2,160)</b>	(136)
Closing fair value of scheme assets	<b><u>7,108</u></b>	<u>10,665</u>

### Expense recognised in the Income Statement

	Group and Company	
	2009	2008
	£000	£000
Current service costs	<b>22</b>	36
Interest on obligation	<b>686</b>	662
Expected return on scheme assets	<b>(603)</b>	(713)
	<b><u>105</u></b>	<u>(15)</u>



# Notes

## 24. PENSION SCHEME (continued)

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

	Group and Company	
	2009	2008
	£000	£000
Cost of sales	22	36
Administrative expenses	83	(51)
	<u>105</u>	<u>(15)</u>

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 were £2,969,000 (2008: £1,087,000).

### Scheme assets and returns

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

	Group and Company		2008
	2009		
	Long Term	£000	Long Term
Fair value of assets	Rate of Return		Rate of Return
Equities	7.00%	4,119	7.00%
Bonds and other	5.50%	2,989	5.00%
	6.67%	<u>7,108</u>	6.68%
Returns			
Actual return on scheme assets		<u>(1,629)</u>	<u>(270)</u>

None of the fair values of the assets shown on page 58 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 has 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	
	2009	2008
Inflation	3.00%	3.60%
Discount rate at 31 March	6.50%	6.60%
Expected future salary increases	4.00%	4.60%
Expected future pension increases	3.00%	3.60%
Revaluation of deferred pensions	3.00%	3.60%

Mortality rate assumptions adopted at 31 March 2009 imply the following life expectations on retirement at age 65 for:

	2009	2008
Male currently aged 40	26 years	26 years
Female currently aged 40	29 years	29 years
Male currently aged 65	24 years	24 years
Female currently aged 65	26 years	26 years

### History of scheme

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

	Group and Company				
	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Present value of defined benefit obligation	(10,302)	(12,098)	(12,089)	(11,864)	(10,155)
Fair value of plan assets	7,108	10,665	10,041	8,970	6,239
Present value of net obligations	<u>(3,194)</u>	<u>(1,433)</u>	<u>(2,048)</u>	<u>(2,894)</u>	<u>(3,916)</u>



# Notes

## 24. PENSION SCHEME (continued)

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

	2009	Group and Company			
		2008	2007	2006	2005
Difference between expected and actual return on scheme assets:					
Amount (£000)	<b>(2,232)</b>	(983)	114	1,334	307
Percentage of scheme assets	<b>(31.4%)</b>	(9.2%)	1.1%	14.9%	4.9%
Experience gains and losses arising on the scheme liabilities:					
Amount (£000)	<b>57</b>	30	79	(533)	(232)
Percentage of present value of scheme liabilities	<b>0.6%</b>	0.2%	0.7%	(4.5%)	(2.3%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount (£000)	<b>293</b>	534	218	(570)	(1,385)
Percentage of present value of scheme liabilities	<b>2.8%</b>	4.4%	1.8%	(4.8%)	(13.7%)
Total amount recognised in statement of recognised income and expense:					
Amount (£000)	<b>(1,882)</b>	(419)	411	231	(1,310)
Percentage of present value of scheme liabilities	<b>(18.3%)</b>	(3.5%)	3.4%	1.9%	(12.9%)

The Group expects to contribute £247,000 to its defined benefit plan in 2009/10.

### 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 £491,000 (2008: £430,000) in the year.

## 25. ACQUISITIONS

The Group acquired the following businesses from 1 April 2007 to 31 March 2009:

Name of acquisition	Date of acquisition	Type of acquisition	Acquired by
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
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	24 April 2008	Business and assets	Hire Station Limited
UCS Rand Limited	27 June 2008	Business and assets	Hire Station Limited
Power Tool Supplies Limited	15 October 2008	Share purchase (100% equity)	Hire Station Limited



# Notes

## 25. ACQUISITIONS (continued)

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			
	2009	2008	2008	2008	2009	2008	2008	2008
		(As Reported)	(Restatement)	(Restated)		(As Reported)	(Restatement)	(Restated)
	£000	£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	<b>1,680</b>	3,436	(33)	3,403	-	-	-	-
Current assets	<b>1,123</b>	1,434	(26)	1,408	-	-	-	-
Net debt	<b>(210)</b>	813	-	813	-	-	-	-
Tax, trade and other payables	<b>(1,080)</b>	(1,416)	(36)	(1,452)	-	-	-	-
Deferred tax	<b>(72)</b>	(89)	-	(89)	-	-	-	-
<b>Book value of assets acquired</b>	<b>1,441</b>	4,178	(95)	4,083	-	-	-	-
<b>Fair value adjustments</b>								
Intangibles on acquisition	<b>2,281</b>	3,371	8	3,379	-	-	-	-
Deferred tax on intangibles	<b>(405)</b>	(839)	-	(839)	-	-	-	-
Rate change on deferred tax on intangibles	-	105	-	105	-	-	-	-
Fair value adjustment to creditors	<b>(15)</b>	-	-	-	-	-	-	-
Fair value adjustment to property, plant and equipment	-	102	-	102	-	-	-	-
<b>Fair value of assets acquired</b>	<b>3,302</b>	6,917	(87)	6,830	-	-	-	-
Goodwill on acquisition	<b>2,755</b>	4,287	107	4,394	-	-	-	-
<b>Cost of acquisitions</b>	<b>6,057</b>	11,204	20	11,224	-	-	-	-
<b>Satisfied by</b>								
Consideration	<b>5,828</b>	10,894	(20)	10,874	-	-	-	-
Acquisition costs	<b>229</b>	310	40	350	-	-	-	-
	<b>6,057</b>	11,204	20	11,224	-	-	-	-
<b>Analysis of cash flow for acquisitions</b>								
Consideration	<b>5,828</b>	10,894	(20)	10,874	-	-	-	-
Contingent consideration	<b>295</b>	(369)	-	(369)	-	-	-	-
Acquisition costs capitalised	<b>229</b>	310	40	350	-	-	-	-
Net cash included in acquisitions	<b>(359)</b>	(1,283)	-	(1,283)	-	-	-	-
Adjustment for accruals	<b>20</b>	4	(20)	(16)	-	-	-	-
	<b>6,013</b>	9,556	-	9,556	-	-	-	-

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 rise.



# Notes

## 25. ACQUISITIONS (continued)

The supply agreement recognised during the year relates to the acquisition of UCS Rand 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 2008.

## 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 18 to 22 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 did 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 2009 totalled £49,987,000 (2008: £43,892,000). Amounts owed to subsidiary undertakings by the Company at 31 March 2009 totalled £16,753,000 (2008: £17,318,000).

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 2009 was £65.5m (2008: £56.5m).

## 27. CONTINGENT LIABILITIES

There are no contingent liabilities (2008: Nil) in respect of the Group or Company.

## 28. 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.



# Five Year Summary

	2005	2006	2007 (Restated)	2008	<b>2009</b>
	£000	£000	£000	£000	<b>£000</b>
Revenue	<u>90,044</u>	<u>99,396</u>	<u>121,607</u>	<u>149,269</u>	<b><u>150,945</u></b>
Operating profit before amortisation	<u>10,196</u>	<u>11,466</u>	<u>16,533</u>	<u>23,271</u>	<b><u>25,431</u></b>
Profit before amortisation and taxation	<u>9,888</u>	<u>10,676</u>	<u>14,504</u>	<u>20,152</u>	<b><u>21,744</u></b>
Profit before taxation	9,888	10,672	14,420	19,857	<b>20,835</b>
Taxation	(2,815)	(3,070)	(3,981)	(4,462)	<b>(5,701)</b>
Profit after taxation	<u>7,073</u>	<u>7,602</u>	<u>10,439</u>	<u>15,395</u>	<b><u>15,134</u></b>
Dividends*	<u>(2,214)</u>	<u>(2,572)</u>	<u>(2,932)</u>	<u>(3,761)</u>	<b><u>(4,505)</u></b>
Share capital	2,309	2,309	2,309	2,309	<b>2,309</b>
Reserves	53,094	57,987	63,214	71,458	<b>74,843</b>
Total equity before minority interest	<u>55,403</u>	<u>60,296</u>	<u>65,523</u>	<u>73,767</u>	<b><u>77,152</u></b>
<b>Share Statistics</b>					
Asset value	<u>120p</u>	<u>131p</u>	<u>142p</u>	<u>160p</u>	<b><u>167p</u></b>
Earnings (pre amortisation)	<u>16.31p</u>	<u>17.49p</u>	<u>24.56p</u>	<u>36.64p</u>	<b><u>37.99p</u></b>
Dividend**	<u>5.75p</u>	<u>6.60p</u>	<u>8.25p</u>	<u>10.50p</u>	<b><u>10.80p</u></b>
Times covered (pre amortisation)	<u>2.82</u>	<u>2.65</u>	<u>2.98</u>	<u>3.49</u>	<b><u>3.52</u></b>

\* Dividends under IFRS relate only to dividends declared in that year.

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





# 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 seventh Annual General Meeting of the Company will be held at Rudding House, Rudding Park, Follifoot, Harrogate on 8 September 2009 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 2009, and the Auditors' Report contained therein.
2. To declare a Final Dividend.
3. To re-appoint J F G Pilkington as a Director.
4. To re-appoint P Parkin as a Director.
5. To re-appoint S Rogers 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 2009.

### As special business

To consider and, if thought fit, pass the following resolutions of which Resolution 8 will be proposed as an Ordinary Resolution 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 subparagraphs (a) and (b) above of equity securities not exceeding in aggregate the nominal amount of £112,000, 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 (excluding expenses) which may be paid for each Ordinary Share is the higher of:

- (i) 105 per cent of the average market value of an Ordinary Share for the five business days prior to the day the purchase is made; and

- (ii) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for:

- a. the last independent trade of; and
- b. the highest current independent bid for;

any number of the Company's Ordinary Shares on the trading venue where the purchase is carried out;

- d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 12 months from the passing of this resolution if earlier; and

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

By order of the Board.

**M J Holt**  
Secretary

26 June 2009

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



# Notice of Meeting

## 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 6 September 2009 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 5.00pm on 6 September 2009 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 procedure 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" on page 66.
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 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 the 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, Proxy Department, 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 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 (whose CREST ID is 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 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 the 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) takes) 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 a 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).

## 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.



# Notice of Meeting

## 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, Proxy Department, 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 any 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 a 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 of 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 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](http://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 vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 8 September 2009 at 10am 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, Remuneration Report and Financial Statements for the year ended 31 March 2009 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 J F G Pilkington as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint P Parkin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint S Rogers 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"/>

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 out 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, Proxy Department, 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 Uncertificated 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.



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BUSINESS REPLY  
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FIRST FOLD

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

SECOND FOLD