

Speedy Hire Plc

Annual Report and Accounts 2014



Speedy provides innovative products, solutions and services to a changing market



Chief Executive Officer's review
pages 07-09



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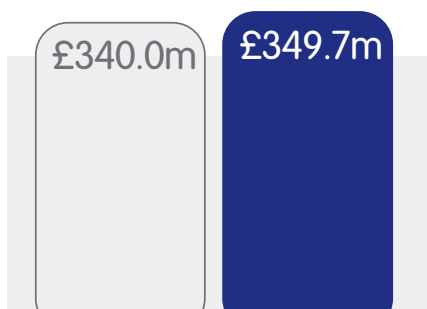
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Speedy is the UK's leading tools, equipment and plant hire business, offering a complementary range of support services to customers across a broad range of market sectors.

We aim to drive growth through optimising our business engine and focusing on delivering service excellence with highly engaged and motivated employees. We have a strong brand, more than £225m of hire assets, and a unique value proposition of being able to fully integrate a suite of products, solutions and services.

This offering is underpinned by our award-winning One Plan™ programme, which embodies our commitment to safety, commercial, environmental and social excellence. This robust combination of resources will enable us to deliver sustainable growth during FY2015 and beyond.

**Read more about our
Principal risks and uncertainties**
pages 14-15



How we have done

Financial KPIs

KPI	Why this KPI is important to our strategy	How we've done	FY2014 performance												
Revenue £m	A measure of the work we are undertaking.	<table><tr><th>Year</th><th>Revenue (£m)</th></tr><tr><td>2010</td><td>351.1</td></tr><tr><td>2011</td><td>354.2</td></tr><tr><td>2012</td><td>329.3</td></tr><tr><td>2013³</td><td>340.0</td></tr><tr><td>2014</td><td>349.7</td></tr></table>	Year	Revenue (£m)	2010	351.1	2011	354.2	2012	329.3	2013³	340.0	2014	349.7	£349.7m Revenue increased by 2.9%
Year	Revenue (£m)														
2010	351.1														
2011	354.2														
2012	329.3														
2013³	340.0														
2014	349.7														
EBITA¹ £m	A measure of the profit we generate from our revenue.	<table><tr><th>Year</th><th>EBITA¹ (£m)</th></tr><tr><td>2010</td><td>8.0</td></tr><tr><td>2011</td><td>8.3</td></tr><tr><td>2012</td><td>19.6</td></tr><tr><td>2013³</td><td>22.9</td></tr><tr><td>2014</td><td>22.1</td></tr></table>	Year	EBITA¹ (£m)	2010	8.0	2011	8.3	2012	19.6	2013³	22.9	2014	22.1	£22.1m EBITA¹ declined by £0.8m to £22.1m
Year	EBITA¹ (£m)														
2010	8.0														
2011	8.3														
2012	19.6														
2013³	22.9														
2014	22.1														
EBITA¹ margin %	Highlights how successfully Speedy is in maximising its return from the revenue generated.	<table><tr><th>Year</th><th>EBITA¹ margin (%)</th></tr><tr><td>2010</td><td>2.3</td></tr><tr><td>2011</td><td>2.3</td></tr><tr><td>2012</td><td>6.0</td></tr><tr><td>2013³</td><td>6.7</td></tr><tr><td>2014</td><td>6.3</td></tr></table>	Year	EBITA¹ margin (%)	2010	2.3	2011	2.3	2012	6.0	2013³	6.7	2014	6.3	6.3% Lower EBITA¹ generated from growing revenues has diluted EBITA¹ margin
Year	EBITA¹ margin (%)														
2010	2.3														
2011	2.3														
2012	6.0														
2013³	6.7														
2014	6.3														
EBITDA¹ £m	A measure of operating return before depreciation.	<table><tr><th>Year</th><th>EBITDA¹ (£m)</th></tr><tr><td>2010</td><td>68.2</td></tr><tr><td>2011</td><td>63.4</td></tr><tr><td>2012</td><td>63.2</td></tr><tr><td>2013³</td><td>72.0</td></tr><tr><td>2014</td><td>68.7</td></tr></table>	Year	EBITDA¹ (£m)	2010	68.2	2011	63.4	2012	63.2	2013³	72.0	2014	68.7	£68.7m EBITDA¹ declined by £3.3m to £68.7m
Year	EBITDA¹ (£m)														
2010	68.2														
2011	63.4														
2012	63.2														
2013³	72.0														
2014	68.7														
EBITDA¹ margin %	Highlights value generated either through operational efficiency or the quality of the revenue.	<table><tr><th>Year</th><th>EBITDA¹ margin (%)</th></tr><tr><td>2010</td><td>19.4</td></tr><tr><td>2011</td><td>17.9</td></tr><tr><td>2012</td><td>19.2</td></tr><tr><td>2013³</td><td>21.1</td></tr><tr><td>2014</td><td>19.6</td></tr></table>	Year	EBITDA¹ margin (%)	2010	19.4	2011	17.9	2012	19.2	2013³	21.1	2014	19.6	19.6% Lower EBITDA¹ generated from growing revenues has diluted EBITDA¹ margin
Year	EBITDA¹ margin (%)														
2010	19.4														
2011	17.9														
2012	19.2														
2013³	21.1														
2014	19.6														

KPI	Why this KPI is important to our strategy	How we've done	FY2014 performance												
Return on capital employed² %	A measure of how well Speedy is delivering a return from the capital invested.	<table><tr><th>Year</th><th>2010</th><th>2011</th><th>2012</th><th>2013³</th><th>2014</th></tr><tr><td>Value</td><td>2.0</td><td>2.3</td><td>6.0</td><td>7.5</td><td>7.0</td></tr></table>	Year	2010	2011	2012	2013 ³	2014	Value	2.0	2.3	6.0	7.5	7.0	7.0% Reduction in EBITA ¹ has resulted in a decline in return on capital employed to 7.0%
Year	2010	2011	2012	2013 ³	2014										
Value	2.0	2.3	6.0	7.5	7.0										
Net debt to EBITDA¹	A measure of how leveraged the balance sheet is.	<table><tr><th>Year</th><th>2010</th><th>2011</th><th>2012</th><th>2013³</th><th>2014</th></tr><tr><td>Value</td><td>1.7x</td><td>1.8x</td><td>1.2x</td><td>1.0x</td><td>1.2x</td></tr></table>	Year	2010	2011	2012	2013 ³	2014	Value	1.7x	1.8x	1.2x	1.0x	1.2x	1.2x Net debt increased to £84.4m, increasing net debt to EBITDA ¹ to 1.2x
Year	2010	2011	2012	2013 ³	2014										
Value	1.7x	1.8x	1.2x	1.0x	1.2x										
Net debt to hire fleet	As Speedy invests heavily in its hire fleet, this assesses the appropriateness of the Group's capital structure.	<table><tr><th>Year</th><th>2010</th><th>2011</th><th>2012</th><th>2013³</th><th>2014</th></tr><tr><td>Value</td><td>0.48x</td><td>0.61x</td><td>0.36x</td><td>0.34x</td><td>0.37x</td></tr></table>	Year	2010	2011	2012	2013 ³	2014	Value	0.48x	0.61x	0.36x	0.34x	0.37x	0.37x Increases in net debt have increased net debt to hire fleet to 0.37x
Year	2010	2011	2012	2013 ³	2014										
Value	0.48x	0.61x	0.36x	0.34x	0.37x										
Net book value of property, plant and equipment £m	As our assets are our core revenue generator, this effectively measures the scale of investment to support revenue.	<table><tr><th>Year</th><th>2010</th><th>2011</th><th>2012</th><th>2013³</th><th>2014</th></tr><tr><td>Value</td><td>285.6</td><td>219.9</td><td>241.0</td><td>241.7</td><td>255.1</td></tr></table>	Year	2010	2011	2012	2013 ³	2014	Value	285.6	219.9	241.0	241.7	255.1	£255.1m Investment has continued during the year with a net book value of property, plant and equipment of £255.1m
Year	2010	2011	2012	2013 ³	2014										
Value	285.6	219.9	241.0	241.7	255.1										
Earnings per share¹ pence	A measure of the return generated for each holder on our ordinary shares.	<table><tr><th>Year</th><th>2010</th><th>2011</th><th>2012</th><th>2013³</th><th>2014</th></tr><tr><td>Value</td><td>(1.41)</td><td>(0.02)</td><td>1.72</td><td>2.08</td><td>2.05</td></tr></table>	Year	2010	2011	2012	2013 ³	2014	Value	(1.41)	(0.02)	1.72	2.08	2.05	2.05 pence Earnings per share has reduced by 1.4% to 2.05 pence
Year	2010	2011	2012	2013 ³	2014										
Value	(1.41)	(0.02)	1.72	2.08	2.05										

1 Before amortisation and exceptional items.





2 The calculation used is EBITA¹ divided by the average of our opening and closing capital employed (where capital employed equals shareholders' funds plus net debt).

3 As adjusted. See note 26 of the Accounts.

How we have done

continued

Non-financial KPIs

KPI	Why this KPI is important to our strategy	FY2014 target	How we've done	Achieved
Keeping people safe	We recognise that we and our customers work in some of the UK's most dangerous industry sectors and therefore we have a responsibility towards keeping people safe.	0.09 accidents per 100,000 hours worked	In FY2014 we achieved 0.08	
Improving customer service	We recognise that great customer service is a key factor in ensuring that we deliver an optimum level of new and repeat business.	Depot service score 90.0% Calls taken 90.0% Kit in available status 75.0% Perfect working kit 94.0% Perfect invoices 95.0%	Depot service score 91.9% Calls taken 90.8% Kit in available status 76.2% Perfect working kit 95.9% Perfect invoices 96.9%	
Influencing our people	We must ensure that skills and experience are retained within the business and that we attract new employees, providing the workforce of the future.	Attrition# lower than FY2013 value of 21.17%	In FY2014 this was 24.89%	
Impact on climate change – CO₂e per capita	We recognise we must play our part in the low-carbon economy, create efficiencies within our business and be a responsible business to invest in, work for and do business with.	7.5 tonnes	In FY2014 we achieved 7.23 tonnes*	

* Figure is for the calendar year 2013. For more information see page 24.

We will be undertaking our employee engagement survey in the summer of 2014 and intend to return to this KPI in FY2015.



Read more about One Plan on pages 22-25 and at www.speedyhire.plc.uk/responsibility

Chairman's statement

Focusing on leadership and effectiveness



"We intend to grow both through self-help measures and the differentiation of our business."

Ishbel Macpherson
Non-Executive Chairman

Introduction to the Strategic Report

As a result of recent changes in legislation you will see that our Annual Report for FY2014 is structured in a different manner. Whilst we made the decision to move towards this format for our Annual Report for FY2013, our full implementation this year is intended to deliver a clear insight into the Group, how we have performed and how we intend to increase shareholder value.

Strategic update

We endeavour to communicate our strategy effectively to both internal and external stakeholders and maintain our commitment to grow through both self-help measures and the differentiation of our business. We have accelerated our property restructuring and won a number of significant contracts, all of which we believe demonstrates the success of our strategy and business model.

How we have performed

Following our encouraging results in FY2013, FY2014 has seen a further good performance in the UK & Ireland division. Revenue increased by 2.1% and Group EBITA (before exceptional costs and excluding international) increased by 11.9% to £26.4m (2013: £23.6m). This has been offset by the well-publicised issues in our International division. At a Group level, our profit before taxation, amortisation and exceptional items (adjusted PBT) was therefore lower than expected, and was also impacted by the lower margin of the successful services element of our business and delayed asset sales. Notwithstanding this, the Group's adjusted PBT of £14.6m is still encouraging and provides a solid base for the future.

Governance and International accounting irregularities

The Board remains committed to the highest standards of corporate governance. As we reported on 28 November 2013 and 28 February 2014, much to our disappointment, we discovered a limited number of accounting irregularities in our International division. These have been thoroughly investigated and decisive action has been taken. For more detail on the investigation and actions taken, please see my Letter to Shareholders on pages 28 and 29.

The Board and our people

Membership of the Board has undergone a number of changes during the year. These have included Mark Rogerson joining the Board and ultimately being appointed as Chief Executive Officer, along with the departures of Steve Corcoran and Mike McGrath. All of these changes are further detailed in my Letter to Shareholders on pages 28 and 29.

Chairman's statement

continued

Dividend

We are committed to a progressive dividend policy as markets continue to recover, but remain careful in our approach to cash. The Company paid an interim dividend of 0.26 pence per ordinary share on 31 January 2014, an increase of 18.2% over the interim dividend of 0.22 pence per ordinary share paid in January 2013. The Board is recommending an increased final dividend of 0.35 pence per ordinary share (2013: 0.31 pence), reflecting confidence in our progress. If approved by shareholders at the forthcoming AGM, the final dividend will be paid on 13 August 2014 to all shareholders on the register at 13 June 2014 and will bring the total dividend for the year to 0.61 pence per ordinary share.

Outlook

The UK & Ireland business continues to make progress, with recent contract wins giving confidence that this progress will continue. Although the Group results for FY2014 have been impacted by the issues in our International division, which will continue to have a drag effect in FY2015 until we have fully rebuilt and reformed that business, those issues should not obscure the good work being undertaken in the UK & Ireland. The appointment of a new senior management team, along with the continuing actions we are taking on our cost base and our network and asset optimisation projects gives us a strong platform to build on during FY2015.

Chairmanship

After seven years at Speedy Hire Plc (including three years as Chairman) during which time the Group has overcome the turmoil of the economic recession, addressed the recent issues in the Middle East and embedded a new Chief Executive Officer and supporting management team, and now the business is in a position of stability with good prospects for the future, I feel the time has come for me to hand over the role of Chairman to enable the business on the next stage of its journey. To permit an orderly succession, I intend to step down from the Board of Speedy Hire Plc at the time of the Interim Results in November. An external process to identify and select my successor will now commence.

Annual General Meeting

The AGM will be held at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES on 16 July 2014 at 11.00 am. I look forward to seeing you there.

Ishbel Macpherson
Non-Executive Chairman



The Strategic Report was approved by the Board of Directors on 12 May 2014 and signed on its behalf by:

Ishbel Macpherson
Non-Executive Chairman

Mark Rogerson
Chief Executive Officer

Chief Executive Officer's review



"I am wholly convinced about the significant potential of Speedy, not only to be the market leader in our industry, but also to build shareholder value."

Mark Rogerson MBE
Chief Executive Officer

Overview

I joined Speedy in December 2013 and was appointed Chief Executive Officer in January 2014 following the emergence of the accounting irregularities in our International division. Since then, we have worked tirelessly across a wide range of areas: operations, sales, controls, governance and culture to stabilise the Group and position it to exploit its unique position in the market place.

My first observations are as follows. Speedy is a great business, operating in strong markets with a value proposition that is much in demand. The events in the Middle East have distorted and confused what is a simple business model with great potential for the future. This can be evidenced by further good progress in the UK & Ireland division during the year, and in particular by the revenue growth in Q4 and the significant contract wins we have achieved with major construction and infrastructure companies. This would not have been possible without the people or the products, solutions and services Speedy has to offer.

However, we now need to maximise this potential, optimise the business engine to be leaner and more agile, and take back the ground we have lost over the past few months. We will achieve this in a focused manner with clear objectives cascading throughout the business and deliver effectively the change programmes currently in train. The new colleagues who have joined our team, together with lessons learnt, will significantly enhance our ability to achieve this.

UK & Ireland performance

With improving economic conditions in the UK and with the majority of our customers commencing new projects, we are seeing increasing demand for what Speedy has to offer. Indeed this, together with the changing behaviour of our strategic customers who are increasingly looking for us to supply a broader range of services, bodes well for the future. We have recently had some significant contract wins including Babcock, Northern Gas Networks and Skanska and awarded preferred bidder status for a Tier 1 contract with Balfour Beatty. A strong pipeline of opportunities further reinforces an increasingly robust outlook.

A further example of growth and action can be seen in London where we have implemented a strategy of concentrating resources in a very focused manner with new and improved operational processes. This has delivered significantly improved levels of efficiency, customer service and motivation in our people and has resulted in impressive revenue growth in the region (circa 14% in FY2014). We are now rolling out this approach in other major urban centres and replicating the process to exploit improving conditions across the rest of the UK.

Chief Executive Officer's review continued

Consequently, we saw a 5.1% increase in revenue during H2. For the full year, UK & Ireland revenue increased by 2.1% with EBITA after central costs increasing 11.9% to £26.4m.

The network optimisation programme is also now gathering pace. The new Glasgow Multi Service Centre is fully operational and we are starting to see the benefits of the property and fleet strategy, with improving feedback from customers and a lower cost base supported by more efficient operations. This confirms our view that the direction we are taking will enhance Speedy's operational capabilities, with a corresponding financial benefit flowing through into future years. We have also opened 6 superstores and comprehensively refurbished 9 other depots. We vacated some 22 depots as part of our cost-base restructuring. Linked to this we have continued our programme of consolidating our specialist assets in depots which are best placed for holding, maintaining and delivering those assets to our customers. This process of consolidation is key to the operational improvements to be delivered during FY2015 and will allow us to reduce asset holdings whilst increasing the availability of assets to our customers. Optimising capital discipline is at the heart of my agenda and embedding this approach will achieve that.

International performance

The actions of a small number of people overshadowed an otherwise strong business model. The accounting irregularities were in no way linked to major customer accounts and the strength of our brand has enabled us to contain the fallout from the Middle East. Despite the issues we have had to deal with, our customers have continued to show faith in our business. This confidence has also been reinforced by the appointment and arrival of a strong, experienced regional management team. Having spent a considerable amount of my first four months as Chief Executive Officer in the Middle East, I have received this feedback directly from our customers. We continue to grow our existing accounts and have recently been awarded preferred bidder status to another strategic integrated services contract. This will see Speedy providing a broad range of support services to offshore oil and gas operations, to another of the region's largest operators.

Having dealt quickly and decisively with the issues faced, and with the investigation into the accounting irregularities complete, we are now in a significantly better position to move our International business forward. We are in the process of making sure that we have got the fundamentals right by building much stronger links with the UK business and aligning our process and governance frameworks.

During FY2014 we expanded our international business through a joint venture with J. & J. Denholm Group. We now provide asset management and equipment rental services to the extensive oil and gas sector in Kazakhstan, including the 'super giant' fields at Tengiz, Karachaganak and Kashagan. We are now operating on four of the largest oilfields in the world.

Strategy and opportunities

Four things stood out to me when I joined Speedy. The first is our enviable base of over 64,000 customers, the largest of which are amongst the UK's leading businesses. Our customers operate in diverse markets and sectors and they are now looking to grow as the economy recovers. Secondly we have a leading range of products, solutions and services, delivered both through our own fleet and an alliance of market leading partners. Thirdly, we have a strong brand that customers trust, an extremely valuable asset. Lastly, but of course by no means least, are our people. The passion and commitment at Speedy is tangible and will ultimately be the key in creating a clear competitive advantage for our business.

With this in mind, we remain focused on maintaining and building on our vision to be the UK's leading tools, equipment and plant hire company offering an increasing range of complementary support services. Our strategy to achieve this needs to be simple in order to capitalise on the growth potential in the markets. We will achieve this by executing on our strategic priorities:

- > Safety and Sustainability – to be the industry leader in safety thought leadership and performance
- > Growth – to create an organisation that is wholly orientated to, and focused on, our growth agenda
- > Efficiency – to be the most efficient in our industry at everything we do
- > Service Excellence – to be preferred by our customers
- > People – to be a company people want to work for

Safety and sustainability

It goes without saying that safety will be at the heart of our business. Not only is this right and proper, but also this is something that customers rightly demand of us. We are renowned for our focus in this area and our 'Safety from the ground up' programme is well known across our industry. We will therefore continue to innovate around our safety offering and this will be at the heart of our customer proposition. An example of first-class safety practice was recently reflected in Speedy winning the Safe Fleet of the Year Award. Our customers continue to demand product and service innovation, and one of the things that I have been most impressed with across our business is the continued innovation in products; especially around the sustainability agenda from low carbon footprint techniques through biofuels, to more easily portable products which reduce confined space hazards. We will continue to leverage this as we build on our reputation as a company with strong sustainability credentials.

Growth

Our biggest customers deliver large and complex projects and we are organising the business to maximise the benefits of these key relationships. However, the vast majority of our customers are regional contractors and SMEs which account for almost half our revenues. Therefore, we must have an equal focus on delivering the same standards of service that all our customers expect. Our market proposition of being able to offer customers a fully integrated set of products, solutions and services also creates opportunity. None of our competitors can match our offer of providing an extensive range of products (everything from a hand drill to some of the most specialist and advanced equipment in the world) and providing complementary support services (such as safety, training and security) around these products.

Business efficiency

This is all about our 'capital discipline'. Making sure we are buying the right products at the right time and have the right level of assets in the right place to satisfy our customers' increasing needs. Doing this with over £225m worth of assets is no easy task, but the prize in cost efficiency through greater utilisation and further growth due to the customer advocacy that this will generate will be significant. To achieve this we will complete our new network and logistics infrastructure which will enable us to move our assets around the network much more effectively. In order to support this we must, of course, embed more streamlined processes within our corporate framework.

Service excellence

We must be able to guarantee a service level that ensures on time, every time, right quality, right price equipment, wherever and whenever our customers require it. This assured delivery model needs to be backed up by the best and easiest channels to market so customers can order, track fulfilment and return equipment seamlessly. Back office processing of invoices, services queries and performance reporting needs to be of the highest quality and we need to be able to deliver on demand support to our customers, partners and suppliers. This is fundamental to the customer service experience and can only be achieved through good systems, lean processes and an internal culture of 'customer first.' We will drive this agenda fully and quickly and ensure Speedy delivers on its promises every time.

People

All organisations are dependent upon their people – we are no different. Our objective is to attract, retain and develop the best people we can. Speedy is proud of its people, their passion and commitment. FY2014 has been a tough year and we could not have achieved the increasing success in the UK & Ireland and stabilisation of the International division without their dedication, hard work and commitment. So I thank them for their individual contributions during a difficult period and for the support they have shown me.

Outlook

We have a major opportunity to grow the business through a potent combination of unparalleled service excellence and a market-leading capital asset capability, brought together under a strategy where safety, sustainability and business efficiency lie at the heart of all we do. Our customers are already noticing the change and responding with an advocacy that will both sustain our success and protect our business.

With the economic environment in the UK showing signs of improvement, we are confident that we can build upon a strong platform for further progress across the breadth and depth of Speedy's business.

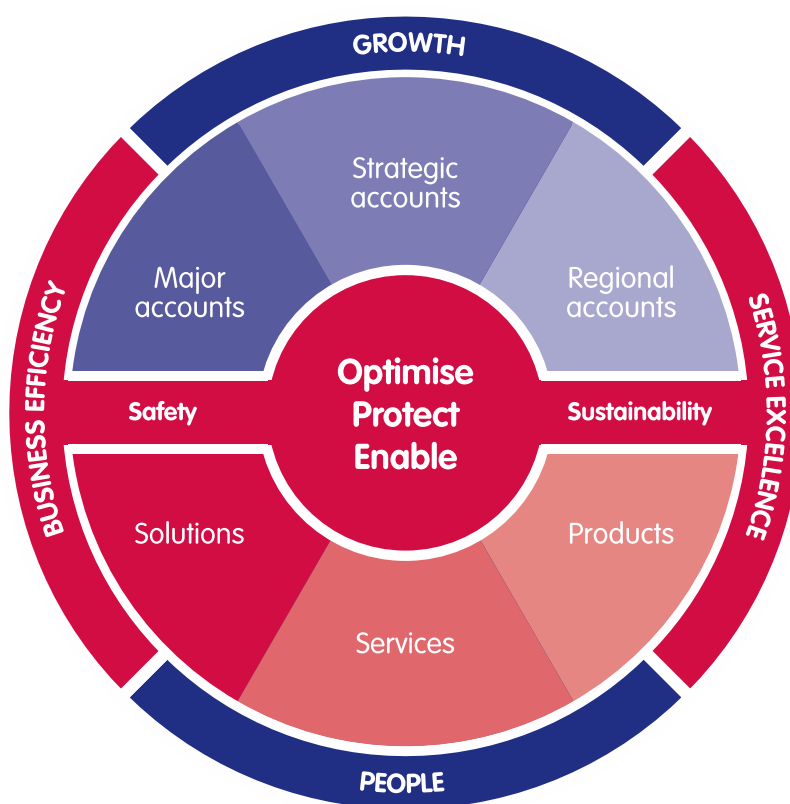
Mark Rogerson
Chief Executive Officer

Optimising our business

Why clients choose Speedy

Our business model demonstrates how our products, specialist solutions and support services meet our individual customers' needs.

This is underpinned by our award-winning sustainability programme One Plan™, which embodies our commitment to safety, commercial, environmental and social excellence.



Optimise

We are optimising our business engine through delivering efficiencies that lead to service excellence, which in turn optimises the delivery of our customers' projects.

Protect

We not only protect our customers against commercial risk by providing high-quality tool, plant and equipment hire, we also protect our people and our customers by making safety the focus of everything we do.

Enable

By understanding all of our customers' diverse needs, and delivering the right products, in the right working order, to the right place at the right time, we enable the success of our business through enabling the delivery of our customers' projects.

Focus on our customers

Strategic accounts

Our ten largest customers by revenue, who utilise an integrated range of products, solutions and services, operating in the UK and/or internationally.

Major accounts

Our next largest 150 national customers, many of whom utilise a broad range of products and solutions across diverse sectors.

Regional accounts

Our largest customer base by number, comprising businesses ranging from regional contractors and SMEs to sole traders, often working in construction-related trades and industries all of whom utilise our core product range.

In our chosen markets

Construction

Working with central Government departments, local authorities and private businesses to support general commercial construction, along with both new build and housing stock repair and maintenance.



Infrastructure

Providing products and services to growing sectors including energy, transport (rail, highways, ports and airports) and utilities (water and waste).



Industrial

Supporting manufacturing, specifically fast-moving consumer goods, technology, mining, and the oil and gas industry (both on and off shore).



With a compelling product, solution and service mix

Specialist solutions

Consultancy and technical delivery of solutions in Plant, Rail, Power, Survey and Lifting.

Support services

Services that complement our products and solutions, including product testing, repair, inspection, maintenance, training and our Partnered Services provision.

Essential products

Tool and equipment rental, channelled through our extensive depot network.

Read more about our strategy
pages 12-13



Creating competitive advantage

Our strategic themes



A journey to excellence

At Speedy we strive for continuous improvement, and however well we might currently operate there is always room for innovation. Our market is dynamic, technological improvement is a constant, and customers strive for better and more efficient services from their supply chains. These principles are exactly the same for our business in that we challenge our suppliers to innovate in the same way our customers challenge us. To deliver our vision of being the UK's leading provider of tools, equipment and plant, offering complimentary support services, we have to be innovative in the way we deliver our products and services. We will do this through optimising our business through a number of significant strategic programmes that will power our growth engine: optimising our network and asset management process to deliver speed and efficiency; embedding more streamlined processes within our corporate and senior management framework to deliver service excellence; and enabling our business to grow through an empowered and motivated workforce. This will be underpinned by our award-winning One Plan programme.

£225m

With the largest product fleet comprising £225m of hire assets across 18 categories, we will ensure that we continuously innovate with our product set.

60

Re-energised and incentivised sales force – 60 new regional sales people, and dedicated and focused account management for our strategic and major customers.

Safety & sustainability

Growth

Being a growth engine

Actions

- > With the largest product fleet comprising £225m of hire assets across 18 categories, we will ensure that we continuously innovate with our product set.
- > Build on our reputation for delivering specialist solutions in Power, Plant, Lifting and Survey.
- > Complete our unique offering with a range of complementary support services.
- > Invest in our sales force and re-energise and motivate our people.
- > 60 new regional sales people, and dedicated and focused account management for our strategic and major customers.

Business efficiency

Being the most efficient

Actions

- > Capital discipline – Buying, maintaining, utilising and disposing our assets in the most efficient way.
- > Optimise our network – Introducing regional hubs (MSCs), and fewer, better Superstores and Express Stores.
- > Integrate our logistics – Introducing a sophisticated distribution hub, and getting our assets to the right place, at the right time, in the right working order.
- > Optimising technology to deliver faster and cheaper channels to market.

Service excellence

Being preferred by our customers

Actions

- > Improve our systems – AX12 to be launched in 2014, an asset management system that will improve our processes to deliver improved customer service.
- > Introduce service desks with dedicated customer service teams owning customer issues to resolution and improving future processes.
- > Standardising processes – Developing single best practice processes to improve the customer experience.

Enabling our people

Being an employer of choice

Actions

- > New management team – A blend of existing and new managers with depth and breadth of experience.
- > An empowered culture – Trusting our leadership team to deliver their business objectives.
- > Introducing improved employee benefits – pensions, healthcare, life cover, IT, company car scheme, bonus structure.

**Commercial
excellence**

**Environmental
excellence**

Social excellence

Principal risks and uncertainties

Effective management of risks

The business strategy in place and the nature of the industry in which we operate expose the Group to a number of risks. As part of the risk management framework in place, the Board has considered the nature, likelihood and potential impact of each of the significant risks it is willing to take in achieving its strategic objectives.

The Board has delegated to the Audit Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks.

Direct ownership of risk management within the Group lies with the senior management teams. Each individual is responsible for maintaining a risk register for their area of the business and is required to update this on a regular basis. The key items are consolidated into a Group risk register which is reviewed at Board level.

The principal risks and some of the mitigating controls in place are summarised below in reverse alphabetical order.

Risk	Potential impact	Strategy for mitigation
Safety	Safety is critical to the Group's operations and to the safety and wellbeing of our employees and stakeholders. Failure to meet customers' safety expectations or regulatory requirements increases the risk of legal, financial and brand damage.	The Group is recognised for its industry-leading position on promoting enhanced health and safety compliance, together with a commitment to product innovation. The Group's systems, health and safety and environment teams measure and promote employee understanding of, and compliance with, procedures that affect safety. Also, customer account managers address any service and safety issues arising in respect of those customers.
People	Failing to recruit, retain and motivate the right people will have a significant impact on the business's ability to reach strategic objectives.	Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Programmes for employee retention and career development are tailored to the needs of the Group. Talent is nurtured through specific programmes for individuals and is aligned with succession planning, which is reviewed annually by the Board. Where possible, training courses offered to employees are selected in order to provide recognised industry standard certification or qualification. The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages including appropriate short-term and long-term incentive schemes.
Operating costs	Failure to manage potential cost inflation or to make more effective use of existing resources could have a potential negative effect on financial performance.	<p>The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment.</p> <p>All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place.</p> <p>Property costs are managed by an in house team of experts who undertake routine maintenance works and manage the estate in terms of rental costs.</p> <p>We operate a dedicated fleet of commercial vehicles that are maintained new or nearly new to support our brand image. Fuel is purchased through agreements controlled by our standard supply chain processes.</p>
Management override of control	Where members of the management team choose to override controls that have been put in place, there is an increased likelihood of fraud or malpractice leading to financial loss or reputational damage.	<p>All Speedy employees at all grades are expected to abide by our code of conduct which forms a condition of employment. Training is provided, as a combination of on-line and formal classroom style, to all management grades in areas such as compliance with the Bribery and Corruption Act and relevant competition laws.</p> <p>Group policies are in place that both support and oversee key aspects of our operation in particular the areas of treasury, purchasing, asset management, accounting and debt management. Review and exception reporting activities are in place, which are designed to ensure that individuals cannot override risk mitigation procedures which have been put in place by the Group.</p> <p>All of the above are supported by a well-publicised robust whistle-blowing policy with rigorous follow up of all allegations brought to the Groups attention.</p>
Major customer failure	No single customer currently accounts for more than 10% of revenue or receivables. However, in the event of the loss of a major customer the revenue generated by the Group could be reduced with a corresponding impact on the Group's market position and the Group could experience bad debts in respect of business already transacted and potentially loss of assets.	Credit control processes are in place to monitor the potential for credit defaults and exposures. This is reported on a regular basis to the executive management team and, where necessary, concerns are escalated to resolve payment issues as soon as practicable. Visibility of exposure to individual customer groups has improved and is monitored on a 'total exposure across geography' basis considering all linked accounts and asset on hire values. The management of the risk of debt default is controlled as part of the day-to-day operations of the business.

Risk	Potential impact	Strategy for mitigation
International	The International business introduces a number of geographically specific risks to the Group as we expand into different territories.	<p>The business plan focuses on measured growth at a steady rate, with a view to permitting a cautious approach to new challenges.</p> <p>In each territory where we operate, our objective is to have an experienced team of people who understand that territory, local cultures and the way properly and successfully to undertake business there.</p> <p>Our expansion into each new territory is based on close relations with local partners that bring experience of working with different cultural practices and customs.</p>
Funding	Should the Group be unable to obtain sufficient capital in the future it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay capital expenditure, resulting in the ageing of the fleet and/or availability issues. This could disadvantage the Group relative to its competitors and might adversely impact on its ability to command acceptable levels of pricing.	<p>The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.</p> <p>In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of available capacity. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support.</p>
Economy	Any changes in construction/industrial market conditions could reduce activity levels and consequently could reduce the prices that the Group can charge for its services. Government expenditure is important across the wider construction industry in the UK. Any reduction in Government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group.	<p>The Group monitors and assesses market conditions by reference to a number of external sources, together with internal data which reports customer, sector, product and geographical demand. It operates a flexible model that can react to prevailing market conditions.</p> <p>The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast.</p>
Customer pricing	Market competition, or a decline in the desirability of hiring tools and equipment to fulfil business activity, may lead to downward pressure on pricing and therefore margins.	<p>The Group believes that high levels of customer service, product quality and reliability can offset pricing discounts offered by competitors.</p> <p>Authorisation protocols are in place to prevent unfavourable customer agreements being entered into and regular management reviews are established to improve visibility of pricing decisions.</p> <p>Our core hire business provides customers with a cost efficient way to utilise a wide range of assets, including specialist and high value equipment. Our assessment of our chosen markets is that customers will continue to find hiring assets more desirable than buying them.</p>
Competition	The equipment rental industry is extremely competitive and highly fragmented. Many of the markets in which the Group operates are served by numerous competitors, ranging from national equipment rental companies to local independents. Some of the Group's principal competitors may have greater financial resources, be more geographically diversified in particular regions, have greater brand recognition in certain market sectors and may be better able to withstand adverse market conditions within the industry.	<p>The Group monitors its competitive position closely, with a view to ensuring that it is able to offer its customers the best solution for their requirements. This is underpinned by a long-standing and ongoing commitment to service, safety and innovation across all product categories. The Group provides a wide breadth of offerings, supplemented by its partnered services division for specialist equipment. Capital expenditure requirements are assessed as part of the budgeting process, and throughout the year via regular forecasts, to ensure strategic product and service initiatives can be delivered. Day-to-day capital expenditure requirements are assessed on a needs basis, with limited long-term future ordering commitments. The Group monitors the performance of its major accounts against market forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and reacted to where appropriate.</p> <p>The Group's strategy of moving towards becoming an integrated services company further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies. This strategy continues to be borne out with the successful appointment of Speedy to a number of key contracts, as detailed on page 17 of this Annual Report.</p>
Business continuity	Any interruption to the Group's IT systems or physical infrastructure could have a material adverse effect on the Group's business, communication, capabilities, management of projects and overall financial performance and reporting.	<p>Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible.</p> <p>The Group has critical incident plans in place for all its central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.</p>

How we have performed



Our business and markets

Speedy helps its customers optimise, protect and enable their businesses, both within the UK & Ireland and internationally. We aim to ensure these customers have the tools, plant, equipment and complementary support services they need available to them so they can effectively optimise their productivity and profitability. We protect them by delivering high levels of safety and quality standards, often in challenging environments and sectors. We aim to enable them to deliver their promises to their customers, whilst further enabling them to grow their businesses across a wide number of market sectors.

Our key markets in the UK & Ireland are infrastructure, major industrial groups and construction. Market conditions within the UK & Ireland have generally remained challenging for much of FY2014, although there are signs of green shoots emerging as we head into FY2015. Within the UK, the Construction Products Association, using Office of National Statistics data, is predicting the construction market will grow by 4.5% in 2014, by 4.8% in 2015 and by 4.3% in 2016. Average annual public and private sector infrastructure spending increased to £45bn a year in 2013, up from a revised £41bn a year to 2010. The infrastructure pipeline consists of over 480 projects worth over £375bn through to the end of 2015 and beyond.

Internationally, Speedy's presence in the key Middle Eastern markets of the UAE, Qatar and Oman gives us the opportunity to expand our current international offering with a select range of products and services. As the region grows, Speedy has the opportunity to grow its international offering alongside it.

To succeed, it is imperative that we can implement our strategy effectively in our chosen markets. We saw some positive steps made in FY2014 in line with our strategic themes for growth, explained in more detail on pages 12 and 13, and we expect to see greater progress made in FY2015 as the implementation of our strategy gathers momentum.



What we do

We deliver asset management to our clients through our integrated but specialist products and solutions. We provide tailored solutions, alongside a commitment to long-term relationship management and understanding the needs of our customers. Whether a customer wishes to hire, repair or purchase an asset, we can support their needs and provide a specialist solution.

How we performed – growth

We have been successful in winning a number of major agreements with blue chip clients, giving improved forward order visibility. We have created or developed relationships with customers across all sectors, winning new agreements or renewals with the likes of Babcock Group, Northern Gas Networks, Skanska, TATA Steel and Morrison Utility.

Through FY2014 we have noticed that an increasing number of customers and potential customers are actively considering utilising an integrated services provider (ISP) model within their businesses. Clients want to reduce their supply chains, improve their compliance and governance, and reduce risk. We strongly feel that there is a great deal of potential for additional contract wins with this approach and the ISP model will remain a key strand of our offering to customers in FY2015 and beyond. Partly as a result, our partnered services division has continued its strong growth, with turnover increasing by 18%, meaning that the division now contributes approximately 11% of UK & Ireland revenue. This arrangement, working in partnership with key suppliers to provide an enhanced offering to our customers, provides good additional value to the Group and will continue to be a key part of the Group's diversified positioning.

Our top 20 customers delivered 25% of our turnover in FY2014 (up from 22% in FY2013), showing the strength of Speedy's relationships with these key customers. Overall, our UK & Ireland turnover increased from £321.4m in FY2013 to £328.1m in FY2014.

Speedy's ISP model is certainly not the only focus of our business. Towards the end of Q1, we launched our 'Own London' campaign, a campaign aimed at proactively supporting our customers in the London region and driving revenue in the region showing the earliest signs of economic recovery. This campaign has been well received by our customers. We will continue this campaign aimed at growing revenue in London in FY2015, as well as rolling out this strategy into other major cities and regions.

We established a joint venture in Kazakhstan with J. & J. Denholm Group, which we announced on 12 November 2013 and which creates an opportunity for us in the key Caspian Sea oil and gas market, working with a partner who has been in the region successfully for a number of years.

Notwithstanding these positives, the Group's profit before tax, amortisation and exceptional costs of £14.6m is lower than FY2013. In the UK & Ireland, the growth of service-based revenues has changed the mix between pure hire revenue and the lower margin services element of our business. Asset sales ran at a slower pace than anticipated, and behind historical trends. In addition to these factors, Q4 trading was also slightly behind budget as the economic recovery materialised more slowly than expected outside of London and the South East and the mobilisation of certain major contracts also happened more slowly than expected. The combination of these factors ultimately led to a lower than expected profit before tax.

The International division was significantly impacted by the reported accounting irregularities, as noted elsewhere in this Annual Report. It delivered an EBITA loss (before exceptional costs) of £4.3m in FY2014 (FY2013 loss of £0.7m on a restated basis). The division also suffered from changes in its senior management team and a significant loss of momentum as a result. Turnover was £21.6m in the fourth full year of the division (FY2013 £18.6m). The International division's key contract with ZADCO (the Zakim Development Company, part of ADNOC) has continued to perform strongly and ZADCO remains satisfied with the service Speedy is providing to it. Following the year end, we were awarded a multi-year contract to supply ADMA (the Abu Dhabi Marine Operating Company, part of ADNOC) under a similar arrangement to our existing ZADCO deal. It is expected that revenue from ADMA will start to be seen within the first half of FY2015.

How we performed – operational efficiency and service excellence

Our property renewal programme continued to gather pace, with our Glasgow MSC opening in October 2013. We are already starting to see the benefit of this in the offering that we give to our customers in Scotland, and it reaffirms our view that the direction we are taking with our property network is correct and will enhance Speedy's operational capabilities, with a corresponding financial benefit flowing through into future years. In addition to Glasgow, we also opened six superstores in FY2014 and comprehensively refurbished nine other existing depots.

Linked to this, we have continued our programme of consolidating our specialist assets into those properties within our depot network which are best placed for holding, maintaining and delivering those assets to our customers. This process of consolidation is key to the operational effectiveness improvements to be delivered during FY2015, and will allow us to reduce our relative asset holdings whilst increasing our availability of those assets to our customers.

We dedicated substantial resource to the design and development of our new integrated software system (Microsoft Dynamics Axapta), following an initial roll out in Ireland during Q1. This is intended to go live in Q1 of FY2015.

In addition to the financial impact of the International division's accounting irregularities, there have also been a number of senior management and operational changes made within that division as a result. By the end of FY2014 we had almost completed the renewal of the International senior management team, with the final members of that team scheduled to join during Q1 FY2015.

How we have performed continued

During Q4 we created a service excellence desk within our Shared Service Centre. This initially went live with a small number of customers before being rolled out to a wider group in Q4 and into FY2015. This team manages both reactive and proactive calls. Reactive, in that the team deals with client concerns and queries as and when they are raised. Proactive, in that the team actively contacts our customers to discuss service improvements and identify potential issues.

In March 2014, we hosted our Speedy Integrated Services Show where we invited our major partners and customers to come together in Telford. The common theme of the show when talking to both partners and customers was the high level of innovation and collaboration demonstrated by Speedy across its entire supply chain. The show served as a means to highlight to those customers just what Speedy has to offer.

Speedy's out-of-hours service has become more and more important to a number of our customers, and we continue to work on this to provide an even better service to those customers. This is particularly important in the infrastructure sector, where a large volume of work is commonly conducted out of office hours. Our offering is being well received by our customers and is helping to set us apart from those companies which are pure hire companies. Our customer feedback over the key Christmas 2013 period was generally excellent.



Read more
www.speedyhire.plc.uk/board

How we performed – becoming an employer of choice

We implemented auto-enrolment for pensions during FY2014, and offered an enhanced matching contribution for employees over and above the statutory minimum. We also introduced life cover for all of our employees and an enhanced maternity pay scheme.

Working with PriceWaterhouseCoopers (PwC) we implemented a formal pay and grading policy within the Group. Every role in the Company was assigned a grade based on a number of factors including the level of expertise required for that role, experience and any required qualifications. This was designed to ensure that all employees receive fair rewards for the roles that they fulfil, whilst also making career progression far more visible and transparent. To support this further, we also committed to our UK & Ireland employees that we would pay a minimum of £1,000 above National Minimum Wage per annum (based on a 46.75-hour week) to all our UK & Ireland employees, excluding those on a specific training programme (e.g. our apprentice scheme).

We increased our benefits package in line with the grading structure, offering full family and single/spouse healthcare to more of our employees and increasing the Company's pension contributions for our senior managers. We also reviewed the car allowances across all grades and improved our company car offering, within existing lease rates, to offer a wider choice and better value for our employees.

We refreshed our recognition scheme to make it easier and quicker for managers to recognise their employees for going above and beyond the call of duty with a red letter lifestyle voucher, offering employees choice and a wide range of options to enjoy their rewards. We offer vouchers worth between £30 and £250, and over 700 employees received at least one such voucher in FY2014.

Finally, we introduced a People Charter to show our commitments to, and our minimum expectations of employees, as well as what employees can expect to receive whilst working at Speedy. This includes our commitment to learning and development, expectations on how we communicate and how work fits in with employees' lifestyles.

One Plan™

One Plan underpins everything that Speedy stands for. One Plan is not simply a safety and sustainability programme, but is embodied in everything that we do. It helps to drive health and wellbeing, along with commercial, environmental and social excellence. FY2014 saw a realignment of One Plan both internally and externally, to make it clearer to all stakeholders just what One Plan means to them and to Speedy.

Moving into FY2015, we will continue to utilise the experience we have gained since the launch of One Plan in 2009 to further embed these experiences within our four strategic pillars.

Please go to pages 22 to 25 to read more about One Plan.

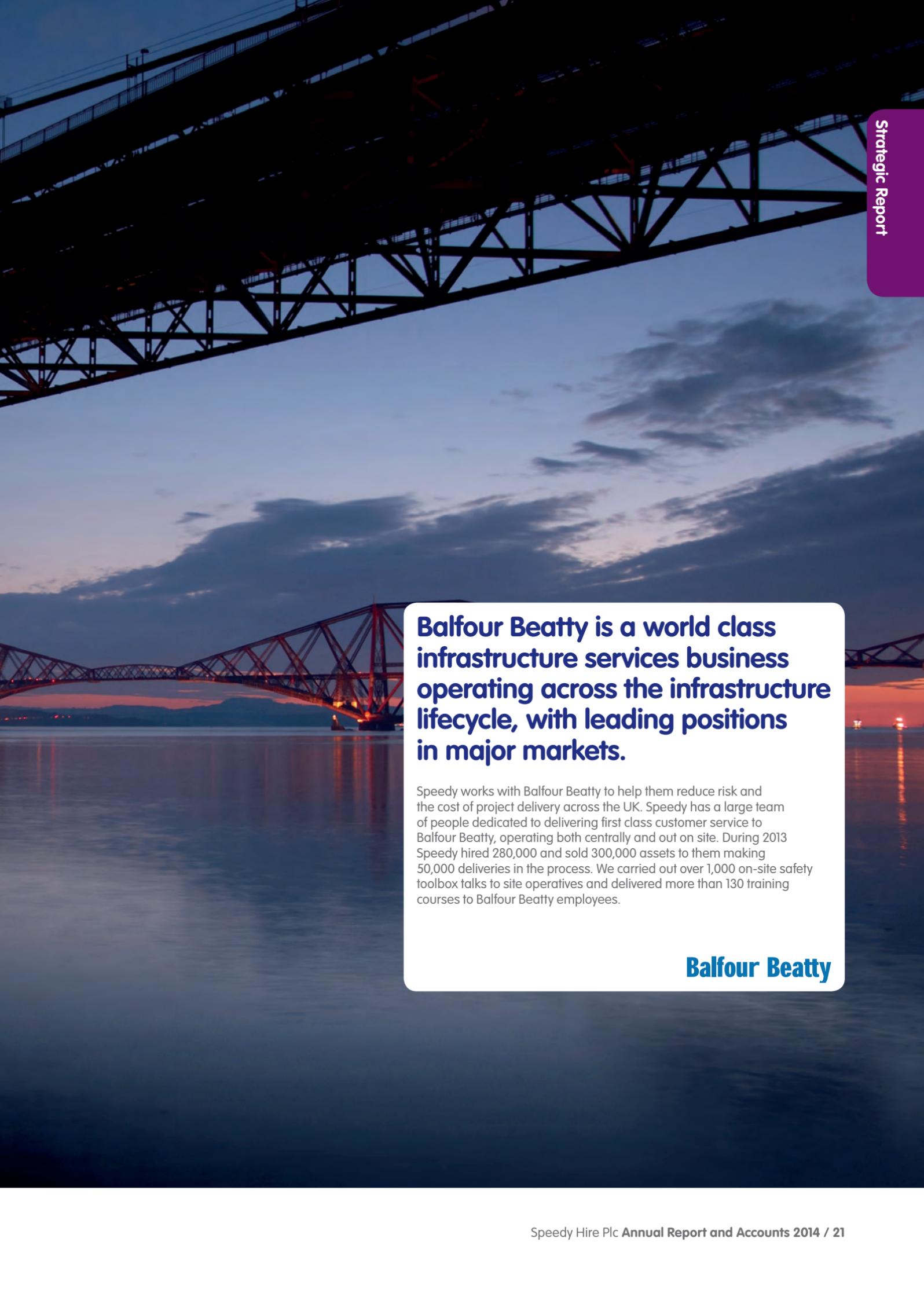


Read more
www.speedyhire.plc.uk/responsibility



A progressive year





Balfour Beatty is a world class infrastructure services business operating across the infrastructure lifecycle, with leading positions in major markets.

Speedy works with Balfour Beatty to help them reduce risk and the cost of project delivery across the UK. Speedy has a large team of people dedicated to delivering first class customer service to Balfour Beatty, operating both centrally and out on site. During 2013 Speedy hired 280,000 and sold 300,000 assets to them making 50,000 deliveries in the process. We carried out over 1,000 on-site safety toolbox talks to site operatives and delivered more than 130 training courses to Balfour Beatty employees.

Balfour Beatty

One Plan™

Responsible, sustainable growth

One Plan embodies our commitment to working with our key stakeholders to reduce carbon, increase efficiencies and trade safely and ethically.

Safety

Ensuring people return home as safe and well as when they arrived.

Commercial excellence

To be recognised as a sustainable industry leader.

Environmental excellence

Minimising the environmental impact of our activities, and those of our customers.

Social excellence

Creating a positive social impact.

Our five sustainability objectives:

The world we live in presents a number of social, economic and climate challenges. At Speedy, we are ready to play our part.



Being serious about safety



Championing innovation and providing industry-leading solutions



Making a positive contribution to the environment



Investing in our people's future



Supporting our communities with positive social action

Safety

Our brand has long been synonymous with safety and over the years we have received numerous industry and national cross-sector awards based on our health and safety performance, our communications model and our commitment to the agenda. However, this area of our work is driven by nothing more complicated than the determination to see our people return home as safe and well as when they arrived.

In FY2014, our Major Accident Frequency Rate (MAFR) has been reduced to an all-time low at 0.08 accidents per 100,000 hours worked.

Speedy also became the first hire company within the UK to be awarded National Bronze recognition for the prestigious Freight Operators Recognition Scheme (FORS). FORS demonstrates that we are a safe and responsible operator, which was also confirmed by picking up the 2014 Safe Fleet of the Year award at the prestigious Fleet News Awards.

In addition we have introduced a number of health and wellbeing initiatives such as life insurance for all employees, increasing our maternity pay and increasing awareness of our salary sacrifice benefits such as Bike to Work and Childcare Vouchers which has almost doubled in uptake since 2012. We have also increased the number of UK gyms who we have a corporate discount with, to offer cheaper memberships to more employees.

Commercial excellence

As a Group, we have a strong commitment to environmental and social responsibility. This commitment was recognised again by retaining our Platinum status in the Business in the Community CR Index, as well as receiving a Big Tick for 'Marketplace Sustainability Leadership'. We were also proud to be awarded the accolade of 'Sustainable Company of the Year' at the Construction News Awards.

We have a culture of collaboration with our alliance of partners to bring new sustainable and innovative solutions to our customers, including the pioneering Green Option (GO) product range made up of over 100 products.

In addition, the introduction of vehicle telematics achieved savings during the year by identifying under utilised vehicles, as well as reducing vehicle idling times and associated fuel savings.



The Speedy team picking up the 2014 'Safe Fleet of the year award'.



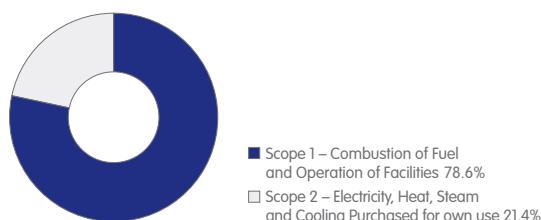
Winners of the 2013 'Sustainable Company of the year award'.

One Plan™ continued

Environmental excellence

Our approach to the environment has evolved from driving continuous improvement internally, to promoting excellence in our markets. Our customers require not only service excellence, the best management of assets and risk, but are also under significant pressure to deliver low carbon growth and development. Our evolving depot network and our product and service offering, continue to drive environmental excellence far in advance of our competitors.

Global GHG Emissions Data for the period 1 January 2013 to 31 December 2013



This report is for the calendar year 2013. Due to timescales for publication of this report, accurate figures for the financial year are not available at the time of going to print.

The figures cover our UK and International operations in relation to the equity share of our MENA business.

Methodology – We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated Financial Statements. We do not have any responsibility for any sources that are not included in our consolidated statement except those quoted in the Omissions section.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), Scopes 1 & 2, and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2013.

Omissions – The combustion of diesel for the testing of equipment/machinery could not be established for this reporting period, however, processes and procedures will be established in 2014/2015 to capture this data for future years.

Our operation in Kazakhstan commenced trading in November 2013 and therefore data could not be established for this reporting period. Data from this operation will be included in future years.

Data confidence – The data used to report the GHG emissions was reviewed and examined and gives a 'High' level of confidence. This was established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty'.

26,309

Total tonnes of CO₂e for Scope 1
and Scope 2 emissions

7.23

tonnes of CO₂e per employee
(the Company's chosen
intensity measurement)

Social excellence

Charity and community

Our charity engagement activity has continued with support for our nominated charities. Employees are able to take two days per annum as paid leave to take part in volunteering projects and we have supported WellChild by providing teams to work on projects throughout the year. We also undertake fundraising activities to provide donations to local and national charities, including the Lighthouse Club. Our own Internal Communications Manager is also editor of the Lighthouse Club newsletter, donating her time, energy and support to a charity that is closely linked to the industry.

We were also involved in a Young Enterprise Programme supporting St Edmund Arrowsmith Catholic High School, whereby students set up and ran their own real company over the course of the academic year. As well as financially supporting the programme, Speedy provided mentors to guide and provide advice to the students. Upon completion of the programme, the school was entered into the Area Finals Event and won the award for ‘Best Business Report’.

Equality and diversity

Speedy is an equal opportunities employer and our people and applicants are treated fairly and equally regardless of their age, colour, creed, disability, full or part time status, gender, marital status, nationality or ethnic origin, race, religion or sexual orientation. Applications from disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned.

To complement our existing work with Her Majesty’s Prison Service, Speedy was also involved in the Business in the Community ‘Ready for Work’ programme, where businesses support disadvantaged groups to gain and sustain employment. We provided a two-week work placement and have now offered the candidate a permanent role with the company.


A breakdown by gender of the number of persons who were Directors of the Company, senior managers and other employees within the UK & Ireland as at 30 September 2013, is set out below.



Human rights

Whilst Speedy does not have a specific human rights policy at present, it does have policies that adhere to internationally proclaimed human rights principles. Speedy will give careful consideration to whether a specific human rights policy is needed in the future over and above our existing policies.

For more information about the Speedy One Plan programme please visit www.speedyhire.plc.uk/responsibility



Speedy has been recognised in Business in the Community’s annual benchmark of responsible business management, the Corporate Responsibility Index (CR Index). The CR Index is the UK’s leading and most in-depth voluntary benchmark of corporate responsibility (CR) and Speedy is delighted to be announced as a Platinum company. Platinum is only awarded to a company that integrates corporate responsibility into its business model and has clear CR responsibilities and incentive structures at board and operational levels. Platinum companies have a structured approach to data collection and social and environmental impact assessment and can demonstrate a number of years of CR performance improvement across key impacts, high level of transparency and stakeholder engagement.

Financial review



“Although UK & Ireland performance has shown promising signs, FY2014 was a challenging year.”

Lynn Krige
Group Finance Director

Group financial performance

Revenue for the year to 31 March 2014 was £349.7m (2013: £340.0m²) which included planned fleet disposals of £9.5m (2013: £7.2m); excluding these disposals, revenue was up 2.2%.

In line with our strategy, we increased the proportion of services revenues which, as a consequence of their lower margins, led to a decline in gross profit to 61.4% (2013: 65.6%).

The Group reported EBITA of £22.1m before exceptional costs (2013: £22.9m²) and has been impacted by the loss incurred in the International division. Excluding the results from International, EBITDA (before exceptional costs) for the remainder of the Group increased by 11.9% to £26.4m (2013: £23.6m). Profit before taxation, amortisation and exceptional items was £14.6m (2013: £15.3m²). Profit after taxation, amortisation and exceptional items was £4.0m (2013: £7.2m²).

	Revenue (£m)		EBITA ¹ (£m)	
	2014	2013	2014	2013
UK & Ireland	328.1	321.4	32.7	31.2
International ²	21.6	18.6	(4.3)	(0.7)
Corporate costs	—	—	(6.3)	(7.6)
Total	349.7	340.0	22.1	22.9

UK & Ireland performance

FY2014 was a challenging year of two halves. Whilst the UK construction sector remained challenging the Group continued to focus on the active elements of the hire markets. During the first half of the year, UK & Ireland revenue declined year on year by 1.1%,

but during the second half increased by 5.1% as the impact of the improving macro conditions was evidenced by new contract wins and renewals with Babcock Group and Northern Gas Networks, and completing the mobilisation of the National Grid contract. The attractiveness to customers of the integrated services provider model has been highlighted by the growth in Partnered Services which gave rise to the majority of the growth during the second half of the year.

The mix of revenue shifted towards services during the year with a corresponding dilution of the gross margin. Continued focus on the operating overheads has contributed to efficiencies which have increased EBITA by 4.8% to £32.7m (2013: £31.2m).

International performance

Activity within the International division has been dominated by the investigation of the accounting misstatements and the consequential actions to address the underlying issues. Revenue grew by 16.1% reflecting continued progress on the existing contracts, together with new activity in the oil and gas sector. Costs during the year have been impacted by some £2.7m of asset write-downs, in year trading adjustments and costs related to the misstatements, with the result being an EBITA loss of £4.3m for the year.

Exceptional costs

Exceptional costs totalled £4.7m before taxation (2013: £nil). These costs fall into four areas. Firstly, £2.4m was incurred relating to the reconfiguration of UK & Ireland the network structure; the most significant element of which relates to provisions for onerous leases in vacant depots. Secondly, £1.7m was incurred as part of the accounting irregularities identified in the International division. These costs included the costs of investigating and resolving the issues identified, costs relating to the closure of the trading operations in Egypt and restructuring. Thirdly, £0.3m of fees were incurred in establishing the Kazakhstan joint venture during the year. The final element of cost of £0.3m was incurred as a result of changes in Executive Directors during the year.

Interest and hedging

Net interest expense totalled £7.4m (2013: £7.6m), of which £4.0m was incurred in the second half of the year.

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a variable margin, while the unutilised commitment is charged at 50% of the applicable margin. During the year, the margin payable on the majority of outstanding debt fluctuated between 2.25% and 3.25% depending on the Group's performance with respect to thresholds contained within the facility agreement's leverage covenant and the weighting of lending between receivables and plant and machinery loans. The effective average margin in the year was 2.82%. The current applicable margins are 2.5% on receivables and 3.25% on plant and machinery.

The Group utilises interest rate hedges to manage fluctuations in LIBOR. At the year-end, hedges with a notional value of £55.0m (2013: £55.0m) were in place, equivalent to approximately 65.2% of net debt outstanding. The fair value of these hedges was a liability

¹ Before exceptional costs.

² As adjusted. See note 26 of the Accounts.

of £0.1m at year-end and they have varying maturity dates to February 2017. The incremental interest cost arising from these hedges amounted to £0.5m during the year (2013: £0.5m).

Taxation

The Group's income statement shows a tax charge for the year of £3.0m (2013: £4.1m). This corresponds to an effective rate of tax pre exceptional costs of 32.5% (2013: 36.3%) and post exceptional costs of 42.9%. The main reason for the high tax rate is that certain of the losses in the International Division are not subject to tax.

Tax paid in the year ending 31 March 2014 amounted to £5.8m (2013: £0.3m).

Shares, earnings per share and dividends

At 31 March 2014, 520.4m shares were outstanding, of which 7.3m were held in the Employee Benefits Trust.

The basic earnings per share before amortisation and exceptional items was 2.05 pence (2013: 2.08 pence²). After amortisation and exceptional costs, earnings per share was 0.78 pence (2013: 1.41 pence²).

The Board remains committed to the payment of dividends when prudent to do so. Subsequent to the year-end, it has recommended a final dividend of 0.35 pence per share (2013: 0.31 pence) which represents a total cash cost of approximately £1.8m. If approved by shareholders, this gives a total dividend for the year of 0.61 pence per share (2013: 0.53 pence).

Capital expenditure and disposals

Total capital expenditure during the year amounted to £76.5m, of which £65.8m (2013: £58.6m²) related to equipment for hire (including £7.9m in the International division) and the balance principally to the redevelopment of the Group's depot network and investment in IT.

Hire fleet holding is continually reviewed to support judicious investment in assets for the target markets and to recycle capital in low-utilisation assets from disposals. These generated disposal proceeds of £18.7m (2013: £19.5m), a profit of £3.7m (2013: £3.9m), underlining the prudence of the carrying value of the Group's fixed assets. The overall net capital expenditure was £57.8m (2013: £49.1m). At 31 March 2014, the average age of the fleet was estimated at 3.9 years (2013: 3.9 years).

Cash flow and net debt

Cash generation has remained positive, with net cash flow generated from operating activities amounting to £4.8m in the year (2013: £17.9m²). Free cash flow (i.e. before dividends and financing activities) decreased by £15.7m to an outflow of £8.2m (2013 inflow: £7.5m²) as a result of increased investment in the hire fleet combined with additional tax costs arising from the increased profitability of UK operations. Dividend payments in the year amounted to £2.9m (2013: £2.5m).

Accordingly, net debt has increased from £72.4m the beginning of the year to £84.4m at 31 March 2014, a £12.0m increase, leading to an increase in gearing in the year to 35.3% (net debt divided by shareholders' funds) (30.8%² at 31 March 2013). Similarly, net debt to EBITDA¹ has increased to 1.2x (2013: 1.0x²). Net debt as a percentage of hire fleet NBV has increased to 37.4% from 33.8%² as at 31 March 2013.

Balance sheet

Net assets at 31 March 2014 totalled £239.3m, a £4.4m increase on the £234.9m² at 31 March 2013.

Net assets per share amount to 46.0 pence (35.4 pence based on tangible assets). Net property, plant and equipment was £255.1m at 31 March 2014, of which equipment for hire represents approximately 88.4%. Net debt/net property, plant and equipment of 0.33x at 31 March 2014 (2013: 0.30x) underlines the strong asset backing within the business.

Gross trade receivables totalled £91.6m at 31 March 2014 (2013: £82.6m²). Bad debt and credit note provisions totalled £5.3m at 31 March 2014 (2013: £5.1m²), equivalent to 5.8% of the debtor book (2013: 6.2%). The increase in total provisions reflects the marginal increase in debtor weeks (calculated on a count-back basis) to 9.3 weeks at year-end compared to 8.9 weeks² at 31 March 2013.

Capital structure and treasury

Speedy's long-term funding is provided through a combination of shareholders' funds and bank debt.

At 31 March 2014 the gross amount utilised under the Group's £220m asset-based revolving credit agreement facility was £100.1m and available headroom under the facility amounted to £68.4m. Average gross borrowings against the facility during financial year ending March 2014 was £106.4m. The facility includes quarterly fixed charge cover, leverage and cash flow cover covenant tests. The Group was compliant with these tests throughout the year. The facility matures in August 2015 and it is the Group's intention shortly to commence discussions to refinance and are confident of a positive outcome.

The Group will continue to maintain a tight focus on cash generation, recognising however the need to invest in order to maintain the quality of its UK hire fleet. Additionally, prudent investment will be provided to help support growth of the Group's operating infrastructure and International operations.

Return on capital

The return on capital (based on EBITA before exceptional items) generated by the Group's operations excluding its International division was 9.5%, up from 8.5% in FY2013. However, the losses generated by the International division has reduced the consolidated return on capital employed to 7.0% (2013: 7.5%²).

Lynn Krige
Group Finance Director

Chairman's Letter to Shareholders



"As a Board, we appreciate the importance both of good corporate governance and of properly informing shareholders of those matters which are of importance to them."

Ishbel Macpherson
Non-Executive Chairman



Read more
www.speedyhire.plc.uk/board

Dear Shareholder

On behalf of the Board I am pleased to present the Corporate Governance Report for FY2014 and detail below two areas of significance from this year.

During the year, we have assessed our compliance with the UK Corporate Governance Code 2012 (the Code) and disclosures in this year's Annual Report describe how the main principles are applied. We consider that the Code's principles are central to the effective management of the business, to maintaining the confidence of our investors and are in the best interests of all of our stakeholders. As noted on page 36, during the year we been in full compliance with the provisions of the Code.

During FY2014 we made a number of changes at Board and senior management level and investigated, and took action on, certain accounting irregularities in our International division. Both of these matters are detailed below.

Executive and senior management changes

There have been a number of changes at Board and senior management level during FY2014 as we have sought to strengthen our leadership teams and align them to the business model and strategy of the Group. It is important to note that these changes were largely initiated as part of this process and not as a result of the accounting irregularities in our International division.

In December 2013, Mike McGrath stepped down from the Board and in the same month Mark Rogerson joined the Board; initially in the role of Chief Operating Officer.

The above changes were part of the Board's strategy of aligning the senior management structure to best deliver the Group's strategy. However, as a result of the accounting irregularities in our International division identified in November 2013, Steve Corcoran felt that it was appropriate he resign from his role as Chief Executive Officer. Steve agreed to remain with the business for an interim period, and I am grateful that he agreed to do so, to allow myself and the Nomination Committee to determine a successor. I was pleased to be able to offer the role of Chief Executive Officer to Mark Rogerson and he accepted with effect from 27 January 2014. I would like to acknowledge Steve's significant role at Speedy for over 25 years. Steve was at the forefront of the transformation of Speedy and I would like to thank him personally for his contribution and wish him well in his future career.

The Board is responsible for providing strong leadership for the Group and we have continued to monitor the overall effectiveness of the Board through internal reviews of our processes and procedures. I believe that the team we now have in place is well positioned to improve further our effectiveness and I am confident that the Directors, with Mark Rogerson as our Chief Executive Officer and Lynn Krige as Group Finance Director, have a strong understanding of our business and bring valuable experience and insight to the table. However the Board, in conjunction with the Nomination Committee, will continue to keep the size and composition of the Board under review.

Prior to the end of FY2014 a new committee of senior managers and executive directors, the Executive Committee, was established to inform and support the delivery of the Group's strategy and enhance information flows to, and decision-making by, the Board. With Mark Rogerson new to his role as our Chief Executive Officer, making use of the skills and experience of our senior management team in this way is something I support and which I believe will be beneficial to the Group.

International division accounting irregularities

On 28 November 2013 we announced that information had emerged indicating the misstatement of a number of accounting balances within the International division. The Board reacted swiftly and appointed Deloitte LLP and Addleshaw Goddard LLP to conduct an independent forensic accounting and legal investigation into the accounting irregularities and, under instruction from the Audit Committee and supported by the Board, a comprehensive review of carrying values in the International balance sheet was carried out by senior management in conjunction with Deloitte LLP.

During December 2013 we advised that our lenders had waived limited technical breaches of certain terms of our banking facilities and the Group continued to be in compliance with its financial covenants. On 28 February 2014 we announced the outcome of the investigation and review and reported that the overall impact was £4.8m, before costs, of which £2.1m arose in prior periods. In addition, it was confirmed that:

- > the accounting irregularities were the result of the deliberate actions of a small number of employees, who have subsequently left the business;
- > the Group has appointed an experienced replacement management team to oversee the International division; and
- > the Group has strengthened internal controls and implemented a new reporting structure, to provide much greater transparency on activities within the International division.

The discovery of the activities of a small number of employees was very disappointing to me and to the Board as a whole. We acted quickly and decisively to confirm the financial impact of these actions and embed improved controls for the future. We ensured that those individuals who were involved have been disciplined, including the dismissal of a number of senior employees, and a new senior management team has been appointed to run the International division.

The report of the Audit Committee on pages 42 to 46 discusses the specific nature of the control breaches, along with an explanation of why it is felt highly unlikely that the issues which occurred within the International division could be replicated in the UK & Ireland. The Board agrees entirely with the Audit Committee's conclusions and recommendations, and those recommendations have the Board's full support to ensure that they are effectively implemented.

Whilst this has been a difficult time for the Group, it should not detract from the excellent work being done by the overwhelming majority of our employees. We will continue to place substantial emphasis on good governance and ensure that those standards are maintained throughout all spheres of the Group's business.

Ishbel Macpherson
Chairman

Directors' report

Strategic Report

The Chairman's statement on pages 05 and 06 and the Strategic Report on pages 01 to 27, the Corporate Governance Review on pages 36 to 41 and the reports of the Nomination, Audit and Remuneration Committees on pages 42 to 64 are incorporated by reference into this report and are deemed to form part of this report.

The Strategic Report was approved by the Board and authorised for issue on 12 May 2014.

Results and dividends

The consolidated profit after taxation for the year was £4.0m (2013: £7.2m (restated)). This is after a taxation charge of £3.0m (2013: £4.1m) representing an effective rate of 43% (2013: 32.0%) (pre-exceptional items). An interim dividend of 0.26 pence per share was paid during the year. The Directors propose that a final dividend of 0.35 pence per share be paid, which, if approved, would make a total dividend distribution in respect of the year of 0.61 pence per share (2013: 0.53 pence).

Related party transactions

Except for Directors' service contracts, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in the periods in which any Director is or was materially interested.

Buy-back of shares

At the Annual General Meeting held on 18 July 2013, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its ordinary shares.

As at 12 May 2014, no shares had been purchased under this authority. Shareholders will be requested to renew this authority at the forthcoming Annual General Meeting in July 2014.

Financial instruments

The Group holds and uses financial instruments to finance its operations and manage its interest rate and liquidity risks. Full details of the Group's arrangements are contained in note 18 of the Financial Statements.

Going concern

The Directors consider that the Group has adequate financial resources and has access to sufficient borrowing facilities to continue operating for the foreseeable future. Accordingly, as detailed in note 1 to the Financial Statements (basis of preparation), the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Substantial shareholders

As at 8 May 2014, the Company had been notified, including under the Disclosure and Transparency Rules, of the following holders of shares with 3% or more of the total voting rights in the issued share capital of the Company.

Shareholder name	Percentage of voting rights
Toscafund Asset Management	16.05
Fidelity Worldwide Investments	10.00
Schroder Investment Management	7.93
Standard Life Investments	5.62
Kames Capital	6.43
Aberforth Partners	4.33
Black Rock	3.52
Legal & General Investment Management	3.21
Norges Bank Investment Management	3.00

Directors

The Directors who served during the year and the interests of Directors in the share capital of the Company are set out on page 63. Steve Corcoran and Mike McGrath both resigned as directors during the financial year.

James Morley and Chris Masters are retiring by rotation at the Annual General Meeting and are offering themselves for re-election.

Mark Rogerson has been appointed to the Board since the date of the last Annual General Meeting and offers himself for election in compliance with the Company's Articles of Association.

The Group Board unanimously supports the re-election of James Morley and Chris Masters and the election of Mark Rogerson.

No Director had any interest, either during or at the end of the year, in any disclosable contracts or arrangements, other than a contract of service, with the Company or any subsidiary company. No Director had any interest in the shares of any subsidiary company during the year.

Equal opportunities

The Group employs 3,331 people in the UK and 386 people internationally, including 30 in Ireland. The Group has a clear policy that employees are recruited and promoted solely based on aptitude and ability. The Group does not discriminate in any way in respect of race, sex, marital status, age, religion, disability or any other characteristic of a similar nature. In the case of disability, all reasonable adjustments are considered to enable employment or continue employment as well as to ensure that any disabled employees receive equal treatment in matters such as career development, promotion and training. Managers at all levels are trained and developed to adhere to and promote this goal, including receiving training specifically on diversity matters. Further information on equal opportunities within the Group is set out at page 25 in the Strategic Report.

Employee involvement

The Group aims to promote actively employee involvement in order to achieve a shared commitment from all employees to the success of the businesses in which they are employed.

The Board believes in the effectiveness of financial incentives. It is the Group's policy that employees should be in some form of incentive scheme as soon as practicable after joining the Group, following the conclusion of any relevant probationary period. Details of annual incentive arrangements for Executive Directors are summarised in the Remuneration Committee's report on pages 52 and 53. The payments made to departing Executive Directors in FY2014 are set out in the Remuneration Committee's report on page 62.

The Group has an Employee Charter in place, which sets out various commitments the Group makes to its employees including in respect of pay, engagement and development. The Board sees employee engagement as a key part of its success and this is measured and reported to the Board on a formal basis.

Further involvement is engendered through employee feedback mechanisms including an annual employee opinion survey, an 'Ask Mark' function whereby employees can put questions directly to the Chief Executive Officer, and employee consultative forums in each region. The Board also holds open forums with employees where employees can ask questions directly to Directors or the Company Secretary and any concerns can be addressed.

Disclosure of information to 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's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP was appointed at the Annual General Meeting of the Company held on 18 July 2013 and its appointment expires at the conclusion of this year's Annual General Meeting. The Board has decided to put KPMG LLP forward to be reappointed as auditors and a resolution concerning this will be put to the forthcoming Annual General Meeting in July 2014.

Takeover Directive information

Where not provided elsewhere in this Report, the additional information required for shareholders as a result of the implementation of the Takeover Directive into English law is set out below.

Share capital

As at 31 March 2014, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2014 the issued share capital was £26,018,113 comprising 520,362,273 ordinary shares of 5 pence each. There are no special rights or obligations attaching to the ordinary shares.

Restrictions on share transfers

The Company's Articles of Association provide that the Company may refuse to transfer shares in the following customary circumstances:

- > where the share is not a fully paid share;
- > where the share transfer has not been duly stamped with the correct amount of stamp duty;
- > where the transfer is in favour of more than four joint transferees;
- > where the share is a certificated share and is not accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor; or
- > in certain circumstances where the shareholder in question has been issued with a notice under Section 793 of the Companies Act 2006.

These restrictions are in addition to any which are applicable to all UK listed companies imposed by law or regulation.

Directors' report

continued

Shares with special rights

There are no shares in the Company with special rights with regard to control of the Company.

Restrictions on voting rights

The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the Annual General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

Agreements which may result in restrictions on share transfers

The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities and/or on voting rights.

Appointment and replacement of Directors

The Company's Articles of Association provide that all Directors must stand for election at the first Annual General Meeting after having been appointed by the Board.

Each Director must also stand for re-election at the third Annual General Meeting following their last election or re-election. If the number of Directors standing for re-election is less than one-third of the current Board (which excludes any Directors appointed by the Board who are standing for election for the first time) then additional Directors must also stand for re-election in order that one-third of the Board is standing for re-election, save that where the number of Directors is not three or a multiple of three, the number of Directors which is nearest to but does not exceed one-third must stand for re-election. There are currently six statutory directors, of which one is excluded as he is standing for election for the first time. This requires that only one Director stand for re-election. However, the Board has determined that in the interests of good governance, a second Director should also stand for re-election. In addition, Mark Rogerson will stand for election as it is the first Annual General Meeting since he was appointed as a Director by the Board.

Articles of Association

The Company's Articles of Association may be amended by special resolution of the Company's shareholders.

Directors' powers

At the Annual General Meeting to be held on 16 July 2014, shareholders will be asked to renew the Directors' power to allot shares and buy back shares in the Company and to renew the disapplication of pre-emption rights.

Change of control – significant agreements

There are no significant agreements to which the Company is a party that may take effect, alter or terminate upon a change of control following a takeover bid other than in relation to: (i) employee share schemes; and (ii) the Company's borrowings, which would become repayable on a takeover being completed.

Shares in the Company are held in the Speedy Hire Employee Benefits Trust for the purpose of satisfying awards made under the Company's Performance Plan and Co-Investment Plan. Unless otherwise directed by the Company, the Trustees of the Trust abstain from voting on any shares held in the Trust in respect of which the beneficial interest has not vested in any beneficiary. In relation to shares held in the Trust where the beneficial interest has vested in a beneficiary, the beneficiary can direct the Trustees how to vote.

Compensation for loss of office

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Directors' indemnities

Throughout the financial year and at the date of approval of these Financial Statements, the Company has purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors. As permitted by the Companies Act 2006, the Company has also indemnified each of the Directors who held office during the year.

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES on 16 July 2014 at 11.00am. A formal Notice of Meeting, an explanatory circular and a form of proxy will be sent separately to shareholders.

This Report was approved by the Board and signed on its behalf by James Blair, Company Secretary.

By order of the Board on 12 May 2014.

James Blair

Company Secretary

Statement of Directors' Responsibility in respect of the Annual Report and 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 the Annual Report and the 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.

Under company law the Directors must not approve the Annual Report and Financial Statements unless they are satisfied that it, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006. 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.

In preparing the Annual Report and Financial Statements, the Board is required to ensure that it has established arrangements to enable it to ensure that the information presented in its assessment or the Company's position and prospects is fair, balanced and understandable. The Audit Committee, Company Secretary and the Group's Head of Risk and Assurance have worked closely with the Board to ensure that the information presented in the Annual Report and Financial Statements meets the required criteria.

Under applicable law and regulations, the Directors are also specifically responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. These reports are set out on pages 30 to 32, 49 to 64 and 36 to 41 respectively of this Annual Report.

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. The Company's corporate website is available at www.speedyhire.plc.uk.

In accordance with DTR 4.1.12, the Directors confirm that, to the best of their collective 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 management report required by DTR 4.1.8R (contained in the Strategic Report and the Directors' Report), includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board also confirms that, following the recommendation from the Audit Committee, in its opinion the Annual Report and Financial Statements is fair, balanced and understandable and provides all the information necessary to enable shareholders to assess performance, business model and strategy of the Group.

Ishbel Macpherson
Non-Executive Chairman

Mark Rogerson
Chief Executive Officer

Board of Directors

An experienced and diverse management team

Board composition

Executive
33%



Non-Executive
67%



Male
67%



Female
33%



Board tenure

0-3 years
50%



4-7 years
50%



International



Ishbel Macpherson
Non-Executive Chairman

Mark Rogerson MBE
Chief Executive Officer

Lynn Krige
Group Finance Director

Appointment to the Board and Committee memberships

Appointed to the Board in July 2007. Became the Non-Executive Chairman and Chairman of the Nomination Committee in January 2011.

Skills and experience

Ishbel is the longest-serving Non-Executive Director on the Board and has vast experience of the Company and its business together with a wealth of City and corporate finance experience. She was formerly an investment banker for over 20 years, who specialised in UK mid-market corporate finance. Ishbel was Head of UK Emerging Companies Corporate Finance at Dresdner Kleinwort Wasserstein from 1999 to 2005. Prior to being appointed as Non-Executive Chairman, Ishbel was Speedy's Senior Independent Director and Chairman of the Remuneration Committee.

Ishbel is considered by the Board to be independent.

External appointments

Senior Independent Director of Bonmarché Holdings plc and Dechra Pharmaceuticals plc and a Non-Executive Director of Dignity plc and Galliford Try PLC.

Appointment to the Board

Appointed to the Board as Chief Operating Officer in December 2013 and promoted to Chief Executive Officer in January 2014.

Skills and experience

Mark has a wealth of experience in both the construction and engineering industries from his recent time at Costain Group PLC ('Costain'). He also has a deep understanding of client facing service industry needs from his eight years with international services company Serco Group plc ('Serco'). At Costain he served on their Operating Board as Managing Director of the Natural Resources division, where he had responsibility for the major sectors of nuclear, oil and gas, and water and waste. During his eight years with Serco, Mark held a number of Senior Executive roles, his final role was as Serco's Global Operational Efficiency Director. Mark started his career with the RAF and held various operational roles; he was awarded an MBE for services to the public sector. He holds fellowships at the Royal Aeronautical Society, the Institute of Directors and the Royal Institute of Chartered Surveyors.

External appointments

Non-executive director – lay adviser to NHS North West London Commissioning Support Unit.

Appointment to the Board

Appointed in September 2011.

Skills and experience

Lynn is a South African-born professional who has extensive experience of working both at a leading accountancy firm and within a major infrastructure company. She was formerly Group Finance Director of John Laing plc (from 2007) as well as holding a number of other roles, including Group Financial Controller, during her 12 years at that organisation. Lynn started her career at Deloitte in South Africa after qualifying as a chartered accountant and brings an international perspective and voice to the Board.

External appointments

Member of the Regeneration and Audit Committee of the Imperial War Museum.



Michael Averill

Non-Executive Director and Senior Independent Director

Appointment to the Board and Committee memberships

Appointed to the Board in May 2008. Appointed Senior Independent Director and Chairman of the Remuneration Committee in January 2011 and is a member of the Audit and Nomination Committees.

Skills and experience

Michael has extensive leadership credentials and senior management experience at major businesses in the UK and internationally in similar sectors to that of the Company. He previously held the position of Group Chief Executive of Shanks Group plc, a leading international sustainable waste management business, for 13 years until September 2007. Formerly he was Chairman of Enviroco Limited, Chairman of JBM International Limited and a Non-Executive Director of Care UK plc, TDG plc and the Waste and Resources Action Programme (WRAP).

Michael is considered by the Board to be independent.

External appointments

Non-Executive Chairman at Rochford Capital Pty Ltd (Australia) and Fisher Services Limited and a Non-Executive Director of Biffa Group Limited.

Chris Masters

Non-Executive Director

Appointment to the Board and Committee memberships

Appointed in July 2011 and is a member of the Audit, Nomination and Remuneration Committees.

Skills and experience

Chris brings considerable experience and provides extensive insight on the assets rental and support services environments both in the UK and globally. He has 20 years of experience as an executive board member of listed companies and was Executive Chairman of Aggreko plc, a global leader in the rental of power generation and temperature control equipment, from 1997 to 2002. Prior to this, he held several senior roles at Christian Salvesen PLC, including Managing Director, Industrial Services Division from 1984 to 1989 and Group Chief Executive from 1989 to 1997. He has also held the positions of Non-Executive Chairman at Sagentia Group Plc (from 2006 to 2010) and SMG Plc (from 2004 to 2007).

Chris is considered by the Board to be independent.

External appointments

Non-Executive Chairman at Energy Assets Group plc and a Non-Executive Director at The Crown Agents. Fellow of the Royal Society of Edinburgh and Independent Co-chair of the Scottish Science Advisory Council.

James Morley

Non-Executive Director

Appointment to the Board and Committee memberships

Joined the Board in April 2009. Appointed Chairman of the Audit Committee in May 2009 and is a member of the Nomination and Remuneration Committees.

Skills and experience

James brings to the Board a wealth of accountancy, finance and managerial experience from a variety of businesses. He is a chartered accountant with over 25 years' experience as a board member at both listed and private companies. He was Chief Operating Officer at Primary Group Limited (2006-2007), Group Finance Director, Cox Insurance Holdings Plc (2002-2005), Group Finance Director, Arjo Wiggins Appleton Plc (1999-2001), Group Executive Director Finance, Guardian Royal Exchange Plc (1990-1999) and Deputy Chief Executive and Finance Director, Avis Europe Plc (1976-1989). Previously James has been a Non-Executive Director of the Bankers Investment Trust, WS Atkins, The Trade Indemnity Group and Acumus Limited.

James is considered by the Board to be independent.

External appointments

Non-Executive Director at Clarkson plc, Costain Group PLC, The Innovation Group plc and BMS Associates.

James Blair

General Counsel and Company Secretary

Appointment and Committee responsibilities

Appointed as Company Secretary to the Board and the Audit, Nomination and Remuneration Committees in April 2012.

Skills and experience

James has over 20 years' experience as a corporate, commercial and finance lawyer at law firms and major organisations in the UK, New Zealand and internationally. He also holds qualifications in accountancy and as a company secretary through the Institute of Chartered Secretaries and Administrators. James was formerly a senior legal adviser at United Utilities Group PLC, Dalkia plc and MITIE Group plc during the eight years prior to joining the Company. He started his career as a corporate lawyer at Buddle Findlay, New Zealand before working in London for Allen & Overy, the London Stock Exchange and Credit Suisse.

Corporate governance

Highlights

- > The appointment of Mark Rogerson MBE as Chief Executive Officer in January 2014;
- > Steve Corcoran and Mike McGrath stepping down from the Board;
- > Full compliance with the UK Corporate Governance Code 2012;
- > Ongoing review of the effectiveness of the Board's operation;
- > Continuation of the Group's policy of holding a two-day Board meeting off site solely to discuss the strategy and direction of the Group; and
- > A high level of 33% representation of women Directors on the Board, comprised of the Chairman and Group Finance Director, above the target of 25% of Board positions at FTSE 100 companies to be filled by women by 2015.

UK Corporate Governance Code compliance

The Board is committed to maintaining high standards of corporate governance. The Board first reported its compliance with the Combined Code in 2004. Since then it has continued to comply in full with the Combined Code (now the UK Corporate Governance Code) and to develop further its approach to corporate governance and the effective management of risk in the context of an evolving business. As this is the Company's first accounting period commencing after 1 October 2012, this is the first year that the Company has reported fully against the UK Corporate Governance Code 2012.

We explain in this section how the Company has applied the principles of good governance and the code of best practice set out in the UK Corporate Governance Code.

Throughout the year ended 31 March 2014, the Company has been in full compliance with the provisions set out in the UK Corporate Governance Code.

Directors

The Board

In the year ended 31 March 2014, the Board met nine times, including an off-site meeting solely to discuss strategy. The Board also meets as required on an ad hoc basis to deal with urgent business, including the consideration and approval of transactions and, in FY2014, discussions around the International division's accounting irregularities and the appointment of a new Chief Executive Officer. The table to the right lists the Directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2014.

Board and Committee attendance

	Board (9)	Audit Committee (4)	Nomination Committee (2)	Remuneration Committee (8)
Executive Directors				
Mark Rogerson MBE (appointed on 2 December 2013)	3/3	–	–	–
Lynn Krige	9/9	–	–	–
Steve Corcoran (resigned on 27 January 2014)	6/7	–	–	–
Mike McGrath (resigned on 5 December 2013)	4/6	–	–	–
Non-Executive Directors				
Ishbel Macpherson	9/9	–	2/2	–
Michael Averill	9/9	4/4	2/2	8/8
Chris Masters	9/9	3/4	1/2	6/8
James Morley	9/9	4/4	2/2	8/8

The Executive Directors of the Company may attend meetings of the Committees at the invitation of the Chairman of the respective Committee.

The Board has approved a schedule of matters reserved for decision by it. This schedule, which forms part of the UK Corporate Governance Code Compliance Statement, was formally adopted by the Board on 30 March 2011 and most recently reviewed and amended on 27 March 2014, and is available for inspection at the Company's registered office and on the Company's website. The matters reserved for decision by the Board can be subdivided into a number of key areas including, but not limited to:

- > financial reporting (including the approval of interim and final Financial Statements, interim management statements and dividends);
- > approving the form and content of the Group's Annual Report and Financial Statements (following appropriate recommendations from the Audit Committee) to ensure that it is fair, balanced and understandable overall and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- > the Group's finance, banking and capital structure arrangements;
- > Group strategy and key transactions (including major acquisitions and disposals);
- > Stock Exchange/Listing Authority matters (including the issue of shares, the approval of circulars and communications to the market);
- > approval of the policies and framework in relation to remuneration across the Group (following appropriate recommendations from the Remuneration Committee);
- > oversight of the Group's risk appetite, risk acceptance and programmes for risk mitigation;

- > approval of the Group's risk management and internal control processes (following appropriate recommendations from the Audit Committee);
- > the constitution of the Board itself, including its various Committees, and succession planning (following appropriate recommendations from the Nomination Committee); and
- > approving the Group's policies in relation to, inter alia, the Group's Code of Conduct and whistleblowing, the Bribery Act, the environment, health and safety and corporate responsibility.

Matters requiring Board or Committee approval are generally the subject of a proposal by the Executive Directors, which is formally submitted to the Board, together with supporting information, as part of the Board or Committee papers circulated prior to the relevant meeting. Papers are generally circulated at least five days in advance of such meetings, to allow proper time for review and ensure the best use of the Directors' time. The implementation of matters approved by the Board, particularly in relation to matters such as significant acquisitions or other material projects, sometimes includes the establishment of a sub-committee comprising at least one Non-Executive Director.

The posts of Chairman and Chief Executive Officer are held by Ishbel Macpherson and Mark Rogerson, respectively. In addition to the Chairman, the Board includes three independent Non-Executive Directors: Michael Averill, Chris Masters and James Morley. Together they bring a strong and independent non-executive element to the Board. The Senior Independent Director is Michael Averill.

The Audit Committee is chaired by James Morley. Its other members are Michael Averill and Chris Masters. As recommended by paragraph C.3.1 of the UK Corporate Governance Code, the Chairman, Ishbel Macpherson, is not a member of the Committee although she often attends by invitation.

The Remuneration Committee is chaired by Michael Averill. Its other members are Chris Masters and James Morley. The Chairman, Ishbel Macpherson, is not a member of the Committee although she often attends by invitation.

The Nomination Committee is chaired by Ishbel Macpherson. Its other members are Michael Averill, Chris Masters and James Morley.

The Chairman and other Non-Executive Directors meet at least twice a year without the Executive Directors present. In addition, the Chairman regularly briefs the other Non-Executive Directors on relevant developments regarding the Company and Group as necessary. The Senior Independent Director, Michael Averill, and the other Non-Executive Directors meet at least annually without the Chairman present to appraise the Chairman's performance as part of the Board annual appraisal process.

The minutes of all meetings of the Board and each Committee are taken by the Company Secretary. In addition to constituting a record of decisions taken, the minutes reflect questions raised by the Directors relating to the Company's businesses and, in particular, issues raised from the reports included in the Board or Committee papers circulated prior to the relevant meeting. Any unresolved concerns are recorded in the minutes.

On resignation, concerns (if any) raised by an outgoing Non-Executive Director are circulated by the Chairman to the remaining members of the Board.

Appropriate Directors' and Officers' insurance cover is arranged and maintained via the Company's insurance brokers, Jardine Lloyd Thompson Ltd, and is reviewed annually.

The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts of interest of directors where the Articles of Association contain a provision to that effect. The Company's Articles of Association give the Board authority to authorise matters which may otherwise result in the Directors breaching their duty to avoid a conflict of interest. Directors who have an interest in matters under discussion at a Board meeting must declare that interest and abstain from voting. Only Directors who have no interest in the matter being considered are able to approve a conflict of interest and, in taking that decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company. The Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate. Any conflicts considered by the Board and any authorisations given are recorded in the Board minutes and in the register of conflicts which is reviewed annually by the Board. The Board considers that its procedures to approve conflicts of interest and potential conflicts of interest are operating effectively.

33%
female representation
on the Board

Corporate governance continued

Chairman and Chief Executive Officer

A statement as to the division of the responsibilities between the Chairman and Chief Executive Officer is included in the UK Corporate Governance Code Compliance Statement formally adopted by the Board and referred to above. The Board considers that the Chairman, on her appointment, met the independence criteria set out in paragraph B.1.1 of the UK Corporate Governance Code. The Board has an established policy that the Chief Executive Officer should not go on to become Chairman.

Board balance and independence

Currently there are, in addition to the Chairman, three Non-Executive Directors on the Board out of a total of six Directors, and their respective experience, details of which are set out on pages 34 and 35, clearly indicates that they are of sufficient calibre and number for their views to carry appropriate weight in the Board's decisions.

The Board considers that all of the Non-Executive Directors are independent, on the basis of the criteria specified in paragraph B.1.1 of the UK Corporate Governance Code and, generally, are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Board is both balanced and diverse, including on gender, experience and skills. We have a high level (33%) of representation of women Directors on the Board, ahead of the target of 25% of board positions at FTSE 100 companies to be filled by women by 2015. The Board is committed to maintaining and building on its diversity, including appointing women at Board and senior management levels based on merit.

James Morley is also a Non-Executive Director of Costain Group PLC ('Costain'), which is a customer of the Group, whilst Ishbel Macpherson has recently been appointed as a Non-Executive Director of Galliford Try PLC ('Galliford Try') which is also a customer of the Group. The Group's trading with both Costain and Galliford Try is conducted entirely on arm's length terms and in the ordinary and normal course of the Group's business. Additionally, the Board considers that the sums involved are not material. Costain accounted for less than 0.70% of the Group's revenue in FY2014 and Galliford Try less than 1.25%. These potential conflicts of interest have been approved by the Board in accordance with both Board procedures and the procedures established under the Companies Act 2006. It has been resolved by the Board that, in the event that the Board should ever be required to discuss or make decisions in relation to the Group's relationships with such companies, Ishbel Macpherson or James Morley, as the case may be, would not take part in, or receive, any information in relation to those discussions. The current constitution of the Board means that there remains a majority of Non-Executive Directors should either Ishbel Macpherson or James Morley be required to be absent from discussions or votes on these matters. Ishbel Macpherson has not been involved in any commercial negotiations between the Group and Galliford Try. James Morley has not been involved in any commercial negotiations between the Group and Costain. Neither would be involved in any way in any such contract, bid or tender process.

Appointments to the Board

The Board has established a Nomination Committee. Its terms of reference are also included in the UK Corporate Governance Code Compliance Statement referred to above. The Committee meets formally as necessary, but at least twice a year. This is detailed in more depth in the Nomination Committee report on pages 47 and 48. The principal functions of the Nomination Committee are to consider and review the structure and composition of the Board and membership of Board Committees. It also considers candidates for Board nomination including job description, re-election to the Board for those candidates retiring by rotation and succession planning generally. A specification for the role of Chairman, including anticipated time commitment, is included as part of the written statement of division of responsibilities between Chairman and Chief Executive Officer. Details of the Chairman's other material commitments are set out on page 34 and are disclosed to the Board in advance and included in a register of the same maintained by the Company Secretary.

The terms and conditions of appointment of all the Non-Executive Directors, and those of the Chairman, are available for inspection at the Company's registered office during normal business hours. Each letter of appointment specifies the anticipated level of time commitment including, where relevant, additional responsibilities derived from involvement with the Audit, Remuneration or Nomination Committees. Details of other material commitments are disclosed to the Board and a register of the same is maintained by the Company Secretary.

No Director is a Non-Executive Director or Chairman of a FTSE 100 company.

Information and professional development

Before each scheduled Board meeting all Directors receive appropriate information regarding the Group, comprising a financial report and briefings from senior executives. The Chief Executive Officer and Group Finance Director also brief Directors on results, key issues and strategy. During Board meetings, the Non-Executive Directors regularly make further enquiries of the Executive Directors and seek further information which is provided either at the relevant meeting or subsequently.

The Board also recognises the importance of ongoing training and education, particularly regarding new laws and regulations which relate to or affect the Group. Such training and education is obtained by the Directors individually through the Company, through other companies of which they are Directors or through associated professional firms.

All the Non-Executive Directors have, during the course of the year, attended briefings and seminars relevant to their role, including updates on best practice in audit, remuneration and corporate regulatory issues and economic affairs in general, as well as bringing knowledge and information gathered from their other business interests.

The Chairman and the Company Secretary meet on a regular basis to discuss corporate governance and other issues including, inter alia, information flows, induction and training programmes for Directors and operational management.

Procedures are in place to enable Directors to take independent professional advice, if necessary, at the Company's expense, in the furtherance of their duties. The procedure to enable such advice to be obtained is included in the Company's UK Corporate Governance Code Compliance Statement.

All Directors have access to the advice and services of the Company Secretary, whose role is to ensure that information is received by the Board in a timely manner, all procedures are followed and applicable rules and regulations are complied with. The appointment or removal of the Company Secretary is a matter specifically reserved for decision by the Board.

Performance evaluation

During the year ended 31 March 2012, the Chairman and Company Secretary engaged the services of specialist performance consultants SCT Consultants Limited to carry out a detailed and independent review of the Board's processes, procedures and effectiveness. The key findings of this review were set out in last year's Annual Report and during the year ending 31 March 2014 the Chairman has undertaken an internal review of the Board's processes, procedures and effectiveness. A further external review will be carried out during FY2015.

Re-election

Under the Company's Articles of Association, all Directors are subject to election by shareholders at the first AGM following appointment and all Directors are subject to retirement by rotation provisions requiring re-election at intervals of no more than three years. Biographical details of all the Directors, including those subject to re-election, are included in this report in order to enable shareholders to take an informed decision on any re-election resolution. The letters of appointment of each of the Non-Executive Directors and the Chairman confirm that appointments are for specified terms and that reappointment is not automatic. Ishbel Macpherson and Michael Averill commenced their third three-year terms in 2013. James Morley commenced his second three-year term in 2012. Chris Masters commenced his first three-year term in 2012.

Directors' remuneration

The performance-related elements of the remuneration of the Executive Directors form a significant proportion of their potential total remuneration packages. The performance-related elements of the schemes in which the Executive Directors are entitled to participate are set out in more detail in the Remuneration Report. The Remuneration Committee, with the advice of New Bridge Street (part of Aon PLC) (NBS), reviews on a regular basis the Company's remuneration policy including the design of performance-related remuneration schemes. Such performance-related elements have been designed with a view to aligning the interests of the Executive Directors with those of shareholders and to incentivise performance at the highest level.

The Company's current long-term incentive plans (LTIPs) are due to expire in July 2014. The Remuneration Committee has developed a proposed new LTIP in conjunction with NBS, taking into account the views of major shareholders and existing good practice within the market. This proposed new LTIP is detailed in the Remuneration Report and will be the subject of a vote at the Company's Annual General Meeting.

The policy of the Board is that the remuneration of the Non-Executive Directors should be consistent with the levels of remuneration paid by companies of a similar size. The levels of remuneration also reflect the time commitment and responsibilities of each role including, where relevant, Chairmanship of Board Committees.

It is the policy of the Board that remuneration for Non-Executive Directors should not include share options or any other share-based incentives. No current Executive Director serves as a Non-Executive Director or Chairman of a FTSE 100 company.

The service contracts of all Executive Directors provide for termination by the Company on one year's notice.

Procedure

The Board has constituted a Remuneration Committee which met eight times during the year. Its terms of reference are included in the UK Corporate Governance Code Compliance Statement and are fully compatible with the provisions of paragraph D.2.1 of the UK Corporate Governance Code. The Remuneration Committee consists of the Non-Executive Directors, excluding the Chairman, who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Chief Executive Officer occasionally attends by invitation but is not present for discussions relating to his own remuneration. The Remuneration Committee has appointed NBS to advise it in relation to the design of appropriate executive remuneration structures, including the Company's proposed new LTIP. NBS has no other connection with the Company.

Corporate governance continued

The responsibilities of the Remuneration Committee include setting remuneration policy, ensuring that remuneration (including pension rights and compensation payments) and the terms of service of the Executive Directors are appropriate and that Executive Directors are fairly rewarded for the contribution which they make to the Group's overall performance. It is also responsible for the allocation of shares under long-term incentive arrangements approved by shareholders and in accordance with agreed criteria. In addition, it monitors current best practice in remuneration and related issues.

The remuneration of Non-Executive Directors is dealt with by a Committee of the Board specifically established for this purpose comprising the Chief Executive Officer and the Group Finance Director without the presence of the Non-Executive Directors. It is the policy of the Board to review the remuneration of Non-Executive Directors periodically. As reported in the Group's 2013 Annual Report, the remuneration of Non-Executive Directors was increased with effect from 1 April 2013 following a review of time commitments, responsibility levels and market data. The remuneration of Non-Executive Directors was reviewed again at the end of FY2014 and it was determined that no increase would be made for FY2015.

The Board's policy is that all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes should be specifically approved by shareholders, while recognising that the Remuneration Committee must have appropriate flexibility to alter the operation of these arrangements to reflect changing circumstances. As noted above, the Company's proposed new LTIP will be the subject of a shareholder vote at the Company's Annual General Meeting.

A more detailed summary of the work of the Remuneration Committee during the year and the Group's intended remuneration policy for the next three years is contained on pages 49 to 64.

Accountability and audit

Financial reporting

The Directors' report and Independent Auditors' report appear on pages 30 to 32 and pages 65 to 68 respectively and comply with the provisions of paragraphs C.1.1 and C.1.3 of the UK Corporate Governance Code.

Internal control

The Board is responsible for the Company's internal control procedures and processes and for reviewing the effectiveness of such systems.

The Board, via the Audit Committee, conducts a review, at least annually, of the Group's systems of internal control. Such a review considers all material controls, including financial, operational and compliance controls and risk management systems, and accords with the recommendations contained in the Turnbull Guidance. A formal report is prepared by the external auditors, KPMG LLP (KPMG), highlighting matters identified in the course of its statutory audit work and is reviewed by the Audit Committee in the presence of KPMG and, by invitation, the Chief Executive Officer, the Group Finance Director and the Head of Risk and Assurance. The Committee also considers formal reports prepared and presented by the internal audit function. The findings and recommendations of the Committee are then formally reported to the Board for detailed consideration.

Audit Committee and auditors

The Board has established an Audit Committee which met four times during the year. The terms of reference of the Audit Committee are set out in full in the UK Corporate Governance Code Compliance Statement. Such terms of reference are compatible with the provisions of paragraph C.3 of the UK Corporate Governance Code. The Board is satisfied that the Chairman of the Audit Committee, James Morley, has appropriate recent and relevant financial experience.

In addition to its work in relation to the Group's systems of internal control set out above, the Committee is responsible for reviewing the integrity of the Company's accounts, including the annual and interim results, and recommending their approval to the Board.

The Committee meets on a regular basis with the external auditors and internal audit function, without the Executive Directors being present, to review and discuss issues arising from internal and external audits and to agree the scope and planning of future work.

The effectiveness of the Group's internal audit function is one of the matters reviewed in conjunction with the external auditors.

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. The policy of the Audit Committee is to ensure auditor objectivity and independence is safeguarded at all times. As further detailed on page 46, the Audit Committee considers that the Company's auditors are independent.

A more detailed description of the work of the Audit Committee during the year is contained in the separate report of the Committee on pages 42 to 46.

Relations with shareholders

Dialogue with institutional shareholders

The Chairman, Chief Executive Officer and Group Finance Director routinely attend brokers' and analysts' presentations in relation to the Company's interim and full-year results. The Chairman, Chief Executive Officer and Group Finance Director, with assistance from the Company's brokers, collate feedback from such presentations and report the findings to the next meeting of the Board. The Chairman is also available to discuss matters with major shareholders in relation to, inter alia, strategy and corporate governance issues. The Senior Independent Director, Michael Averill, is available to attend meetings with major shareholders in order to understand their issues and concerns should the normal communication channels with the Chairman, Chief Executive Officer or Group Finance Director be considered ineffective or inappropriate.

Constructive use of the Annual General Meeting

The Company's Annual General Meeting procedures indicate, as a matter of course, the level of proxies lodged on each resolution and the balance for and against each resolution and votes withheld after each has been dealt with on a show of hands. It is also the Company's policy to propose a separate resolution at the Annual General Meeting on each substantive separate issue, including in relation to the Annual Report and Accounts and the Directors' Remuneration Report.

All Committee Chairs are available at the Annual General Meeting.

The Company's standard procedure is to ensure that the Notice of AGM and related papers are sent to shareholders at least 20 working days before the meeting, in compliance with paragraph E.2.4 of the UK Corporate Governance Code.

Audit Committee report



“The Audit Committee plays a key role in reviewing the effectiveness of the Group’s financial reporting and internal controls, along with the procedures for identifying, assessing and reporting those risks which are of principal importance to the Group.”

James Morley
Chairman of the Audit Committee

Audit Committee members and meetings attended

Names	Position	Meetings attended
James Morley Chairman	Non-Executive Director	4/4
Michael Averill	Non-Executive Director	4/4
Chris Masters	Non-Executive Director	3/4

The Audit Committee presents its report in relation to the financial year ended 31 March 2014.

Audit Committee objectives and terms of reference

The Audit Committee’s key objectives are the review of the effectiveness of the Group’s financial reporting and internal controls, together with the procedures for identification, evaluation and reporting of key risks to the Group. The role of the Audit Committee in monitoring the integrity of the Group’s financial affairs is important to our shareholders and to other stakeholders in the Group, both internal and external, and accordingly we work closely with management and our external and internal auditors to adopt best practice approaches to policies and controls. Whilst FY2014 has brought specific challenges relating to the International division’s accounting irregularities, as noted below and elsewhere in this Annual Report, the Audit Committee feels that the Group’s internal and external processes are robust and correctly aligned to delivering good financial reporting and governance.

The terms of reference of the Audit Committee can be found at www.speedyhire.plc.uk and are also available in hard copy from the Company Secretary.

Composition of the Audit Committee

The Audit Committee comprises three Non-Executive Directors: James Morley (Chairman), Michael Averill and Chris Masters, all of whom are considered by the Board to be independent. Biographies of each of the members of the Audit Committee are set out on page 35.

James Morley is a chartered accountant with over 25 years’ experience as a board member at both listed and private companies. He currently holds non-executive directorships at Costain Group PLC, Clarkson plc, The Innovation Group plc and BMS Associates. Previously James was also a Non-Executive Director of the Bankers Investment Trust, WS Atkins and The Trade Indemnity Group. The Board is satisfied that James Morley has recent and relevant financial experience.

Attendance

The Audit Committee’s agenda is linked to events in the Group’s financial calendar, and the Committee met on four occasions during the year. Details of the attendance at Committee meetings are set out to the left.

Operation and responsibilities of the Audit Committee

The Chairman of the Board, Chief Executive Officer and Group Finance Director, together with representatives from the external auditors and the Head of Risk and Assurance, are invited to attend meetings of the Audit Committee, although the Committee reserves time for discussions without any invitees being present. The external auditors and the Head of Risk and Assurance meet privately with the Audit Committee at the start of most meetings, to advise the Committee of any matters which they consider should be brought to their attention without the Executive Directors present. The external auditors and the Head of Risk and Assurance may also request a meeting with the Audit Committee if they consider it necessary. The Risk and Assurance department carries out the Group's internal audit function. The Chairman of the Audit Committee also holds private meetings both with the Head of Risk and Assurance and the external auditors.

The Company Secretary acts as secretary to the Audit Committee. The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Audit Committee undertakes its activities in line with an annual programme of business. The Audit Committee's duties include, inter alia:

Internal controls and risk

- > monitoring the effectiveness of internal controls;
- > evaluating the Board's process for identifying and managing significant risk in the business;
- > considering the effectiveness and resourcing of the internal audit function;
- > directing the scope of the internal audit programme;
- > appointing or replacing the Head of Risk and Assurance;
- > reviewing matters reported through the Group's 'Speedy Speak Up' whistle-blowing policy; and
- > monitoring performance of the Group's senior finance personnel and ensuring their development.

External auditors

- > monitoring the effectiveness of the external audit process including recommending the appointment and remuneration of the external auditors;
- > considering and, if thought appropriate, approving the use of the external auditor for non-audit work;
- > considering the independence of the external auditors, taking into account: (i) non-audit work undertaken by them; (ii) feedback from various stakeholders; and (iii) the Audit Committee's own assessment; and
- > monitoring and considering the provisions and recommendations of the UK Corporate Governance Code in respect of external auditors.

Financial Statements

- > monitoring the integrity of the Group's Financial Statements and formal announcements relating to the Group's performance;
- > considering liquidity risk, in particular, and the use of the going concern basis for preparing the Group's Financial Statements; and
- > evaluating the content of the Annual Report and Financial Statements, to advise the Board as to whether it may reasonably conclude that the Annual Report and Financial Statements is fair, balanced and understandable overall and provides the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

In accordance with its annual programme of business, the Audit Committee's terms of reference were reviewed and minor amendments adopted, so as to take into account the updated model terms published by ICSA and the UK Corporate Governance Code.

As part of its annual programme of business the Audit Committee regularly receives updates from the external auditors as to developing accounting standards, and annually, with the Board, receives a dedicated briefing on developing governance trends. In addition members are expected to participate personally in relevant briefing and training sessions during the year. The Committee is particularly interested in the evolving debate regarding the proposed accounting standard for leasing, which could have a significant impact on the Group's business.

Significant issues considered by the Audit Committee during FY2014

During the year, the Audit Committee reviewed and evaluated:

- > the International division accounting irregularities;
- > the existence and valuation of hire equipment;
- > the potential for impairment of goodwill, other intangible assets and property, plant and equipment;
- > the carrying amount of trade receivables; and
- > the going concern basis for the preparation of the Financial Statements.

The role and response of the Audit Committee to these, along with any corresponding impact on the Group's Financial Statements, are discussed in more detail in this report.

International division accounting irregularities

The Audit Committee has played a significant role in the investigation and evaluation of the misstatement of a number of accounting balances within the International division. The irregularities principally comprised the creation of false sales invoices and overstated asset values, with no apparent cash loss to the Group.

Audit Committee report continued

The preliminary result of the Group's internal review into the International division accounting irregularities was presented to the Board and the Audit Committee in January 2014, together with external reports prepared by Deloitte LLP and Addleshaw Goddard LLP. Under instruction from the Audit Committee, supported by the Board, further work was performed to address specific areas of risk relating to the hire fleet and trade receivable balances. Final reports were considered and conclusions drawn during February 2014, the common theme of which was that the extent of collusion between certain members of the International division's senior management compounded and circumvented proper segregation of duties and responsibilities such that the irregularities were not visible or prevented at an earlier date.

As a result of the findings of the investigation into the International division, the Audit Committee requested that the internal audit team review the UK & Ireland's control environment in order to determine whether the specific control weaknesses identified in the International division could be replicated in the UK & Ireland. The finding of that review, with which the Audit Committee agrees, is that control weaknesses which resulted in misstatements in the financial statements of the International division are not replicated within the UK & Ireland operation, as the larger scale and greater use of integrated IT systems results in a more effective control environment, including greater segregation of duties and responsibilities. In the view of the Audit Committee, the risk of replication within the UK & Ireland is low.

The Board also considered the reports produced by Deloitte LLP and Addleshaw Goddard LLP and the internal reviews of the International division. Acting upon these findings and recommendations of the Audit Committee, a number of actions were undertaken, including;

- > disciplinary action against certain members of the International division's senior management, including dismissal of a number of individuals;
- > identification and appointment of a new management team;
- > alignment of certain processes and procedures with those of the UK & Ireland business; and
- > the transfer of certain back office functions to the Group's Shared Services Centre.

Of the total impact of these irregularities of £4.8m (before costs), £2.7m relates to trading results in the financial year ended 31 March 2014. The remaining amount of £2.1m derives from misstatements occurring during the year ended 31 March 2013 or earlier. These amounts have been treated as prior period adjustments in accordance with IAS8 and are detailed in note 26 to the Financial Statements. The Audit Committee believes that the full impact of the irregularities has been identified and that, consequently, it is not expected that there will be any further financial impact arising from these irregularities.

Existence and valuation of hire equipment

The hire fleet comprises several thousand individual assets, represents the largest asset on the balance sheet, and underpins the Group's key revenue streams.

The control environment surrounding the management of assets is critical to maintaining an up-to-date record of the assets and ensuring that they are correctly valued within the Financial Statements. In order to gain assurance that the control environment is operating in a satisfactory manner, the Audit Committee requires internal audit to review the asset management processes. The findings of these reviews are considered by the Audit Committee.

In addition to considering the appropriateness of the Group's depreciation policies, the Audit Committee assesses the valuation of the hire equipment taking into consideration valuation work performed by independent equipment valuers, along with a consistent track record of the Group in disposing of hire equipment at a small profit when taken in aggregate.

The potential for impairment of goodwill, other intangible assets and property, plant and equipment

In recent years the Company's market capitalisation has been below the book value of its net assets, indicating a possible impairment to the value of those assets. Notwithstanding that this position no longer applies as the market value of the Company now exceeds the value of those assets, the Committee continues to consider whether any impairment in the value of these assets would be appropriate. In considering this position the Committee considers the discounted value of future cash flows compared with the carrying value of the assets. In order to form a judgement over the reasonableness of the discount value of future cash flows, the Audit Committee challenge management's view of the future cash flows, applying sensitivities where appropriate, and concludes on an appropriate discount rate to apply in order to discount the cash flows. In addition, and where appropriate to do so, the Audit Committee takes account of the external valuation reports prepared in connection with the Group's financing arrangements. The Audit Committee has concluded that no impairment provision is required.

The carrying amount of trade receivables

The Group trades with a large number of customers across a number of sectors and the carrying amount of receivables from these customers comprises a substantial current asset. Significant judgement is required in determining the extent to which these current assets will prove irrecoverable, and a provision for this is reflected in the carrying value of those current assets.

The Audit Committee considers the levels of such provisions and any changes to the provisioning policy recommended by the Directors, taking into account trends within the ageing profile of the receivables balance, levels of non-collectability experienced by the business and the economic climate in which the customers operate.

Going concern basis for the preparation of the Financial Statements

The Group has adopted a going concern basis for the preparation of the Financial Statements. Judgement over the future cash flows of the business and their interaction with the available liquidity from the Group's borrowing facilities must be applied in concluding whether to adopt a going concern basis of preparation. The Audit Committee has challenged forecast cash flows, the assumptions applied to derive the cash flows and availability of finance from existing facilities.

During the year, the Group has remained in compliance with its financial covenants under the Group's banking facilities. However, as a direct result of the accounting irregularities within the International division, the Group was temporarily in breach of certain technical terms of the Group's banking facilities until these breaches were waived by the lenders. Based on the expectations of future cash flows and the continued availability of the banking facilities, the Committee has concluded that the available borrowing facilities are adequate for both existing and future levels of business activity. The Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the Financial Statements.

Internal control and risk management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The detailed review of internal controls has been delegated by the Board to the Audit Committee.

The Risk and Assurance Department, which was established during FY2013, replacing the previous internal audit arrangements, incorporates the Group's internal audit function. The Head of Risk and Assurance reports to the Board and to the Audit Committee. The internal audit function is involved in the assessment of the quality of risk management and internal control. It helps to promote and develop further effective risk management in all areas of the business, including the embedding of risk registers and risk management procedures within individual business areas. The Audit Committee receives detailed reports from the Risk and Assurance Department at each meeting.

Review of internal audit

The Audit Committee reviews the effectiveness of the Group's internal audit function. This review includes the level of resource devoted to internal audit, as well as the degree to which the function can operate free from management restrictions. The Audit Committee considered the results of the audits undertaken by the internal audit function and in particular considered the response of management to issues raised by internal audit, including the time taken to resolve matters reported.

In addition, the Audit Committee produces and circulates each year a questionnaire to Directors and senior managers asking questions and inviting comments on the internal audit function, as it also does in respect of the external auditors and the Audit Committee itself. These responses are considered by the Audit Committee annually, and used to determine whether internal audit is working effectively and what changes, if any, need to be made as a result. In FY2014 it was determined that it would be beneficial to circulate the Group's risk management framework to a wider audience, and subsequently this was posted onto the Group's intranet. It was felt that this would assist in promoting general support for internal audit and compliance with the Group's policies and procedures.

Review of the work, effectiveness and independence of the external auditors

The Audit Committee reviews, at least annually, the relationship between the Group and the external auditors and has responsibility for monitoring the external auditors' independence and objectivity. This work includes an assessment of their performance and cost-effectiveness, a review of the scope of their work, as well as their compliance with ethical, professional and regulatory requirements. The Audit Committee also reviews any major issues which arise during the course of the audit and their resolution, key accounting and audit judgements, and any recommendations made to the Board by the auditors and the Board's response. The Audit Committee ensures that external audit partners are rotated from time to time in accordance with applicable UK rules. The Audit Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the external auditors.

During the year we have considered the effectiveness of the external auditors by questionnaires circulated to Directors and relevant senior managers, in a process similar to that used to review the internal audit function, as noted above. This review indicated a generally effective audit process albeit with some minor areas for improvement. These improvements were incorporated into the approach for the FY2014 audit, the effectiveness of which will be formally reported on in FY2015.

The Group has implemented a policy to control the provision of non-audit services by the external auditors in order to ensure that their objectivity and independence are safeguarded. This policy provides that preference should be given to retaining consultants other than from the external auditors unless strong reasons exist to the contrary. The policy further requires that the provision of any non-audit services by the external auditors costing in excess of £30,000 is subject to prior approval by the Audit Committee. The Audit Committee closely monitors the amount the Company spends with the external auditors on non-audit services.

Audit Committee report continued

During the year non-audit services were provided to the Group by the external auditors and other accounting, or consulting, firms and the Group anticipates that this will continue. The amount payable to the external auditors for audit services was £227,000, whilst £256,000 was payable to the external auditors for non-audit services where they were best placed to undertake the work due to their knowledge of the business or as a by-product of the audit function. This was in respect of work relating to advice provided in support of raising new debt facilities for the International business and in support of compliance with existing facilities. A split of the audit and non-audit fees is set out in note 4 to the Group Financial Statements on page 84.

The Audit Committee considered the external auditors' performance during the year and reviewed the level of fees charged, which are considered appropriate given the size of the Group. The Audit Committee is satisfied that the level and scope of non-audit services undertaken by the external auditors has not impaired their independence and objectivity. Given the events within the International division, it was felt appropriate by the Board that new auditors were appointed for the International division. Consequently, PricewaterhouseCoopers (PwC) has been appointed to carry out the FY2014 audit of the International division.

Appointment of auditors

Having considered the results of the Audit Committee's work, the Board is recommending the reappointment of the external auditors for FY2015, although recognising that work in respect of the International division for FY2014 will be performed by PwC. KPMG LLP has expressed its willingness to continue as external auditor of the Group. Separate resolutions proposing its reappointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 16 July 2014.

As noted in the Company's Annual Report and Accounts 2013, the Group's external audit contract was last tendered in April 2001. The Audit Committee continues to monitor the continuing deliberations by the European Commission and the Competition Commission in respect of auditor services and retendering. The Audit Committee recognises the change made by the UK Financial Reporting Council regarding the retendering of audit services at least once every ten years for companies in the FTSE 350 and above. The Company intends to consider retendering audit services at an appropriate juncture.

Code of Conduct

The Company remains committed to the highest standards of business conduct and expects its Directors, employees, consultants and other stakeholders to act accordingly. The Company has a well-established Code of Conduct which incorporates our 'Speedy Speak Up' whistle-blowing policy. These policies are actively promoted within the Group. All new employees are expected to undergo an online training course around the Code of Conduct and this training is refreshed on a bi-annual basis.

As noted above, there was a failure within the Group's International division to take advantage of this whistle-blowing policy. As part of the investigations into the irregularities the Board and senior management have considered why individuals failed to utilise this policy. As a consequence all staff in the International division received refresher training in this area during Q4 FY2014, and all new joiners to the Group are expected to undertake this Code of Conduct training within three months of joining.

Communicating with shareholders

The Company places considerable importance on communication with its shareholders, including both institutions and private shareholders. The Group's Chief Executive Officer and Group Finance Director are closely involved with investor relations and the Group's Chairman regularly meets with investors. The views of the Company's major shareholders are reported to the Board and are regularly discussed at meetings of the Board and at the various committees of the Board, including, where appropriate, the Audit Committee.

Approval of Annual Report and Financial Statements

Having reviewed the Annual Report and Financial Statements and verified its contents with key stakeholders, the Audit Committee advised the Board that in its opinion the Annual Report and Financial Statements is fair, balanced and understandable overall and provides all the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

This report was approved by the Board on 12 May 2014.

James Morley
Chairman of the Audit Committee

Nomination Committee report



"After a period of over two years when we had no changes to the composition of the Board, we recruited a new Executive Director, who was subsequently appointed as our Chief Executive Officer, and reduced the size of the Board. Whilst we believe that this streamlined Board is well placed to deliver the Group's strategy, it is the intention of the Committee to keep the size and composition of the Board under review. We remain committed to ensuring that the Board is balanced and diverse in all senses and contains the experience and skills necessary to promote the long-term success of the Group."

Ishbel Macpherson
Chairman of the Nomination Committee

Nomination Committee members and meetings attended

Names	Position	Meetings attended
Ishbel Macpherson Chairman	Non-Executive Director	2/2
Michael Averill	Non-Executive Director	2/2
Chris Masters	Non-Executive Director	1/2
James Morley	Non-Executive Director	2/2

The Nomination Committee presents its report in relation to the financial year ended 31 March 2014. Chaired by Ishbel Macpherson, the key functions of the Nomination Committee are to review the structure and composition of the Board, to identify and propose to the Board suitable candidates to fill Board vacancies, and to undertake succession planning for Board and senior management positions.

Composition of the Nomination Committee

The Nomination Committee comprises the four Non-Executive Directors: Ishbel Macpherson (Chairman), Michael Averill, Chris Masters and James Morley, all of whom are considered by the Board to be independent. Biographies of the members of the Nomination Committee are set out on pages 34 and 35.

The terms of reference of the Nomination Committee are published on the Company's website at www.speedyhire.plc.uk and are available in hard-copy form on application to the Company Secretary.

Attendance

The Nomination Committee met on two occasions during the year. Details of the attendance at Nomination Committee meetings are set out in the table to the left. At the invitation of the Chairman, the Chief Executive Officer may attend meetings of the Nomination Committee and the Group's HR Director is also commonly invited to attend meetings.

Operation of the Nomination Committee

The Nomination Committee generally meets on two occasions during a year, although it can meet more regularly if required. The Company Secretary acts as secretary to the Nomination Committee. The members of the Nomination Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Nomination Committee's duties include, inter alia:

- > ensuring that there is a formal and transparent procedure for the appointment of new Executive and Non-Executive Directors to the Board and making recommendations to the Board on such appointments;
- > reviewing the size and composition of the Board along with membership of Board committees;
- > evaluating the balance of skills, knowledge and experience on the Board;
- > ensuring that succession planning is in place for the Board and senior management;
- > ensuring that Non-Executive Directors are able to devote sufficient time to discharge their duties; and
- > recommending to the Board whether Directors who are retiring by rotation in accordance with the Company's Articles of Association should be put forward for re-election.

Nomination Committee report continued

As I noted in my Chairman's statement on pages 05 and 06, I have decided to step down from my position as Chairman of the Group at the time of our Interim Results in November. Michael Averill, as Senior Independent Director, will lead the search for my replacement in accordance with the Nomination Committee's terms of reference. The intention is to use an appropriate external agency to help undertake this search, to ensure that the Nomination Committee has an appropriately experienced breadth of candidates available to it and the Company will make an announcement as to my replacement in due course.

During the year the Nomination Committee undertook all of the duties set out overleaf, with a particular focus on identifying and nominating a new Executive Director and recommending the subsequent replacement of the Chief Executive Officer.

The Nomination Committee undertook a formal and rigorous process for the appointment of a new Chief Operating Officer to the Board and recommended the appointment of Mark Rogerson to that role, with effect from 2 December 2013. The process involved the use of an international external search firm, Drax Executive, with access to high-calibre suitable candidates for the Chief Operating Officer position. In addition Drax was required to identify candidates with the requisite attributes to progress to Chief Executive Officer. The short list produced by Drax was of particularly credible candidates, who were subsequently interviewed by the Company's HR Director, Chief Executive Officer and ultimately the Chairman and the Senior Independent Director. As the list of potential candidates included a senior executive at Costain PLC, James Morley did not participate in the recruitment process so as to avoid any potential conflict. That candidate, Mark Rogerson, was ultimately selected and appointed to the Board.

Following Steve Corcoran's decision on 28 November 2013 to step down as Chief Executive Officer, the Nomination Committee devoted much of its attention to ensuring that the current composition of the Board was fit for purpose with the necessary balance of skills effectively to promote the success of the Group. The Nomination Committee recommended that Mark Rogerson be offered the role of Chief Executive Officer and the Board accepted this recommendation, offering Mark the position with effect from 27 January 2014.

In addition to changes at Board level, the Nomination Committee focused on the identification of the most talented individuals for key management roles across the Group. Potential successors for these roles were categorised according to their potential to progress into those roles over time or if that be required as emergency replacements. The Nomination Committee also continued its measures to increase its members' exposure to senior and operational management, through dinners with and presentations to the Board and site visits by Non-Executive Directors.

The Board contains six individuals, two of whom (33%) are women. Whilst the Nomination Committee recommends appointments to the Board solely on the basis of merit, and both Ishbel Macpherson and Lynn Krige were appointed to their roles on this basis, it is felt that the high percentage of female representation is beneficial for the Company and for the effective functioning of the Board.

The Nomination Committee has recommended the election of Mark Rogerson to the Board, and the re-election of James Morley and Chris Masters, as detailed in the Directors' Report on page 32.

This report was approved by the Board on 12 May 2014.

Ishbel Macpherson
Chairman of the Nomination Committee

Remuneration report



"We seek to work with shareholders to develop and implement a remuneration policy which is retention-focused, rewards superior performance and delivers corresponding benefit to our shareholders."

Michael Averill
Chairman of the Remuneration Committee

Remuneration Committee members and meetings attended

Names	Position	Meetings attended
Michael Averill	Chairman	8/8
Chris Masters	Non-Executive Director	6/8
James Morley	Non-Executive Director	8/8

Annual statement

This report, which has been prepared by the Remuneration Committee and approved by the Board for the financial year ended 31 March 2014, sets out the remuneration policy for the Directors of the Company. The report has been divided into two sections:

- > the **Remuneration Policy Report**, which sets out the Group's policy on the remuneration of Executive and Non-Executive Directors; and
- > the **Annual Report on Remuneration**, which discloses details of the Remuneration Committee, how the remuneration policy will operate for FY2015 and how the policy was implemented in FY2014.

The Remuneration Policy Report will be subject to a binding vote and the Annual Report on Remuneration will be subject to an advisory vote at the 2014 Annual General Meeting (AGM). In addition to the above, the Company will be seeking shareholder approval to replace the existing long-term incentive arrangements which are nearing the end of their 10 year lives. Further details are set out below and in the main body of the report.

Performance and reward for FY2014

The Group's remuneration policy has been, and will continue to be, performance-related and retention-focused. Remuneration packages are aimed at reflecting the responsibility and contribution of the individual, whilst ensuring that the Group is able to attract, retain and motivate the best people in a competitive marketplace. In return, Executive Directors are expected to demonstrate their commitment and leadership to the Group and take responsibility for their actions and decisions. The Group's policy is structured so that salaries are positioned at competitive levels against the relevant market, but with the potential to earn upper quartile incentive pay for sustained, exceptional performance which is linked to demanding annual and long-term performance conditions, aimed at promoting the long-term success (subject to share price performance) of the Group.

The Committee considers that the remuneration paid to the Executive Directors fairly reflects their performance during the year but also recognises the challenges the Group has faced. Restraint continues to be applied on base salary increases, both Group-wide and amongst the senior executive team. No annual bonus has been paid in respect of FY2014. However the 2011 Performance Share Plan awards, where performance is based on a three year performance period, are (subject to share price performance) expected to vest at 100% in June 2014 as a result of the relative total shareholder return performance targets being met.

Remuneration report

continued

Remuneration policy for FY2015

Other than changes to long-term incentives, we are not proposing any changes to our remuneration policy. The key points to note are:

- > Mark Rogerson's base salary was set at £320,000 following his promotion from Chief Operating Officer to Chief Executive Officer from 27 January 2014 and Lynn Krige's base salary is currently £252,500. While Mark Rogerson's base salary has been set below that of his predecessor and market levels in general, it is envisaged that his basic salary will be increased to mid-market levels over time as he demonstrates his experience and expertise in the role. Future increases to Lynn Krige's base salary will be guided by the general increase for the broader employee population after taking into account the scale, scope and responsibility of the role and/or relevant market movements;
- > pension policy will remain unchanged, with the Company contribution (or salary supplement in lieu) limited to no more than 20% of base salary;
- > our policy for long-term incentives will be simplified and quantum will be reduced. The 2004 Performance Share Plan (PSP) and 2004 Co-Investment Plan (COIP) will be replaced by one conventional long-term incentive arrangement without any matching facility, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance conditions based on relative total shareholder return and earnings per share growth. Executive Directors will not be compensated for the lost matching award potential. The maximum annual award limits will be reduced from 300% of salary (currently 100% of salary PSP plus up to a 200% of salary COIP matching awards) to 150% of salary (200% in exceptional circumstances) although it is currently intended that the initial award levels will be over shares worth 100% of salary. Other provisions will be consistent with best practice, including the operation of a two year post vesting holding period and clawback provisions;
- > share ownership guidelines will continue to operate at 100% of salary although to the extent that award levels increase in the future, the Committee will consider a commensurate increase in the guidelines; and
- > annual bonus potential will remain capped at 100% of base salary, with 75% of potential based on a range of challenging financial targets and 25% of potential based on key strategic objectives. Clawback provisions will apply. As the Company will no longer operate a bonus matching arrangement and given the introduction of a post vesting holding period, there will be no requirement to defer any part of the annual bonus although the Committee will continue to keep this under review. However, as noted above, the Executive Directors are expected to build shareholdings in the Company at least to the value of their base salary.

Shareholder engagement

The Committee continues to take an active interest in shareholder views on our executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in our voting result at the 2013 AGM, which was over 97% in favour of the Directors' Remuneration Report resolution. Major shareholders and representative bodies were consulted in 2014 in respect of the new long-term incentive arrangements described above and in more detail overleaf.

In conclusion, we firmly believe that our remuneration policy for FY2015 onwards, which has been much simplified and aligned to best practice, is appropriately aligned with the strategic goals of the Group in delivering shareholder value and supporting the long-term success of the Group.

This report was approved by the Board on 12 May 2014.

Michael Averill
Chairman of the Remuneration Committee

Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the remuneration policy for the Group which will operate from 1 April 2014 and become formally effective following the date of shareholder approval at the 2014 AGM.

Policy overview

In setting the remuneration policy for the Executive Directors, the Committee takes into account the following:

- > the need to attract, retain and motivate Executive Directors and senior management;
- > internal pay and benefits practice and employment conditions within the Group as a whole; and
- > periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance.

There are five main elements of the remuneration package for Executive Directors:

- > base salary;
- > annual bonus;
- > long-term incentives;
- > pension arrangements; and
- > benefits.

The key principles of the policy are:

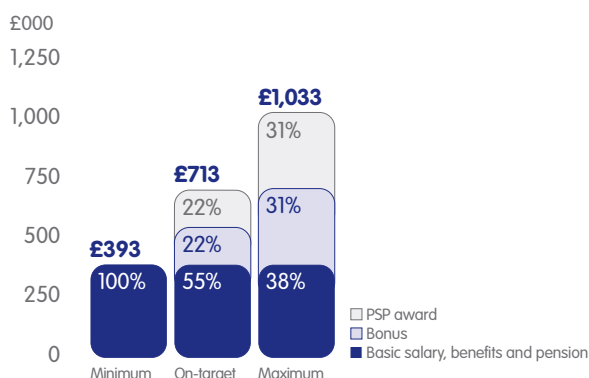
- > base salaries between lower quartile and median, but with the potential to earn upper quartile rewards for sustained exceptional performance provided that stretching and demanding performance conditions, designed to promote the long-term success of the Group, are met;
- > a reward structure that balances short-term and long-term performance; and
- > competitive incentive arrangements underpinned by a balance of financial and operational performance metrics and linked to corporate and individual performance, ensuring a focus on business performance and alignment with the interests of shareholders.

As a result, the Committee has determined that the remuneration of Executive Directors will provide an appropriate balance between fixed and performance-related pay elements. The Committee will continue to review the remuneration policy to ensure it takes due account of best remuneration practice and that it remains aligned with shareholders' interests.

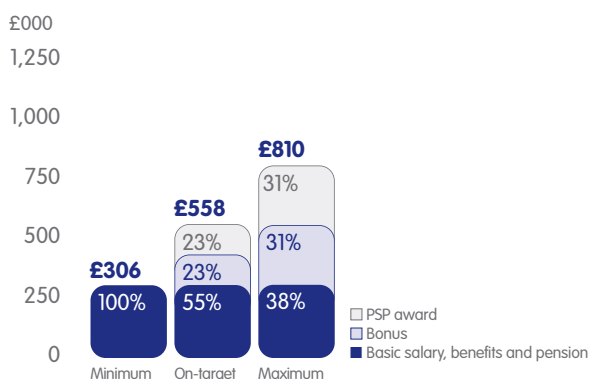
Remuneration scenarios for Executive Directors

The charts below show how the composition of the Executive Directors' remuneration packages varies at three performance levels, namely, at minimum (i.e. fixed pay), target and maximum levels, under the policy set out in the table below.

Mark Rogerson, Group Chief Executive Officer



Lynn Krige, Chief Financial Officer



The charts above are based on:

- > salary levels effective 1 April 2014;
- > an approximated annual value of benefits;
- > an annualised pension contribution (as a % of salary);
- > a 100% of salary maximum annual bonus (with target assumed to be 50% of the maximum); and
- > a 100% of salary award under the 2014 Performance Share Plan award in line with the normal maximum award (with target assumed to be 50% of the maximum). No share price appreciation in respect of the PSP awards has been assumed.

Remuneration report

continued

Summary Director policy table

The table below summarises the remuneration policy for Directors, to become effective from the date of shareholder approval at the 2014 AGM:

Element maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	<ul style="list-style-type: none"> > Reflects the value of the individual and their role > Reflects skills and experience over time > Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income 	<ul style="list-style-type: none"> > Normally reviewed annually, effective 1 April > Paid in cash on a monthly basis; pensionable > Comparison against companies with similar characteristics and sector comparators taken into account in review 	<ul style="list-style-type: none"> > There is no prescribed maximum annual basic salary or salary increase > The Committee is guided by the general increase for the broader employee population but may decide to award a lower increase or a higher increase for Executive Directors to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account relevant market movements > Where an Executive Director's salary is set below market levels at appointment, future salary increases may include a 'catch up' element over and above the factors listed above 	<ul style="list-style-type: none"> > n/a
Bonus	<ul style="list-style-type: none"> > Incentivise delivery of specific Group, divisional and personal annual goals > Maximum bonus only payable for achieving demanding targets 	<ul style="list-style-type: none"> > Normally payable in cash (although the Committee reserves the right to deliver some or all of the bonus in shares which may be deferred) > Non-pensionable 	<ul style="list-style-type: none"> > 100% of salary p.a. 	<ul style="list-style-type: none"> > Group profit before tax will apply for the majority > Personal and strategic KPIs may be applied for the minority > One year performance period > Clawback provisions apply
Pension	<ul style="list-style-type: none"> > Provide competitive retirement benefits 	<ul style="list-style-type: none"> > Defined contribution and/or cash in lieu of pension 	<ul style="list-style-type: none"> > Up to 20% of basic salary p.a. 	<ul style="list-style-type: none"> > n/a
Performance Share Plan	<ul style="list-style-type: none"> > Aligned to main strategic objectives of delivering long-term value creation > Align Executive Directors' interests with those of shareholders > Retention 	<ul style="list-style-type: none"> > Annual grant of conditional awards or nil or nominal cost options > The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures > A two year post vesting holding period may be applied to the grant of awards 	<ul style="list-style-type: none"> > 150% of salary p.a. normal limit > 200% of salary exceptional limit (e.g. for recruitment or retention) > Participants may benefit from the value of dividends paid over the vesting period (and any holding period operated) to the extent that awards vest. This may be delivered in cash or additional shares at the time awards vest 	<ul style="list-style-type: none"> > Performance normally measured over three years > Relative Total Shareholder Return (TSR) targets and/or absolute Earnings Per Share (EPS) targets > Performance underpins may apply > 25% vests at threshold increasing to 100% vesting at maximum > Clawback provisions apply

Summary Director policy table continued

Element maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
Share ownership guidelines	> To provide alignment of interests between Executive Directors and shareholders	> Executive Directors are required to build and maintain a shareholding equivalent to at least one year's base salary (although this may be increased if PSP award levels are increased in the future) through the retention of vested share awards or through open market purchases	> At least 100% of salary	> n/a
All Employee Share Plans	> Encourages long-term shareholding in the Company	> Invitations made by the Committee under the tax-advantaged Sharesave Scheme	> As per prevailing HMRC limits	> n/a
Other benefits	> Provide insured benefits to support the individual and their family during periods of ill health or death > Car allowance to facilitate effective travel > Modest accommodation allowances (where appropriate and necessary)	> Benefits provided through third party providers > Allowances normally paid on a monthly basis	> n/a	> n/a
Non-Executive Directors	> To provide fees reflecting time commitments and responsibilities, in line with those provided by similarly sized companies	> Fees are set by the Board (excluding Non-Executive Directors) > Fees are normally paid monthly and are normally reviewed annually > Expectation that individuals build and maintain a shareholding equal to 100% of fees	> There is no prescribed maximum fee or fee increase > The Board (excluding Non-Executive Directors) is guided by market rates, time commitments and responsibility levels	> n/a

Notes:

- (1) The choice of the performance metrics applicable to the annual bonus scheme reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of profit growth and strategic objectives.
- (2) The performance conditions applicable to the 2014 PSP were selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to shareholders and the Group's financial performance and are consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The TSR performance condition is monitored on the Committee's behalf by New Bridge Street whilst the Group's EPS growth is derived from the audited financial statements.
- (3) The Committee operates the PSP and its all employee share plans in accordance with the plan rules, the Listing Rules and HMRC legislation and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plan.
- (4) Consistent with HMRC legislation, the all-employee Sharesave scheme does not have performance conditions.
- (5) For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of the prior year's annual bonus or the vesting/exercise of share awards granted in the past). Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Remuneration report

continued

How employees' pay is taken into account

Pay and conditions elsewhere in the Group were considered when finalising the current policy for Executive Directors and continue to be considered in relation to implementation of this policy. In order to do so, the Committee regularly interacts with the HR function and senior operational executives. Given that the requirement to consider the wider pay and employment conditions elsewhere in the Group is considered by the Committee to be a key objective, it is embedded in the Committee's terms of reference.

How the Executive Director's remuneration policy relates to the wider Group

The remuneration policy described above provides an overview of the structure that operates for the most senior executives in the Group. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings growth and share price performance.

Long-term service awards

Consistent with the Group's approach of recognising the contribution of its employees at all levels in the business, the Group operates a long-term service award scheme under which employees serving 10, 20 and 25 years receive a range of additional benefits, including additional days of annual holiday entitlement.

These benefits are popular amongst employees and the Group believes that they fulfil a business need by encouraging and rewarding the loyalty and motivation of long-serving employees and by rewarding those employees with higher levels of experience.

How shareholders' views are taken into account

The Committee continues to take an active interest in shareholder views on our executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in our voting result at the 2013 AGM, which was over 97% in favour of the Directors' Remuneration Report resolution. Major shareholders and representative bodies were consulted in 2014 in respect of the new long-term incentive arrangements described in the Annual Statement and Annual Report on Remuneration.

Service contracts

Relevant dates of service contracts and notice periods for the Executive Directors are set out as follows:

Executive Director	Date of contract	Notice period
M Rogerson	25 November 2013	12 months
L Krige	29 September 2011	12 months
S Corcoran	7 January 2002 ¹	12 months
M McGrath	10 March 2006 ²	12 months

¹ Stepped down from the Board on 27 January 2014.

² Stepped down from the Board on 5 December 2013.

The Chairman and Non-Executive Directors do not have contracts of service, but their terms are set out in letters of appointment. Appointments are subject to termination by three months' notice on either side. The letters of appointment, copies of which are available for inspection at the Company's registered office during normal business hours, specify an anticipated time commitment of 50 days per annum in relation to Ishbel Macpherson, 25 days per annum in relation to Michael Averill, 24 days in relation to James Morley and 21 days per annum in relation to Chris Masters. Relevant appointment letter and term dates of the Non-Executive Directors are set out as follows:

	Appointment letter date	Month of last election	Expected month of expiry of current term
I Macpherson	17 July 2007	July 2013	July 2016
M Averill	16 May 2008	July 2013	July 2016
J Morley	31 March 2009	July 2012	July 2015
C Masters	10 June 2011	July 2012	July 2015

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained.

The annual bonus potential would be limited to 100% of salary and grants under the PSP would be limited to 150% of salary (200% of salary in exceptional circumstances). In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Fee structure and quantum for Non-Executive Director appointments will be based on the prevailing Non-Executive Director fee policy.

Approach to leavers

No Executive Director has the benefit of provisions in his or her service contract for the payment of pre-determined compensation in the event of termination of employment. It has been the Committee's general policy that the service contracts of Executive Directors (none of which are for a fixed term) should provide for termination of employment by giving 12 months' notice or by making a payment of an amount equal to 12 months' basic salary and pension contributions in lieu of notice together with any accrued bonus entitlement. It is the Committee's policy that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. In determining amounts payable on termination, the Committee also considers, where it is able to do so, appropriate adjustments to take into account accelerated receipt and the Executive Director's duty to mitigate his loss. In addition, legal fees in connection with a departure may be payable. The service contracts of Mark Rogerson and Lynn Krige contain express provisions relating to their duty to mitigate their loss and for accelerated receipt in the event of termination.

Annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. However, in certain prescribed circumstances, such as death, ill-health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period actually served. However, the Remuneration Committee has discretion to determine that awards vest at cessation of employment.

External appointments

The Board allows Executive Directors to accept appropriate outside commercial Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. No Non-Executive Directorships in a listed company were held by the Executive Directors during the year and details of other appointments held by Executive Directors are set out in their biographies on pages 34 and 35.

Annual Report on Remuneration

Committee role and membership

The Remuneration Committee comprises three Non-Executive Directors: Michael Averill (Chairman), James Morley and Chris Masters. They are all considered by the Board to be independent. Biographies of the members of the Committee are set out on pages 34 and 35. Details of their membership of the Committee and attendance at the meetings during the year are as follows:

Names	Position	From	Meetings attended
M Averill	Committee Chairman	1 May 2008	8/8
J Morley	Non-Executive Director	2 April 2009	8/8
C Masters	Non-Executive Director	1 July 2011	6/8

At the invitation of the Chairman, the Chairman of the Board and the Chief Executive Officer may attend meetings of the Committee, except when their own remuneration is under consideration. No Director is involved in determining his or her own remuneration. The Company Secretary acts as the secretary to the Committee. The members of the Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Group's expense.

The Committee's duties include:

- > to make recommendations to the Board on the Group's framework and policy for the remuneration of the Chairman, Executive Directors, Company Secretary and senior executives;
- > to review and determine, on behalf of the Board, executive remuneration and incentive packages to ensure such packages are fair and reasonable;
- > to review Directors' expenses;
- > to determine the basis on which the employment of executives is terminated;
- > to design the Group's share incentive schemes and other performance-related pay schemes, and to operate and administer such schemes;
- > to determine whether awards made under performance-related and share incentive schemes should be made, the overall amount of the awards, the individual awards to executives and the performance targets to be used;
- > to ensure that no Director is involved in any decisions as to his/her own remuneration; and
- > to review regularly the ongoing appropriateness and effectiveness of all remuneration policies.

Remuneration report continued

During FY2014, the Committee reviewed the following matters at its meetings:

- > determination of FY2013 bonuses for the Executive Directors and senior managers;
- > determination of executive remuneration structure for FY2014;
- > interim and final progress of employee share plan performance measures against targets and consequent approval of any vesting of awards;
- > progress of bonus achievement for FY2014 executive bonuses;
- > 25 year long service awards for FY2014;
- > terms of reference for, and effectiveness of, the Committee;
- > ongoing appropriateness and effectiveness of remuneration and benefits policies;
- > performance of external remuneration advisers;
- > use of equity for employee share plans in relation to dilution headroom limits;
- > determining remuneration arrangements for Board level and senior management joiners and leavers;
- > implications of the proposed changes to executive remuneration published by the Department for Business, Innovation & Skills;
- > development of and consultation on remuneration policy and replacement share incentive schemes; and
- > design of executive remuneration structure for FY2015.

The Committee's terms of reference are published on the Group's website at www.speedyhire.plc.uk and are available in hard copy on application to the Company Secretary.

Advisers

During the year, the Committee received advice from New Bridge Street (part of Aon plc), an independent remuneration consultancy, in connection with remuneration matters including the provision of general guidance on market and best practice, the development of the Group's performance-related remuneration policy and the production of this report. New Bridge Street has no other connection or relationship with the Group, and provided no other services to the Group during FY2014. Fees paid to New Bridge Street for FY2014 totalled £26,549 in respect of advice provided to the Remuneration Committee and £27,900 in respect of the design and implementation of the Company's new share plans, for which shareholder approval is being sought at the forthcoming AGM (primarily the 2014 Speedy Hire Plc Performance Share Plan). The Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the operation of the 2004 Performance Share Plan, the Co-Investment Plan and the Sharesave (SAYE) Schemes.

Implementation of the Remuneration Policy for FY2015

The sections of the Annual Report on Remuneration that have been audited by KPMG LLP are page 58 from Non-Executive Directors to page 63 up to and including Directors' Interests in the Share Capital of the Company, but excluding paragraphs concerning Details of Long-Term Incentive Plan Awards Outstanding, Dilution, Percentage Change in Chief Executive Officer's Remuneration and Shareholder voting at AGM.

Base salary

Base salaries for each Executive Director are reviewed annually by the Committee, taking account of the Director's performance, experience and responsibilities. The Committee has regard to salary levels paid by UK listed companies: (i) which operate within the same broad business space as the Group and with which the Group competes for key talent; and (ii) with similar market capitalisation and geographic operations. This approach ensures that the best available benchmark data for each Director's specific position is obtained. It should be noted that comparative pay data is used carefully, recognising the risk of an upward ratchet in remuneration caused by over-reliance on such data which does not then correlate with any increase in performance. When determining Executive Directors' base salaries, the Committee also has regard to economic factors, remuneration trends and the general level of salary increases awarded throughout the Group. Current base salaries are as follows:

	1 April 2014 £000	1 April 2013 £000	% Increase
M Rogerson	£320,000	n/a	n/a
L Krige	£252,500	£250,000	1%

Mark Rogerson was appointed Chief Operating Officer on 2 December 2013 on a base salary of £260,000. Following his appointment to Chief Executive Officer on 27 January 2014, his salary was increased to £320,000. As explained last year, base salary increases for Executive Directors were to be staggered and contingent upon certain Group profit targets being met. A 1% salary increase was awarded to Lynn Krige in July 2013 although a possible further increase in October 2013 was not awarded as the relevant Group profit targets were not achieved.

Benefits in kind and pension

The Group operates a policy whereby Executive Directors and senior management are offered a car or cash alternative (as appropriate), health insurance, life cover, accommodation allowance (where appropriate) and pension contributions, or cash in lieu of pension contributions (further details of which are set out on page 59).

The Group does not operate a defined benefit pension scheme and has no plans to introduce such a scheme.

Performance-related annual bonus

The Committee's general policy continues to be that Executive Directors and senior managers in the Group should be included in some form of incentive scheme as soon as practicable after joining the Group.

For FY2015, the maximum bonus opportunity will continue to be limited to 100% of salary. The bonus opportunity will be split as follows: (i) 75% of the bonus was payable by reference to performance against a challenging range of adjusted profit before tax targets; and (ii) 25% was payable for performance against key strategic objectives.

Outstanding performance will be required for a maximum bonus to become payable, with no bonus payable unless a number of financial (i.e. adjusted profit before tax) and non-financial thresholds are achieved. A clawback provision will operate.

Long-Term Incentive Plans

As a result of the 2004 Performance Share Plan (PSP) and Co-Investment Plan (COIP) both reaching the end of their 10 year lives in 2014, the Company is seeking shareholder approval at the forthcoming AGM for a replacement plan.

Going forward, the Company is proposing to adopt a conventional long-term incentive arrangement (the '2014 Speedy Hire Plc Performance Share Plan' or the '2014 PSP') without any matching facility, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance conditions based on relative total shareholder return and earnings per share growth.

Remuneration report

continued

The key terms are as follows:

- > the PSP will have a normal maximum annual limit of 150% of basic salary, with a 200% of basic salary annual limit in exceptional circumstances (such as recruitment or retention). It is intended that the initial awards to Executive Directors will be limited to 100% of salary;
- > it is intended that awards will be structured as nil cost options and will normally be granted in June each year (although the initial awards will be granted shortly after the 2014 AGM), which will normally vest after three years subject to continued employment and performance targets;
- > 50% of awards to be granted in FY2015 will be subject to an EPS condition. 25% of this part of an award vests for EPS (before amortisation and exceptional costs) of 3.5 pence with full vesting of this part of an award for EPS of 4.5 pence. A sliding scale operates between these points;
- > 50% of awards to be granted in FY2015 will be subject to a total shareholder return ('TSR') condition based on the Group's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of an award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of an award for upper quartile performance. A sliding scale operates between these points;
- > in addition to the above, no part of the awards subject to the TSR conditions will vest unless the Committee is also satisfied that the TSR performance of the Group is reflective of the Group's underlying performance;
- > participants may benefit from the value of dividends paid over the vesting period (and holding period) to the extent that awards vest. This benefit is delivered in the form of cash or additional shares at the time that awards vest;
- > clawback provisions will operate; and
- > a two year post vesting holding period will be applied to the extent that awards granted to Executive Directors under the 2014 PSP vest.

Full details of the proposed 2014 PSP are set out in detail in the Notice of AGM.

Non-Executive Directors

Current fee levels for Non-Executive Directors are as follows:

	Role	Committee Chairman Role	Fee from 1 April 2014 £000	Fee from 1 April 2013 £000
I Macpherson	Chairman	Nomination	105	105
M Averill	Senior Independent Director	Remuneration	44.5	44.5
J Morley	Non-Executive Director	Audit	42	42
C Masters	Non-Executive Director	–	37	37

Directors' remuneration for FY2014

The emoluments of the Directors of the Company for the year under review were as follows:

	Financial year	Fees/basic salary £'000s	Benefits £'000s ²	Pension £'000s	Annual bonus £'000s ³	Value of long-term incentives £'000s ⁴	Total remuneration £'000s
M Rogerson ¹	2014	108	7	–	–	–	115
	2013	–	–	–	–	–	–
L Krige	2014	252	13	38	–	–	303
	2013	250	60	38	97	–	445
S Corcoran ¹	2014	298	13	42	–	354	707
	2013	355	15	51	132	–	553
M McGrath ¹	2014	165	10	25	–	229	429
	2013	220	12	34	32	–	298
I Macpherson	2014	105	–	–	–	–	105
	2013	105	–	–	–	–	105
M Averill	2014	45	–	–	–	–	45
	2013	41	–	–	–	–	41
J Morley	2014	42	–	–	–	–	42
	2013	41	–	–	–	–	41
C Masters	2014	37	–	–	–	–	37
	2013	34	–	–	–	–	34
Totals	2014	1,052	43	105	–	583	1,783
	2013	1,046	87	123	261	–	1,517

¹ M Rogerson was appointed to the Board as Chief Operating Officer on 2 December 2013 and was appointed Chief Executive Officer on 27 January 2014.

S Corcoran and M McGrath stepped down from the Board on 27 January 2014 and 5 December 2013 respectively.

² Taxable benefits comprise a car or cash alternative, health insurance, life insurance and a housing allowance for M Rogerson.

³ For FY2014 the maximum bonus opportunity for the Executive Directors was 100% of salary, with 85% of the opportunity based on adjusted profit before tax ('PBT') targets and 15% based on strategic objectives. Details of actual performance against targets is as follows:

Measure	Weighting	Threshold	Stretch	Result
Adjusted profit before tax	85%	£21.4m PBT	£24.7m PBT	0% of salary, as below threshold (max 85%)
Strategic targets	15%	Key personal indicators relating to strategic objectives of appropriate financing structures, control of central costs and effective systems improvements		0% of salary, as PBT threshold was not met (max 15%)
100%		Bonus achieved for FY2014		0% of salary

⁴ The PSP award granted on 24 June 2010 was based on performance to 23 June 2013. The vesting percentage was as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Total Shareholder Return	Relative TSR against the FTSE 250 (excluding investment trusts): 20% of an award vested at median increasing pro-rata to full vesting at the upper quartile.	67.6% TSR	115.6% TSR	104.8% TSR	82%

Remuneration report

continued

An underpin also applied to the primary TSR measure, under which the Committee could have reduced the number of shares that provisionally vest if the TSR performance was not considered to be truly representative of the Group's underlying performance over the performance period. When considering the Group's underlying performance, the Committee took account of performance against a range of targets, including operating cash flow, profit against targets, working capital management and share price progression. Based on the vesting percentage above and the Committee's view that the underpin was met, and the shares vested on 24 June 2013. Details of the shares under award and the value at vesting is as follows:

Executive	Number of shares at grant	Number of shares lapsed	Number of shares vested	Dividends on vested shares	Total vested shares	Value at vesting ¹ (£'000)
S Corcoran	769,977	138,057	631,920	15,144	647,064	354
M McGrath	498,220	89,331	408,889	9,799	418,688	229

¹ The share price at the date of vesting was 54.75 pence.

The PSP numbers presented for the FY2013 comparatives are based on the 2009 PSP awards which lapsed in full as a result of the threshold TSR target not being met.

Long-term incentive plan awards granted in the year

The final annual awards to Executive Directors under the 2004 Performance Share Plan and Co-Investment Plan were granted on 21 June 2013 and a joining award made to M Rogerson on 6 December 2013.

While the normal maximum annual limit under the 2004 Performance Share Plan was 100% of base salary, awards were granted at 85% of salary to recognise the challenging economic conditions facing the Company at that time, but also the need to continue to incentivise and retain key executives over the next three years. In addition to the Performance Share Plan awards, Executive Directors were given the opportunity to defer part or all of their annual bonuses into the Co-Investment Plan. As a result, L Krige received a matching award under the Co-Investment Plan over 171,042 shares following the commitment of £50,000 (pre tax) of her FY2013 annual bonus to purchase and defer Speedy Hire Plc shares. Details of the awards granted to Executive Directors in FY2014 are set out below:

	Scheme	Date of grant	Basis of award	Maximum shares under award	Share price at grant (pence)	Vesting period	Performance conditions
S Corcoran ¹	PSP	21/06/13	85% of salary	590,508	58	Awards were made in the form of options to acquire shares for an aggregate £1 exercise price for all the award shares, which are subject to continued service and performance conditions measured over three years from grant.	Relative TSR against the FTSE 250 (excluding investment trusts): 20% of an award will vest at median increasing pro-rata to full vesting at the upper quartile. An underpin also applies ² .
M McGrath ¹	PSP	21/06/13	85% of salary	365,949	58		
L Krige	PSP	21/06/13	85% of salary	415,851	58		
	COIP	21/06/13	2:1 matching award based on gross value of annual bonus invested	171,042	58		1:1 match earned if EPS growth is equal to CPI+7.5% p.a. increasing pro-rata to a 2:1 match if EPS growth is equal or greater than CPI+12.5% p.a.
M Rogerson	PSP	6/12/13	100% of salary	407,587	53.25		Relative TSR against the FTSE 250 (excluding investment trusts): 20% of an award will vest at median increasing pro-rata to full vesting at the upper quartile. An underpin also applies ² .

¹ See termination payments section below in respect of the treatment of PSP awards held by S Corcoran and M McGrath.

² The Committee may reduce the number of shares that provisionally vest if the TSR performance is not considered to be truly representative of the Group's underlying performance over the performance period. When considering the Group's underlying performance, the Committee will take account of performance against a range of targets, including operating cash flow, profit against targets, working capital management and share price progression.

Details of Long-Term Incentive Plan awards outstanding

Details of the Executive Directors' interests in share-based awards are as follows:

	Interest at 1 April 2013	Options/awards granted during the year	Options/awards exercised during the year	Options/awards lapsed during the year	Interest at 31 March 2014	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
S Corcoran							
SAYE 2010	26,400	–	(26,400)	–	–	21	Feb 2014 – July 2014
SAYE 2011	5,280	–	–	(5,280)	–	15	Feb 2015 – July 2015
SAYE 2012	4,764	–	–	(4,764)	–	27.2	Feb 2016 – July 2016
PSP 2010 ³	769,977	–	(631,920)	(138,057)	–	nil	Jun 2013 – Sep 2013
PSP 2011	785,219	–	–	(106,005)	679,214	nil	Jun 2014 – Sep 2014
PSP 2012	944,651	–	–	(439,074)	505,577	nil	Jun 2015 – Sep 2015
PSP 2013	–	590,508	–	(471,994)	118,514	nil	Jun 2016 – Sep 2016
Total	2,536,291	590,508	(658,320)	(1,165,174)	1,303,305		
L Krige							
SAYE 2012	14,294	–	–	–	14,294	27.2	Feb 2016 – July 2016
PSP 2011	399,575	–	–	–	399,575	nil	Jun 2014 – Sep 2014
PSP 2012	665,247	–	–	–	665,247	nil	Jun 2015 – Sep 2015
PSP 2013	–	415,851	–	–	415,851	nil	Jun 2016 – Sep 2016
COIP 2013 ⁴	–	171,042	–	–	171,042	nil	Jun 2016 – Sep 2016
Total	1,079,116	586,893	–	–	1,666,009		
M Rogerson							
PSP 2013	–	407,587	–	–	407,587	nil	Dec 2016 – Apr 2016
Total	–	407,587	–	–	407,587		
M McGrath							
SAYE 2009	9,012	–	–	(9,012)	–	29	Nov 2012 – April 2013
SAYE 2010	19,028	–	–	(19,028)	–	21	Feb 2014 – July 2014
SAYE 2011	4,320	–	–	(4,320)	–	15	Feb 2015 – July 2015
SAYE 2012	7,411	–	–	(7,411)	–	27.2	Feb 2016 – July 2016
PSP 2010 ³	498,220	–	(408,889)	(89,331)	–	nil	Jun 2013 – Sep 2013
PSP 2011	508,083	–	–	(508,083)	–	nil	Jun 2014 – Sep 2014
PSP 2012	585,417	–	–	(585,417)	–	nil	Jun 2015 – Sep 2015
PSP 2013	–	365,949	–	(365,949)	–	nil	Jun 2016 – Sep 2016
Total	1,631,491	365,949	(408,889)	(1,588,551)	–		

1 Performance Share Plan awards were granted as options to acquire shares for an aggregate £1 exercise price for all the award shares. No consideration was paid for the grant of these options.

2 The 2010, 2011, 2012 and 2013 Performance Share Plan awards were subject to a TSR-based performance condition measured over a three-year period beginning on 24 June 2010, 24 June 2011, 20 June 2012 and 21 June 2013 respectively. 20% of each award vests if the Company ranks at the median compared to the FTSE 250 (excluding investment trusts) measured over the three-year performance period, with full vesting at the upper quartile (and straight-line vesting between these points). An underpin also applies to this primary TSR measure, under which the Committee may reduce the number of shares that provisionally vest by reference to performance against the relative TSR condition if this performance is not considered to be truly representative of the Company's underlying performance over the performance period. When considering the Company's underlying performance, the Committee will take account of performance against a range of targets including operating cash flow, profit against targets, working capital management and share price progression.

3 On exercise of the 2010 Performance Share Plan awards, S Corcoran and M McGrath received dividend equivalent shares, the numbers of such shares being 15,144 and 9,799 respectively.

4 L Krige committed £50,000 of her annual bonus to purchase 45,008 shares through the Employee Benefit Trust for the purposes of the Co-Investment Plan. A matching share award over 171,042 shares was granted on 21 June 2013. 50% of these shares will vest for three year EPS growth of CPI+7.5% p.a. increasing to 100% vesting for EPS growth of CPI+12.5% p.a.

The market price of Speedy Hire Plc ordinary shares at 31 March 2014 was 59.50 pence and the range during the year was 46.75 pence to 82.50 pence per share.

Remuneration report

continued

Dilution

The Performance Share Plan, Co-Investment Plan and SAYE share option schemes provide that overall dilution through the issuance of new shares for employee share schemes should not exceed an amount equivalent to 10% of the Company's issued share capital over a ten year period. Within this 10% limit, dilution through the Performance Share Plan and Co-Investment Plan is limited to an amount equivalent to 5% of the Company's issued share capital over a ten year period. Both limits are in line with institutional shareholder guidelines.

The Committee monitors the position prior to making awards under these schemes to ensure that the Company remains within this limit. As at the date of this Report, 1.79% of the 5% limit and 3.49% of the 10% limit have been used.

Termination payments

On 27 January 2014, Steve Corcoran ceased to be a director and employee of Speedy Hire Plc. While Mr Corcoran's Service Agreement contained a 12 month notice period, it was agreed that he would receive a payment equating to six months' salary and benefits (£187,890) payable in monthly instalments and that the Company would make pension contributions monthly up to 31 July 2014 totalling £25,000. Such instalments and pension contributions will cease if Mr Corcoran obtains other work. In addition a payment of £12,000 was made, as a contribution to legal fees incurred by Steve Corcoran in connection with his departure. He will not be entitled to a bonus in respect of the 2014 financial year and outstanding Save As You Earn share options (other than the 2010 SAYE options, which were exercised on 1 February 2014) lapsed at cessation. Awards granted to him under Company's Performance Share Plan ('PSP') on 24 June 2011 (785,219 shares originally awarded), 20 June 2012 (944,651 shares originally awarded) and 21 June 2013 (590,508 shares originally awarded) will continue to vest on their normal vesting dates subject to the relevant performance conditions being met and a reduction for time pro-rating to reflect the proportion of the relevant vesting period worked.

Mike McGrath stepped down from the Board on 5 December 2013 and has now left the Company. No termination payment has been made, he is not be eligible to receive any annual bonus payment for the year ending 31 March 2014 and all of his share awards lapsed at cessation of employment.

Share ownership guidelines

Executive Directors are expected to build and maintain a shareholding of 100% of salary. Lynn Krige joined the Board in September 2011 and Mark Rogerson joined in December 2013 and do not currently meet this level due to being relatively recent appointments. During FY2014 Lynn Krige increased her level of share ownership from circa 8% to approximately 18% of her salary.

Percentage change in Chief Executive Officer's remuneration

The table below shows the percentage change in the Chief Executive Officer's total remuneration (excluding the value of any long-term incentives and pension benefits receivable in the year) between FY2013 and FY2014 compared to that of the average for all UK & Ireland based employees of the Group.

	% Change from FY2013 to FY2014		
	Salary	Benefits	Bonus
Chief Executive Officer ¹	0.7%	4.5%	-100%
Average Employees	2.5%	36% ²	-51%

1 S Corcoran was the Chief Executive Officer from April 2005 until 27 January 2014 and the above figures are based on his remuneration. M Rogerson was appointed Chief Executive Officer on 27 January 2014.

2 This increase is largely as a result of auto enrolment which took place during FY2014.

Shareholder voting at AGM

At last year's AGM (2013) the Directors' Remuneration Report received the following votes from shareholders:

	Total number of votes	% of votes cast
For	336,401,842	97.8
Against	7,648,050	2.2
Total votes cast (for and against)	344,049,892	100
Votes withheld*	54,651	n/a
Total votes cast (including a withheld votes)	344,104,543	

* A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Directors' interests in the share capital of the Company

The interests of the Directors (all of which were beneficial), who held office during FY2014, are set out in the table below:

	Legally owned		PSP & CIOP Awards		Sharesave	Total	% of salary under share ownership guideline (met?) (100% of salary)
	31 March 2013	31 March 2014	Unvested	Vested		31 March 2014	
M Rogerson	–	–	407,587	–	–	407,587	0% (No)
L Krige	95,400	140,408 ³	1,651,715	–	14,294	1,806,417	18% (No)
S Corcoran ¹	2,306,423	2,306,423	1,303,305	–	–	3,609,728	(n/a)
M McGrath ²	1,291,500	1,291,500	–	–	–	1,291,500	(n/a)
I Macpherson	216,940	216,940	–	–	–	216,940	(n/a)
M Averill	87,349	88,996	–	–	–	88,996	(n/a)
J Morley	165,000	165,000	–	–	–	165,000	(n/a)
C Masters	175,000	175,000	–	–	–	175,000	(n/a)

1 As at 27 January 2014, the date S Corcoran stepped down as a director.

2 As at 5 December 2013, the date M McGrath stepped down as a director.

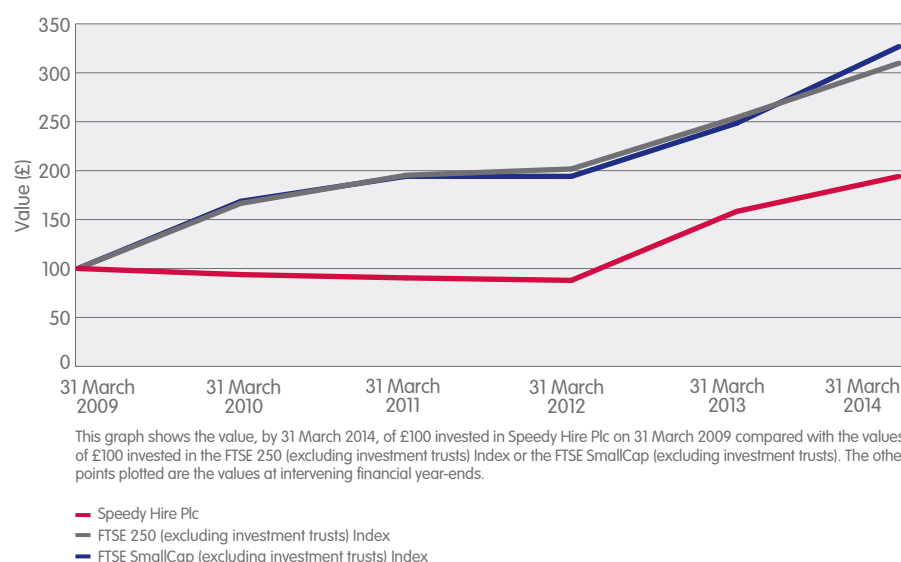
3 This amount includes 45,008 shares deferred into the Company's co-investment plan from L Krige's FY2013 bonus payment.

There have been no changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2014 and the date of this report.

Comparison of overall performance and pay

The chart below presents the total shareholder return for Speedy Hire Plc compared to that of the FTSE 250 and FTSE SmallCap (both excluding investment trusts). The values indicated in the graph show the share price growth plus reinvested dividends over a five year period from a £100 hypothetical holding of ordinary shares in Speedy Hire Plc and in the index.

Shareholder return chart



Remuneration report

continued

The total remuneration figures for the Chief Executive during each of the last five financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance (FY2010 to FY2014) and PSP awards based on three year performance periods ending just after the relevant year end. The annual bonus payout and PSP vesting level, as a percentage of the maximum opportunity are also shown for each of these years.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014
	S Corcoran*				M Rogerson*	
Total remuneration	£419	£423	£421	£553	£707	£115
Annual bonus (% of max)	–	–	–	37%	–	–
LTIP vesting (% of max)	–	–	–	–	82%	–

* S Corcoran stepped down as Chief Executive Officer on 27 January 2014 while M Rogerson was promoted to Chief Executive Officer on the same date.

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends.

	2013	2014	% change
Staff costs (£'m)	102.5	102.7	0.2
Dividends (£'m)	2.7	3.1	15

£1.2m of the staff costs figures relate to pay for the Executive Directors. This is different to the aggregate of the single figures for the year under review due to the way in which the share based awards are accounted for. The dividends figures relate to amounts payable in respect of the relevant financial year.

This report was approved by the Board on 12 May 2014.

Michael Averill

Chairman of the Remuneration Committee

Independent auditor's report

to the members of Speedy Hire Plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Speedy Hire Plc for the year ended 31 March 2014 set out on pages 70 to 106. In our opinion:

- > the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- > the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- > the parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit were as follows:

Potential for an impairment of goodwill, other intangible assets and property, plant and equipment (£51.3m)

Refer to page 44 (Audit Committee statement), page 79 (accounting policy) and pages 88 and 89 (financial disclosures).

- > **The risk** – In previous years, the market capitalisation of the Group has been below the net asset value attributable to shareholders. The performance of the Group is strongly influenced by the performance of the UK's construction and infrastructure sectors. In the current and recent years, the UK construction market has been depressed due to the global economic recession. As such there is a risk that the carrying amount of the Group's goodwill, other intangible assets and property, plant and equipment needs to be impaired. The Directors prepare a Net Present Value (NPV) calculation and compare this amount to the carrying value. If the discounted future cash flows are below the carrying value then an impairment may be required. In preparing the NPV calculation the Directors make appropriate judgments over certain key inputs, for example, discount rate, long-term growth rate and inflation rates. Due to the significant amount of goodwill, other intangible assets and property, plant and equipment, and the high level of judgment involved, this area is one of the areas that our audit is concentrated on.

- > **Our response** – As detailed in note 12 of the financial statements, the Group's two cash generating units (CGU's) are the UK & Ireland and International. Our audit procedures included, among others, detailed testing of the Directors' impairment assessment for each CGU performed at the year end. We obtained the discounted cash flow models and performed procedures over the accuracy of calculation of the NPV derived using each model. Certain of the key inputs, specifically revenue growth, discount rate, cost inflation, working capital assumptions and the timing of capital expenditure, all require significant estimation and judgement in their selection, and can have a significant impact on the derived NPV. For these key inputs we critically assessed the reasonableness of the Directors' assumptions by reference to internal and external data and performed sensitivity analysis in respect of the key assumptions, for example by looking at the discount rate at which an impairment would arise. We utilised our own valuation specialists, particularly around the appropriateness of the discount rate applied by the Directors. We evaluated the adequacy of the Group's disclosures (see note 12) in respect of impairment testing, including whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuations.

Existence and valuation of Hire Equipment (£225.5m)

Refer to page 44 (Audit Committee statement), page 76 (accounting policy) and page 90 (financial disclosures).

- > **The risk** – Hire Equipment represents the most significant account, by amount, on the balance sheet. Given that there are more than 3.5 million assets, and there is a high frequency of movement in individual assets (through asset purchases, hires and disposals), there is inherent difficulty in maintaining an accurate fixed assets register. In addition there is a high level of judgement involved in selecting and applying accounting policies to Hire Equipment. Judgement is applied by the UK Asset Team in, for example, the estimation of useful economic lives, the residual values and determining whether repair work carried out to assets has extended their useful economic life.
- > **Our response** – In this area our audit procedures included, among others, the identification and testing of the operating effectiveness of key controls in respect of the existence and valuation of Hire Equipment, such as the authorisation of additions, the use of unique asset identification numbers, the authorisation by the UK Asset Team of repair work deemed to be capital in nature and the reconciliation of the fixed asset register to the accounting ledgers.

As a test of control we attended a number of the Hire Equipment asset counts and performed test counts ourselves in order to ensure the accuracy of the counting performed, and therefore the existence of the assets. Following attendance at these counts we tested, for a sample of items, that the records from the counts had been accurately transferred to the fixed asset register.

Independent auditor's report

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continued

We also selected a sample of significant assets acquired during the year and agreed the amounts recorded on the asset register to third party evidence such as the invoice from the supplier. Using data analysis we recalculated the depreciation included in the fixed asset register for the current year to ensure its accuracy.

In relation to the judgmental areas noted above we challenged, for a sample of items, the judgments made by the fixed asset team by comparing asset's useful economic lives and residual values to external data such as second-hand asset values and industry norms. We also tested, for a sample of items, whether the process to determine whether repair work had extended the useful economic life of an asset had been followed.

We have evaluated the adequacy of the Group's disclosures (see Notes 1 and 14) in respect of the judgements and estimates involved in arriving at the valuation of Hire Equipment.

Carrying amount of trade receivables (£86.3m)

Refer to page 44 (Audit Committee statement), page 79 (accounting policy) and page 91 (financial disclosures).

> **The risk** – The Group trades with a large number of customers, across a number of sectors and is exposed to the risk of non-recoverability of trade receivables. Within the UK, a number of the Group's customers operate in the construction market, which due to the economic climate may result in an increased risk of non-recoverability of trade receivables. The growth in the International business and the expansion of the Group's customer base in the Middle East has also increased the risk associated with the recoverability of trade receivables as longer payment terms are given in those jurisdictions which could delay the identification of irrecoverable trade receivables. Given the judgement involved in assessing the appropriate level of provision required against trade receivables, this is an area that our audit is concentrated on.

> **Our response** – In this area our audit procedures included, among others, the identification and testing of the operating effectiveness of key controls in respect of the valuation of trade receivables, such as credit control procedures and the consistent application of the Group's bad debt provisioning policy.

Our audit testing concentrated on those receivables perceived to be at a higher risk of non-recoverability based on the value and age of the receivable, or other factors such as the financial position of the customers. For these receivables we obtained a detailed understanding of the payment status of the receivable balance and the customer's likelihood of payment. We challenged Management on the appropriateness of the provisions recorded against these receivables and analysed the level of cash receipts received post year-end. We communicated to our overseas component teams that the recoverability of trade receivables was a significant risk and they performed similar audit procedures on the International entities taking into account their local knowledge of industry payment terms in those countries.

We have evaluated the adequacy of the Group's disclosures (see Notes 16 and 18) about the degree of estimation involved in arriving at the carrying amount of the trade receivables balance.

Accounting irregularities in International division

Refer to pages 43 and 44 (Audit Committee statement) and pages 99 and 100 (financial disclosures).

> **The risk** – During FY2014 accounting irregularities were discovered by the Board in the International Division (these are explained in detail in the Audit Committee statement on pages 43 and 44). Following a detailed investigation by the Group Finance Team and Internal Audit, along with a forensic accounting and legal investigation by external specialists, the Board concluded that the impact of the accounting irregularities on the Group accounts is £4.8m, before costs, and that £2.7m of this relates to FY2014 with the remaining £2.1m relating to FY2013 (£1.5m) and FY2012 (£0.6m).

The Board has applied its judgement to determine the correct financial reporting treatment for these amounts in the current and prior periods as well as the appropriate disclosures in accordance with applicable accounting standards. There is also the risk that the amounts identified as resulting from these irregularities are inaccurate and / or incomplete.

> **Our response – Financial reporting of accounting irregularities**

– Our procedures included, amongst others, assessing the accuracy and completeness of the amounts identified relating to the accounting irregularities. As part of this we have evaluated the independence, skills and expertise of the external specialists, inspected the findings in their reports, agreed significant elements of the FY2012 and FY2013 adjustments to supporting documentation and critically assessed the recoverability of the closing trade receivables position in the International Division as at 31 March 2014 as part of our procedures to ensure the completeness of the amounts identified relating to the accounting irregularities.

We considered whether the financial reporting treatment of the accounting irregularities is consistent with the applicable accounting standards. Particularly for those amounts which were judgmental by their nature, we challenged management on the basis on which they allocated items to the financial years concerned.

We have considered the adequacy of the Group's disclosures of the prior-period adjustments.

Re-assessment of fraud risk to the Group and our audit procedures

As part of our re-assessment of the risk to the Group, we have, among other procedures, made detailed inquiries of the Group Finance Director, Group Financial Controller, Internal Audit department and the General Counsel as to how the accounting irregularities occurred and their work to quantify the amounts relating to these irregularities.

Internal Audit has identified controls that exist in the UK, where 92% of the Group's revenue is generated which they believe would have prevented such accounting irregularities occurring had they been present in the International division. We have assessed the controls identified in the UK, particularly in relation to segregation of duties, and then tested them for operating effectiveness during FY2014.

In addition we have performed further procedures to identify any material misstatement in the financial statements due to fraud.

- > We assessed the Group Finance Director's own assessment of the risk of a material error due to the fraud in the FY2014 Group financial statements and we have inspected the Board's process for identifying and responding to risks of fraud and their communications to employees in this regard.
- > We inspected all Internal Audit reports during FY2014 and discussed the significant findings with the Head of Internal Audit. Specifically we have inquired of the Head of Internal Audit as to whether he is aware of any other instances of fraud during FY2014, and if he is aware of any management override of controls during FY2014.
- > For all manual journals impacting profit above 75% of our materiality threshold we agreed them to supporting documentation to ensure they were valid entries to make to the financial statements.

We lowered our materiality threshold in performing our audit testing around those areas principally impacted by the accounting irregularities – revenue, fixed assets, inventories and trade receivables – and consequently our work done was increased to reflect our re-assessment of the risks inherent in the Group. We liaised closely with the component auditors in the UAE who performed the majority of the substantive procedures on the amounts relating to the accounting irregularities. Their work was performed to a materiality threshold of £400,000 as noted in section 3.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £1.5 million. This is lower than in previous years principally due to the accounting irregularities identified during the year. This has been determined with reference to a benchmark of Group revenue (of which it represents 0.44%) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the Group.

We agreed with the Audit Committee to report to them all corrected and uncorrected misstatements identified through our audit with a value in excess of £75,000, in addition to other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Audits for group reporting purposes were performed by component auditors for the International division covering the following subsidiaries which have significant operations: UAE, Oman, Qatar and the UK Leasing Company. The audits were performed to the local materiality levels set individually for each component and agreed with the Group audit team. These materiality levels ranged from £400,000 to £512,400.

Detailed audit instructions were sent to all the auditors of these subsidiaries. These instructions detailed the significant audit areas that should be covered by these audits (which included the relevant risks of accounting irregularities detailed above) and set out the information required to be reported to the Group audit team. Telephone meetings were also held with the auditors at these locations during the audit planning stage and at the conclusion of the audit fieldwork.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

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

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- > we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- > the Audit Committee report on pages 42 to 46 does not appropriately address matters communicated by us to the Audit Committee.

Independent auditor's report

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

- > adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- > certain disclosures of directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- > the directors' statement, set out on page 75, in relation to going concern; and
- > the part of the Corporate Governance Statement on pages 36 to 41 relating to the company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Nicola Quayle (Senior Statutory Auditor) for and on behalf of KPMG LLP

Chartered Accountants
St. James' Square
Manchester
M2 6DS

12 May 2014

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Consolidated income statement

For the year ended 31 March 2014

		Year ended 31 March 2014			Year ended 31 March 2013 Restated*
	Note	Before exceptional items £m	Exceptional items £m	Total £m	£m
Total revenue		350.3	–	350.3	340.0
Less: share of jointly controlled entities' revenue		(0.6)	–	(0.6)	–
Revenue	2	349.7	–	349.7	340.0
Cost of sales		(135.1)	–	(135.1)	(117.0)
Gross profit		214.6	–	214.6	223.0
Distribution costs		(35.7)	–	(35.7)	(35.4)
Administrative expenses		(159.7)	(4.7)	(164.4)	(168.7)
Analysis of operating profit					
Operating profit before amortisation and exceptional items		22.1	–	22.1	22.9
Amortisation		(2.9)	–	(2.9)	(4.0)
Exceptional costs	3	–	(4.7)	(4.7)	–
Operating profit		19.2	(4.7)	14.5	18.9
Share of results of jointly controlled entities		(0.1)	–	(0.1)	–
Profit from operations		19.1	(4.7)	14.4	18.9
Financial expense	7	(7.4)	–	(7.4)	(7.6)
Profit before taxation		11.7	(4.7)	7.0	11.3
Taxation	8	(3.8)	0.8	(3.0)	(4.1)
Profit for the financial year		7.9	(3.9)	4.0	7.2
Attributable to:					
Equity holders of the Company				4.0	7.2
Earnings per share					
– Basic (pence)	9			0.78	1.41
– Diluted (pence)	9			0.76	1.39
Non-GAAP performance measures					
EBITDA before exceptional costs	11	68.7			72.0
Profit before tax, amortisation and exceptional costs	11	14.6			15.3
Adjusted earnings per share (pence)	9	2.05			2.08

* See note 26.

Consolidated statement of comprehensive income

For the year ended 31 March 2014

	2014 £m	2013 Restated* £m
Profit for the financial year	4.0	7.2
Other comprehensive income/(loss) that may be reclassified subsequently to the Income Statement:		
– Effective portion of change in fair value of cash flow hedges	0.5	0.1
– Exchange difference on translation of foreign operations	1.4	(0.3)
Other comprehensive income, net of tax	1.9	(0.2)
Total comprehensive income for the financial year	5.9	7.0
Attributable to equity holders of the Company	5.9	7.0

* See note 26.

Consolidated balance sheet

At 31 March 2014

	Note	31 March 2014 £m	31 March 2013 Restated* £m	1 April 2012 Restated* £m
ASSETS				
Non-current assets				
Intangible assets	12	51.3	54.2	58.0
Investment in jointly controlled entities	13	4.0	–	–
		55.3	54.2	58.0
Property, plant and equipment				
Hire equipment	14	225.5	214.2	210.3
Non-hire equipment	14	29.6	27.5	30.7
		310.4	295.9	299.0
Current assets				
Inventories	15	11.8	12.9	12.8
Trade and other receivables	16	93.4	83.1	87.1
Cash	19	2.6	0.2	0.2
		107.8	96.2	100.1
Total assets		418.2	392.1	399.1
LIABILITIES				
Current liabilities				
Borrowings	19	–	(0.1)	(0.2)
Other financial liabilities	18	(0.1)	(0.6)	(0.7)
Trade and other payables	17	(76.8)	(67.8)	(77.6)
Provisions	20	(1.1)	(1.2)	(2.3)
Current tax liabilities		(2.7)	(3.8)	(0.3)
		(80.7)	(73.5)	(81.1)
Non-current liabilities				
Borrowings	19	(87.0)	(72.5)	(76.3)
Trade and other payables	17	(1.2)	–	–
Provisions	20	(1.3)	(0.6)	(2.2)
Deferred tax liabilities	21	(8.7)	(10.6)	(10.6)
		(98.2)	(83.7)	(89.1)
Total liabilities		(178.9)	(157.2)	(170.2)
Net assets		239.3	234.9	228.9
EQUITY				
Share capital	22	26.0	25.9	25.9
Share premium		190.9	190.5	190.2
Merger reserve		1.0	1.0	1.0
Hedging reserve		(0.4)	(0.9)	(1.0)
Translation reserve		0.8	(0.6)	(0.3)
Retained earnings		21.0	19.0	13.1
Total equity attributable to equity holders of the Company		239.3	234.9	228.9

* See note 26.

The Financial Statements on pages 70 to 100 were approved by the Board of Directors on 12 May 2014 and were signed on its behalf by:

Mark Rogerson
Director

Lynn Krige
Director

Company registered number: 927680

Consolidated statement of changes in equity

For the year ended 31 March 2014

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2012 (as previously reported)	25.9	190.2	1.0	(1.0)	(0.3)	13.7	229.5
Impact of accounting mis-statement ²	–	–	–	–	–	(0.6)	(0.6)
At 1 April 2012 (restated ²)	25.9	190.2	1.0	(1.0)	(0.3)	13.1	228.9
Total comprehensive income ¹ (restated ²)	–	–	–	0.1	(0.3)	7.2	7.0
Dividends	–	–	–	–	–	(2.5)	(2.5)
Tax on items taken directly to equity	–	–	–	–	–	0.3	0.3
Equity-settled share-based payments	–	–	–	–	–	0.9	0.9
Issue of shares under the Sharesave Scheme	–	0.3	–	–	–	–	0.3
At 31 March 2013 (restated ²)	25.9	190.5	1.0	(0.9)	(0.6)	19.0	234.9
Total comprehensive income ¹	–	–	–	0.5	1.4	4.0	5.9
Dividends	–	–	–	–	–	(2.9)	(2.9)
Tax on items taken directly to equity	–	–	–	–	–	0.2	0.2
Equity-settled share-based payments	–	–	–	–	–	0.7	0.7
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	–	0.5
At 31 March 2014	26.0	190.9	1.0	(0.4)	0.8	21.0	239.3

1 From consolidated statement of comprehensive income.

2 See note 26.

Consolidated cash flow statement

For the year ended 31 March 2014

	Note	2014 £m	2013 Restated* £m
Cash generated from operations before changes in hire fleet	24	63.8	63.6
Purchase of hire equipment		(65.8)	(58.6)
Proceeds from sale of hire equipment		18.7	19.5
Cash generated from operations		16.7	24.5
Interest paid		(6.1)	(6.3)
Tax paid		(5.8)	(0.3)
Net cash flow from operating activities		4.8	17.9
Cash flow to investing activities			
Purchase of non-hire property, plant and equipment		(10.7)	(10.8)
Disposal of other property, plant and equipment		–	0.8
Acquisition of business	25	–	(0.4)
Investment in jointly controlled entities	13	(2.3)	–
Net cash flow to investing activities		(13.0)	(10.4)
Net cash flow before financing activities		(8.2)	7.5
Cash flow from/(to) financing activities			
Repayment of asset-based revolving credit facility		–	(5.2)
Proceeds from asset-based revolving credit facility		13.1	–
Proceeds from the issue of Sharesave Scheme shares		0.5	0.3
Dividends paid		(2.9)	(2.5)
Net cash flow from/(to) financing activities		10.7	(7.4)
Increase in cash		2.5	0.1
Cash/(overdraft) at the start of the financial year		0.1	–
Cash at the end of the financial year		2.6	0.1
Analysis of cash			
Cash		2.6	0.2
Bank overdraft		–	(0.1)
		2.6	0.1

* See note 26.

Notes to the Financial Statements

1 Accounting policies

Speedy Hire Plc is a company incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated and parent company Financial Statements were approved by the Board of Directors on 12 May 2014.

Statement of compliance

Both the Group and parent company Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

Basis of preparation

The Financial Statements are prepared on the historical cost basis except that derivative financial instruments are held at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review above. In addition, note 18 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and market risk.

The Group signed a £220m asset-based revolving credit facility ('the Facility') on 30 June 2011, which, following an extension agreed during the year ended 31 March 2013, matures in August 2015 and has no prior scheduled repayment requirements. It is the Group's intention that the Facility will be refinanced or extended during the next 12 months.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared cash flow projections for the period to September 2015 which show that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the Facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are 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. The financial statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated Financial Statements.

(b) Joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes economic activity that is subject to joint control with third parties. The Group's interests in jointly controlled entities are accounted for using the equity method. Under this method, the Group's share of the profit less losses of jointly controlled entities is included in the income statement and its interest in their net assets is included in investments in the consolidated balance sheet. The Group's interest in the entity is the carrying amount of the investment together with any long-term loan balances and interest that, in substance, form part of the net investment in the entity.

Notes to the Financial Statements

continued

1 Accounting policies continued

New accounting standards and accounting standards not yet effective

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board became effective during the year, but have no material effect on the Group's Financial Statements:

- > IFRS13 – Fair Value Measurement
- > Amendments to IFRS7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- > Amendments to IAS32 – Offsetting Financial Assets and Financial Liabilities
- > Amendments to IAS12 – Deferred Tax: Recovery of Underlying Assets

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations which have been endorsed by the EU at 31 March 2014 with an effective date of implementation after the date of these Financial Statements:

International Accounting Standards (IAS/IFRSs)		Effective date (periods beginning on or after)
IFRS10 (revised)	Consolidated Financial Statements	1 January 2014
IFRS11 (revised)	Joint Arrangements	1 January 2014
IFRS12 (revised)	Disclosure of Interests in Other Entities	1 January 2014
IAS27 (revised)	Separate Financial Statements (2011)	1 January 2014
IAS28 (revised)	Investments in Associates and Joint Ventures (2011)	1 January 2014

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's Financial Statements in the period of initial application.

Revenue

Revenue is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised in the income statement on a straight-line basis over the period of the hire.

Revenue arising from the sale of ex-hire fleet assets, fuel and consumables is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue arising from services is recognised in the income statement when the service is performed.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and refurbishments to assets where the refurbishment extends the asset's useful economic life.

Depreciation of property, plant and equipment is charged to the income statement so as to write off the cost of the assets over their estimated useful economic lives after taking account of estimated residual values. Residual values and estimated useful economic lives are reassessed annually. Land is not depreciated. Hire equipment assets are depreciated so as to write them down to their residual value over their normal working lives which range from three to ten years depending on the category of the asset.

The principal rates and methods of depreciation used are as follows:

- > **Hire equipment**
 - > Tools and general equipment – between three and seven years straight-line
 - > Access equipment – five to ten years straight-line
 - > Surveying equipment – five years straight-line
 - > Power equipment – between five and ten years straight-line
- > **Non-hire assets**
 - > Freehold buildings, and long leasehold improvements – over the shorter of the lease period and 50 years straight-line
 - > Short leasehold property improvements – over the period of the lease
 - > Fixtures and fittings and office equipment (excluding IT) – 25%–45% per annum reducing balance
 - > IT equipment and software – between three and five years straight-line, or over the period of the software licence (if shorter)
 - > Motor vehicles – 25% per annum reducing balance

Planned disposals of hire equipment are transferred, at net book value, to inventory prior to sale.

1 Accounting policies continued

Start-up expenses and lease incentives

Legal and start-up expenses incurred in respect of new hire depots are written off as incurred.

Premiums paid or incentives received (including rent-free periods extending beyond a depot's opening date) on the acquisition of trading locations are written off over the period of the lease.

Leases

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. These assets are included in the balance sheet at the lower of the fair value or present value of minimum lease payments at inception and are depreciated accordingly. The capital element of the corresponding financing commitments is included in the balance sheet.

Lease payments in respect of finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and costs

Financing costs comprise interest payable on borrowings, and gains and losses on financial instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest rate.

Interest payable on borrowings includes a charge in respect of attributable transaction costs, which are recognised in the income statement over the period of the borrowings on an effective interest basis. The interest expense component of finance lease payments is recognised in the income statement using the lease's implicit interest rate.

Income tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised 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 following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities affecting neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

IAS12, Income Taxes does not require all temporary differences to be provided for. In particular, the Group does not provide for deferred tax on undistributed earnings of subsidiaries where the Group is able to control the timing of the distribution and the temporary difference created is not expected to reverse in the foreseeable future.

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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

continued

1 Accounting policies continued

Segment reporting

The Group determines and presents operating segments based on the information that is provided internally to the Group Board, which is the Group's 'chief operating decision-maker'.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group Board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Intangible assets

As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after 1 April 2004. In respect of acquisitions prior to 1 April 2004, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP, less subsequent impairments.

> Goodwill

All business combinations are accounted for by applying the purchase method. In respect of acquisitions since 1 April 2004 and before 1 April 2010, goodwill represents the difference between the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For acquisitions on or after 1 April 2010, the Group measures goodwill at the acquisition date as: the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Goodwill is stated after any accumulated impairment losses, and is included as an intangible asset. It is allocated to cash-generating units and is tested annually for impairment and at each reporting date to the extent that there are any indicators of impairment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

> Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (note 12).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

> Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of identified intangible assets. Intangible assets excluding goodwill are amortised from the date that they are available for use. For a number of its acquisitions, the Group has identified intangible assets in respect of sole supply contracts, customer lists, brands and non-compete agreements. The values of these intangibles are recognised as part of the identifiable assets, liabilities and contingent liabilities acquired. The useful lives are estimated as follows:

Sole supply contracts	– over the unexpired period of the contracts, up to five years
Customer lists	– over the period of agreement, up to ten years
Brand	– over the period of use in the business, up to four years
Non-compete agreements	– over the period of the agreement, up to five years

1 Accounting policies continued

Impairments

The carrying amounts of the Group's non-financial assets, other than inventory and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated, being the higher of net realisable value and value in use, and if there is an impairment loss then this loss is recognised such that the carrying amount is reduced accordingly.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis.

Own shares held by Employee Benefits Trust

Transactions of the Company-sponsored Employee Benefits Trust are treated as being those of the Company and are therefore reflected in the Company and Group Financial Statements. In particular, the Trust's purchases of shares in the Company are debited directly to equity.

Inventories

Inventories are stated at the lower of cost and net realisable value using FIFO, or, in the case of ex-hire equipment assets, at the lower of cost less accumulated depreciation and impairment at the date of transfer to inventory or net realisable value. Cost comprises direct materials and, where appropriate, overheads that have been incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes; however derivatives that do not qualify for hedge accounting are accounted for as trading instruments and the movement in fair value is recognised in the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument expires, no longer meets the criteria for hedge accounting, is sold, is terminated or is exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Intra-Group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its 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.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight deposits.

Interest-bearing borrowings

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 period of the borrowings on an effective interest basis.

Notes to the Financial Statements

continued

1 Accounting policies continued

Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement.

Assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The results of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the period. Exchange differences resulting from the translation of the results and balances of overseas subsidiary undertakings are charged or credited directly to the foreign currency translation reserve. Such translation differences become recognised in the income statement in the period in which the subsidiary undertaking is disposed.

Employee benefits

> Pension schemes

The Group has automatically enrolled all UK employees in a defined contribution pension plan and makes contributions to personal pension schemes for these UK employees and certain other non-UK employees. Obligations for contributions to these defined contribution pension plans are recognised as an expense in the income statement as incurred.

> Share-based payment transactions

The Group operates a number of schemes which allow certain employees to acquire shares in the Company, including the Performance Plan, the Co-investment Plan, and the all-employee Sharesave Schemes. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured, using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to total shareholder return not achieving the threshold for vesting. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no 'true-up' for differences between expected and actual outcomes.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, the obligation can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to give a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items include the restructuring of business activities.

Significant judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following accounting policies are limited to those items that would be most likely to produce materially different results were we to change the underlying judgements, estimates and assumptions.

The following are judgements, apart from those involving estimations, that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

1 Accounting policies continued

Significant judgements and estimates continued

Whether an investment is a subsidiary or associate

Judgement is applied with regards to the consolidation of Speedy International Asset Services Equipment Rental LLC (UAE) and Speedy International Asset Services LLC (Qatar) as although the Group holds less than half of the voting rights, at 49% in each company, it is able to govern the financial and operating policies and the Group therefore consolidates the company.

The following are key assumptions concerning the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

In relation to the Group's property, plant and equipment (note 14), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2014, the carrying value of hire equipment was £225.5m (2013: £214.2m (restated – see note 26)) representing 88.4% (2013: 88.6%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2014 was £38.2m (2013: £36.0m), which represents 10.0% (2013: 9.5%) of the average original cost of hire equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Onerous lease provision

The Group has a number of properties which are leased but no longer occupied. The future cost of these ongoing lease obligations is provided for by way of an onerous property contract provision (see note 20), and at 31 March 2014 the amount provided was £2.4m (2013: £1.8m). In determining the level of provision required, the Group assesses the likelihood of mitigating future lease costs as a result of break clauses in leases, or the likelihood of sub-letting the property to third parties. In doing so, the Group obtains external professional advice where the amounts involved are material.

Impairment

Goodwill is reviewed annually to assess the requirement for impairment; at 31 March 2014 goodwill was £44.3m (2013: £44.3m). Other intangible assets totalled £7.0m at 31 March 2014 (2013: £9.9m) and are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the carrying value of such assets is not supportable. Impairment testing on goodwill is carried out in accordance with the analyses described in note 12. Such calculations require assumptions relating to the appropriate discount factors and long-term growth prevalent in particular markets as well as short-term business performance. The Directors draw upon experience as well as external resources in making these assumptions. In the year to 31 March 2014, an impairment review was undertaken in respect of intangible assets and property, plant and equipment, applying the basis and key assumptions set out in note 12.

Bad debt provision

The Group monitors the risk profile of debtors regularly and makes a provision for amounts that may not be recoverable. When a trade receivable is not collectable it is written off against the bad debt provision. At 31 March 2014, the provision for bad debt was £3.9m (2013: £3.0m (restated – see note 26)) against a total debtor book of £91.6m (2013: £82.6m (restated – see note 26)).

Notes to the Financial Statements

continued

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker' (CODM). UK & Ireland Asset Services delivers asset management, with tailored services and a continued commitment to relationship management. International Asset Services delivers major overseas projects and facilities management contracts by providing a managed site support service.

For the year ended 31 March 2014	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue	328.1	21.6	–	349.7
Segment result:				
EBITDA before exceptional costs	73.3	0.8	(5.4)	68.7
Amortisation	(2.9)	–	–	(2.9)
Depreciation	(40.6)	(5.1)	(0.9)	(46.6)
Exceptional restructuring costs	(2.4)	(0.7)	(1.6)	(4.7)
Operating profit/(loss)	27.4	(5.0)	(7.9)	14.5
Share of results of jointly controlled entities	–	(0.1)	–	(0.1)
Trading profit/(loss)	27.4	(5.1)	(7.9)	14.4
Financial expense				(7.4)
Profit before tax				7.0
Taxation				(3.0)
Profit for the financial year				4.0
Intangible assets	51.3	–	–	51.3
Investment in jointly controlled entities	–	4.0	–	4.0
Hire equipment	192.3	33.2	–	225.5
Non-hire equipment	28.7	0.9	–	29.6
Current assets	93.9	10.7	0.6	105.2
Cash	–	–	2.6	2.6
Total assets	366.2	48.8	3.2	418.2
Liabilities	(68.8)	(8.7)	(3.0)	(80.5)
Borrowings	–	–	(87.0)	(87.0)
Taxation liabilities	–	–	(11.4)	(11.4)
Total liabilities	(68.8)	(8.7)	(101.4)	(178.9)
Capital expenditure	66.7	9.8	–	76.5

2 Segmental analysis continued

For the year ended 31 March 2013	UK & Ireland Asset Services £m	International Asset Services Restated* £m	Corporate items £m	Total Restated* £m
Revenue	321.4	18.6	–	340.0
Segment result:				
EBITDA before exceptional costs	73.8	4.0	(5.8)	72.0
Amortisation	(4.0)	–	–	(4.0)
Depreciation	(42.6)	(4.7)	(1.8)	(49.1)
Operating profit/(loss)	27.2	(0.7)	(7.6)	18.9
Financial expense				(7.6)
Profit before tax				11.3
Taxation				(4.1)
Profit for the financial year				7.2
Assets				
Intangible assets	54.2	–	–	54.2
Hire equipment	183.3	30.9	–	214.2
Non-hire equipment	27.3	0.2	–	27.5
Current assets	84.3	9.2	2.5	96.0
Cash	–	–	0.2	0.2
Total assets	349.1	40.3	2.7	392.1
Liabilities				
Liabilities	(57.8)	(4.7)	(7.7)	(70.2)
Bank overdraft	–	–	(0.1)	(0.1)
Borrowings	–	–	(72.5)	(72.5)
Taxation liabilities	–	–	(14.4)	(14.4)
Total liabilities	(57.8)	(4.7)	(94.7)	(157.2)
Capital expenditure	53.2	16.6	–	69.8

* See note 26.

Corporate costs comprise certain central activities and costs which are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function and which are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Year ended 31 March 2014		Year ended 31 March 2013 Restated*	
	Revenues £m	Non-current assets £m	Revenues £m	Non-current assets £m
UK	322.9	265.3	316.2	259.4
Ireland	5.2	7.0	5.2	5.4
Other countries	21.6	38.1	18.6	31.1
	349.7	310.4	340.0	295.9

* See note 26.

Major customers

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

Notes to the Financial Statements

continued

3 Exceptional items

For the year ended 31 March 2014

In the UK & Ireland, exceptional costs of £2.4m have been incurred as the cost of change as the business has rolled out its new network structure. The most significant element of the cost (£1.9m) relates to provisions for onerous leases which remain as a result of the changes. The remaining cost of £0.5m is as a result of costs incurred for employee changes as part of the programme.

Within the International division, exceptional costs of £0.7m have been incurred. £0.4m arises as a result of costs and write-offs associated with the closure of the Egypt operations. The remaining £0.3m has been incurred as a direct result of management changes within the business.

Exceptional items which have not been allocated to the operating divisions total £1.6m. This comprises the costs of investigating and resolving the accounting irregularities within the International Division (£1.0m), the professional fees incurred in entering into the Kazakhstan Joint Venture (£0.3m) and costs incurred as a result of changes to Executive Directors in the year (£0.3m).

For the year ended 31 March 2013

There were no exceptional items incurred in the year.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2014 £m	2013 £m
Amortisation of intangible assets	2.9	4.0
Depreciation of owned property, plant and equipment	46.6	49.1
Profit on disposal of hire equipment	(3.7)	(3.9)
Loss on disposal of other property, plant and equipment	0.2	0.1
Operating lease rentals		
– of land and buildings	13.3	12.4
– of vehicles	11.3	9.9
Auditors' remuneration		
– audit of these Financial Statements	0.1	0.1
– amounts receivable by auditors in respect of:		
– audit of financial statements of subsidiaries pursuant to legislation	0.1	0.1
– corporate finance services	0.3	0.1

Audit fees relate to the Group's current auditor, KPMG LLP. Fees for non-audit services in 2014 relate to advice provided in support of raising new debt facilities for the International business and in support of compliance with existing facilities. For 2013, fees for non-audit services relate to the preparation of certain compliance certificates required as part of the Group's banking facilities, a review of the risk profile relating to collection of payments from customers and a review of the Group's debt facility structure.

5 Employees

The average number of people employed by the Group (including Directors) during the year was as follows:

	Number of employees	
	2014	2013
UK & Ireland Asset Services	3,168	3,194
International Asset Services	314	246
Central	247	336
	3,729	3,776

The aggregate payroll costs of these employees were as follows:

	2014 £m	2013 £m
Wages and salaries	91.9	92.2
Social security costs	8.8	8.7
Pension costs	1.3	0.6
Share-based payments	0.7	1.0
	102.7	102.5

6 Directors' remuneration

	2014 £000	2013 £000
Directors' emoluments		
Basic remuneration, including benefits	1,095	1,133
Performance-related bonuses	–	261
Termination payments	213	–
Company pension contributions to personal pension plans	105	123
	1,413	1,517
Emolument of the highest paid Director		
Basic remuneration, including benefits	311	370
Performance-related bonuses	–	132
Termination payments	213	–
Company pension contributions to personal pension plans	42	51
	566	553

Further analysis of Directors' remuneration can be found in the Remuneration Report.

All of the Directors' remuneration is paid by Speedy Support Services Limited, a wholly-owned subsidiary of Speedy Hire Plc.

7 Financial expense

	2014 £m	2013 £m
Financial expense		
Interest on bank loans and overdrafts	5.1	5.2
Amortisation of issue costs	1.5	1.4
Total interest on bank loans and overdrafts	6.6	6.6
Hedge interest payable	0.5	0.5
Other finance costs	0.3	0.5
	7.4	7.6

8 Taxation

	2014 £m	2013 £m
Tax charged in the income statement		
Current tax		
UK corporation tax on profits for the period at 23% (2013: 24%)	5.1	3.7
Withholding tax	–	0.1
Adjustment in respect of prior years	(0.2)	–
Total current tax	4.9	3.8
Deferred tax (note 21)		
UK deferred tax at 21% (2013: 23%)	0.3	0.8
Adjustment in respect of prior years	(1.4)	–
Impact of rate change	(0.8)	(0.5)
Total deferred tax	(1.9)	0.3
Total tax charge	3.0	4.1
Tax credited in equity		
Current tax		
Current tax on equity-settled share-based payments	(0.2)	–
Total current tax	(0.2)	–
Deferred tax (note 21)		
Net loss on revaluation of cash flow hedges	0.1	–
Deferred tax on equity-settled share-based payments	(0.1)	(0.3)
Total deferred tax credited in equity	–	(0.3)
Total tax credited to equity	(0.2)	(0.3)

Notes to the Financial Statements

continued

8 Taxation continued

The tax charge in the income statement for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%) and is explained as follows:

	2014 £m	2013 Restated* £m
Profit before tax	7.0	11.3
Accounting profit multiplied by the standard rate of corporation tax at 23% (2013: 24%)	1.6	2.7
Expenses not deductible for tax purposes	1.5	1.5
Non-taxable income	(0.4)	(0.6)
Share-based payments	–	(0.2)
Unrecognised tax losses	0.5	0.3
Overseas tax losses arising not subject to tax	2.2	0.9
Overseas withholding tax potentially not recoverable	–	0.1
Adjustment to deferred taxation relating to future changes in corporation tax rates	(0.8)	(0.5)
Adjustment to tax in respect of prior years	(1.6)	(0.1)
Tax charge for the year reported in the income statement	3.0	4.1
Tax credited in equity		
Current tax charge	(0.2)	–
Deferred tax charge (note 21)	–	(0.3)
Tax credited to equity	(0.2)	(0.3)

* See note 26.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 March 2014 has been calculated based on the rates of 21% and 20% substantively enacted at the balance sheet date.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of £4.0m (2013: £7.2m (restated*)) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2014	2013 Restated*
Profit (£m)		
Profit for the year after tax – basic earnings	4.0	7.2
Intangible amortisation charge (after tax)	2.5	3.4
Exceptional items (after tax)	3.9	–
Adjusted earnings (after tax)	10.4	10.6
Weighted average number of shares in issue (m)		
At the beginning of the year	507.7	506.9
Exercise of share options	2.5	0.3
At the end of the year – basic number of shares	510.2	507.2
Share options	4.6	0.5
Employee share scheme	2.4	5.6
At the end of the year – diluted number of shares	517.2	513.3

9 Earnings per share continued

	2014	2013 Restated*
Earnings per share (pence)		
Basic earnings per share	0.78	1.41
Amortisation	0.50	0.67
Exceptional costs	0.77	–
Adjusted earnings per share	2.05	2.08
Basic earnings per share	0.78	1.41
Share options	(0.01)	–
Employee share scheme	(0.01)	(0.02)
Diluted profit per share	0.76	1.39
Adjusted earnings per share	2.05	2.08
Employee share schemes	(0.02)	(0.02)
Adjusted diluted earnings per share	2.03	2.06

* See note 26.

Total number of shares outstanding at 31 March 2014 amounted to 520,362,273, including 7,319,967 shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

10 Dividends

The aggregate amount of dividend comprises:

	2014 £m	2013 £m
2012 final dividend (0.26 pence on 517.2m shares)	–	1.4
2013 interim dividend (0.22 pence on 517.2m shares)	–	1.1
2013 final dividend (0.31 pence on 517.9m shares)	1.6	–
2014 interim dividend (0.26 pence on 518.3m shares)	1.3	–
	2.9	2.5

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.35 pence (2013: 0.31 pence) per share, bringing the total amount payable in respect of the 2014 year to 0.61 pence (2013: 0.53 pence), to be paid on 13 August 2014 to shareholders on the register on 13 June 2014.

The Employee Benefit Trust established to hold shares for the Performance Plan and Co-Investment Plan has waived its right to the interim and final proposed dividends. At 31 March 2014, the Trust held 7,319,967 ordinary shares (2013: 10,206,080).

Notes to the Financial Statements

continued

11 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the Financial Statements in assessing the Group's performance. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	2014 £m	2013 Restated* £m
Operating profit	14.5	18.9
Add back: amortisation	2.9	4.0
Add back: exceptional costs	4.7	—
Operating profit before amortisation and exceptional costs	22.1	22.9
Add back: depreciation	46.6	49.1
EBITDA before exceptional costs	68.7	72.0
Profit before tax	7.0	11.3
Add back: amortisation	2.9	4.0
Add back: exceptional costs	4.7	—
Profit before tax, amortisation and exceptional costs	14.6	15.3

* See note 26.

12 Intangible fixed assets

	Goodwill £m	Customer lists £m	Non-compete agreements £m	Brand £m	Supply agreements £m	Total £m
Cost						
At 1 April 2012	93.5	36.2	4.9	4.1	19.8	158.5
Additions	—	0.2	—	—	—	0.2
At 31 March 2013	93.5	36.4	4.9	4.1	19.8	158.7
Additions	—	—	—	—	—	—
At 31 March 2014	93.5	36.4	4.9	4.1	19.8	158.7
Amortisation						
At 1 April 2012	49.2	24.8	4.9	4.1	17.5	100.5
Charged in year	—	3.2	—	—	0.8	4.0
At 31 March 2013	49.2	28.0	4.9	4.1	18.3	104.5
Charged in year	—	2.4	—	—	0.5	2.9
At 31 March 2014	49.2	30.4	4.9	4.1	18.8	107.4
Net book value						
At 31 March 2014	44.3	6.0	—	—	1.0	51.3
At 31 March 2013	44.3	8.4	—	—	1.5	54.2
At 31 March 2012	44.3	11.4	—	—	2.3	58.0

The amount of goodwill that is tax-deductible is £19.2m (2013: £19.2m).

All goodwill has arisen from business combinations. On transition to IFRS, the balance of goodwill as measured under UK GAAP was allocated to cash-generating units (CGUs). These are independent sources of income streams, and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. As explained in note 2, the Group's reportable business segments comprise UK & Ireland Asset Services and International Asset Services. All intangible assets are held in the UK.

Goodwill arising on business combinations after 1 April 2004 has been allocated to the CGUs that are expected to benefit from those business combinations. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

12 Intangible fixed assets continued

The recoverable amounts of the goodwill and intangible assets allocated to CGUs are determined by value-in-use calculations. The value-in-use calculations use cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth, net margin and the level of capital expenditure required to support trading, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare value-in-use calculations, the Group uses cash flow projections for a 15-year period, which incorporates a ten-year terminal value. The projections are made up of the FY2015 budget, a subsequent four-year period using the Group's business plan, and a further ten years' income. The final ten years' income is extrapolated at an estimated average long-term nominal growth rate, being an estimate of inflation. The resulting forecast cash flows are discounted back to present value, using an estimate of the Group's weighted average cost of capital, adjusted for risk factors associated with the individual CGU and market-specific risks.

The pre-tax discount rates and terminal growth rates applied are as follows:

	31 March 2014		31 March 2013	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK & Ireland Asset Services	10.2%	1.5%-2.5%	11.7%	1.5%-2.5%
International Asset Services	12.2%	2.5%	11.7%	2.5%

For UK & Ireland Asset Services, the recoverable amount at 31 March 2014, calculated using the discounted forecast cash flows, results in a surplus over carrying value of £127.9m (2013: £122.5m). Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. An increase of 1% in the pre-tax discount rate, with all other assumptions held constant, would reduce discounted cash flows by £42.7m, leaving headroom against carrying value at £85.2m (2013: £94.0m). A decrease of 1% in the forecast revenue growth, with all the other assumptions held constant, would reduce discounted cash flows by £10.2m, leaving headroom against carrying value of £117.7m (2013: £112.3m).

No goodwill or intangible assets have been allocated to International Asset Services. Value-in-use calculations result in a recoverable amount that is £25.5m greater than the carrying value of the property, plant and equipment and other net assets at 31 March 2014. An increase of 1% in the pre-tax discount rate or a decrease of 1% in the forecast revenue growth does not result in a shortfall of recoverable amount over carrying value of the property, plant and equipment and other net assets.

13 Investments in jointly controlled entities

	Equity investment £m	Loan advances £m	Total £m
Cost			
At 1 April 2013	–	–	–
Purchase of shares in joint venture	2.7	–	2.7
Loan to joint venture	–	1.5	1.5
Effect of movement in foreign exchange rates	(0.1)	–	(0.1)
At 31 March 2014	2.6	1.5	4.1
Share of post-acquisition results			
At 1 April 2013	–	–	–
Share of results for the year after tax	(0.1)	–	(0.1)
At 31 March 2014	(0.1)	–	(0.1)
Net book value			
At 31 March 2014	2.5	1.5	4.0
At 31 March 2013	–	–	–

On 11 November 2013, Speedy acquired 50% of the share capital of Turner and Hickman Limited, a joint venture company which controls the operations of Speedy Zholdas LLP. Speedy Zholdas LLP provides asset management and equipment rental services to the oil and gas sector in Kazakhstan. Total cash consideration for the purchase of shares in Turner and Hickman Limited was US\$4.3m of which US\$1.3m was paid at completion and US\$3.0m is payable by equal instalments of US\$1.0m on each of 1 November 2014, 2015 and 2016.

In addition to the investment in share capital, Speedy has provided a loan of US\$2.5m to the joint venture with an equivalent amount provided by the joint venture partner.

This joint venture is not considered to be individually material.

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14 Property, plant and equipment

	Land and buildings £m	Hire equipment Restated* £m	Other £m	Total Restated* £m
Cost				
At 1 April 2012	29.8	383.6	61.0	474.4
Foreign exchange	–	(0.3)	–	(0.3)
Additions	6.1	55.6	4.7	66.4
Acquisitions	–	0.2	–	0.2
Disposals	(2.1)	(38.4)	(2.2)	(42.7)
Transfers to inventory	–	(25.0)	–	(25.0)
At 31 March 2013	33.8	375.7	63.5	473.0
Foreign exchange	(0.1)	(0.4)	–	(0.5)
Additions	6.2	64.8	4.5	75.5
Disposals	(0.1)	(33.1)	(0.5)	(33.7)
Transfers to inventory	–	(20.4)	–	(20.4)
At 31 March 2014	39.8	386.6	67.5	493.9
Depreciation				
At 1 April 2012	18.4	173.3	41.7	233.4
Foreign exchange	–	–	–	–
Charged in year	3.1	36.0	10.0	49.1
Disposals	(1.7)	(27.7)	(1.7)	(31.1)
Transfers to inventory	–	(20.1)	–	(20.1)
At 31 March 2013	19.8	161.5	50.0	231.3
Foreign exchange	–	(0.1)	–	(0.1)
Charged in year	2.6	38.2	5.8	46.6
Disposals	–	(24.1)	(0.5)	(24.6)
Transfers to inventory	–	(14.4)	–	(14.4)
At 31 March 2014	22.4	161.1	55.3	238.8
Net book value				
At 31 March 2014	17.4	225.5	12.2	255.1
At 31 March 2013	14.0	214.2	13.5	241.7
At 31 March 2012	11.4	210.3	19.3	241.0

* See note 26.

The net book value of land and buildings comprises freehold properties of £nil (2013: £nil), and short leasehold properties of £17.4m (2013: £14.0m).

At 31 March 2014, the net carrying amount of leased hire equipment was £nil (2013: £nil).

An impairment review has been completed during the year on the basis set out in note 12.

15 Inventories

	2014 £m	2013 Restated* £m
Finished goods and goods for resale	11.8	12.9

* See note 26.

The amount of inventory expensed in the year amounted to £40.7m (2013: £42.1m), included within cost of sales. No provision in respect of writedown in inventory is held at the year-end or prior year-end.

16 Trade and other receivables

	2014 £m	2013 Restated* £m
Trade receivables	86.3	77.5
Other receivables	4.9	3.2
Prepayments and accrued income	2.2	2.4
	93.4	83.1

* See note 26.

There are £32.9m (2013: £34.0m (restated – see note 26)) of trade receivables that are past due at the balance sheet date that have not been provided against. There is no indication as at 31 March 2014 that customers will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are past due and unprovided. The ageing of trade receivables (net of impairment provision) at the year-end was as follows:

	2014 £m	2013 Restated* £m
Not past due	53.4	43.5
Past due 0-30 days	18.9	20.2
Past due 31-120 days	9.9	11.9
More than 120 days past due	4.1	1.9
	86.3	77.5

* See note 26.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 £m	2013 Restated* £m
At 1 April	3.0	2.5
Impairment provision charged to the income statement	5.5	5.0
Written off in the year	(4.6)	(4.5)
At 31 March	3.9	3.0

* See note 26.

17 Trade and other payables

	2014 £m	2013 £m
Trade payables	45.4	32.6
Other payables	10.4	8.1
Accruals	22.2	27.1
	78.0	67.8
Non-current	1.2	–
Current	76.8	67.8
	78.0	67.8

Notes to the Financial Statements

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18 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, retained profits and borrowings. The main risks arising from the Group's financial instruments are credit, interest rate, foreign currency and liquidity risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis. A full description of the Group's approach to managing these risks is set out below.

The Group does not engage in trading or speculative activities using derivative financial instruments. A Group offset arrangement exists in order to minimise the interest costs on outstanding debt.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 March 2014		31 March 2013 Restated*	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	91.2	91.2	80.7	80.7
Cash	2.6	2.6	0.2	0.2
Bank overdraft	–	–	(0.1)	(0.1)
Secured bank borrowings	(87.0)	(87.0)	(72.5)	(72.5)
Interest rate swaps and caps, used for hedging	(0.1)	(0.1)	(0.6)	(0.6)
Trade and other payables	(55.8)	(55.8)	(40.7)	(40.7)
	(49.1)	(49.1)	(33.0)	(33.0)
Unrecognised gain/(loss)		–		–

* See note 26.

Basis for determining fair values

The following summarises the principal methods and assumptions used in estimating the fair value of financial instruments reflected in the table above:

- (a) Derivatives – Broker quotes are used for all interest rate swaps.
- (b) Interest-bearing loans and borrowings – Fair value is calculated based on discounted expected future principal and interest cash flows.
- (c) Trade and other receivables/payables – For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rates used for determining fair value

The interest rate used to discount estimated cash flows, where applicable, has been estimated at 10.2% (2013: 11.7%).

Fair value hierarchy

The Group and Company's financial instruments relate to cash flow hedges, which are carried at fair value in both the current and prior year. The valuation is based on inputs other than quoted prices but which are directly observable (i.e. as prices) (classified as Level 2 in accordance with IFRS7).

18 Financial instruments continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. No individual customer accounts for more than 10% of the Group's sales transactions, and the Group's exposure to outstanding indebtedness follows this profile. No collateral is held as security in respect of amounts outstanding; however, in a number of instances, deposits are held against the value of hire equipment provided. The extent of deposit taken is assessed on a case-by-case basis, and is not considered significant in comparison to the overall amounts receivable from customers.

Transactions involving derivative financial instruments are undertaken with counterparties within the syndicate of banks which provide the Group's asset-based revolving credit facility. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group establishes an allowance for impairment that is based on historical experience of dealing with customers with the same risk profile.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically, the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 12 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure covenant breaches are avoided.

At 31 March 2014, the Group had available loan facilities amounting to £229m (2013: £220m), as detailed in note 19. Of these facilities £128.4m remained unutilised at 31 March 2014 (2013: £136.7m). Details of the repayment profile of the drawn facilities at the year-end is included in note 19.

The Group monitors available facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing. The Group has obtained additional bank and equity funding in recent years as the business has grown, and maintains close contact with its syndicate of banks.

The following analysis is based on the undiscounted contractual maturities on the Group's financial liabilities including estimated interest that will accrue, except where repayment is entitled and before its contractual maturity.

	Undiscounted cash flows – 31 March 2014			
	2015 £m	2016 £m	2017 £m	Total £m
At 31 March 2014				
Revolving credit	–	84.4	–	84.4
Interest payments	5.2	2.2	–	7.4
	5.2	86.6	–	91.8
	Undiscounted cash flows – 31 March 2013			
	2014 £m	2015 £m	2016 £m	Total £m
At 31 March 2013				
Revolving credit	–	–	72.4	72.4
Interest payments	4.6	4.6	1.9	11.1
	4.6	4.6	74.3	83.5

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18 Financial instruments continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit.

> Foreign exchange risk

The Group is exposed to foreign exchange risk on the translation of the results of its subsidiaries which are resident in the Republic of Ireland (Speedy Hire (Ireland) Limited and Waterford Hire Services Limited), United Arab Emirates (Speedy International Asset Services Equipment Rental LLC), Egypt (Speedy International Asset Services LLC Limited), Oman (Speedy International Asset Services LLC Limited) and Qatar (Speedy International Asset Services LLC Limited). It is the Group's policy to review the net investment in all companies on a regular basis, and to hedge against potential foreign exchange exposures where considered appropriate. At 31 March 2014, Speedy Hire (Ireland) Limited had net liabilities of £9.5m (2013: £8.5m), Waterford Hire Services Limited had net assets of £1.5m (2013: £1.5m), Speedy International Asset Services Equipment Rental LLC (United Arab Emirates) had net liabilities of £17.5m (2013: £8.9m (restated – see note 26)), Speedy International Asset Services Equipment Rental LLC (Egypt) had net liabilities of £0.1m (2013: £0.5m), Speedy International Asset Services Equipment Rental LLC (Oman) had net assets of £nil (2013: £0.5m) and Speedy International Asset Services Equipment Rental LLC (Qatar) had net liabilities of £0.2m (2013: £nil), and no hedging instruments are in place to cover potential movements in foreign currency.

> Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings. The Group's policy is to review regularly the terms of its borrowing facilities, and to assess and manage the long-term borrowing commitment accordingly, and to put in place interest rate hedges to reduce the Group's exposure to significant fluctuations in interest rates. The Group adopts a policy of ensuring that between 40% and 70% of its gross borrowings are covered by some sort of interest rate hedge.

The principal derivative financial instruments used by the Group are interest rate swaps and caps. The notional contract amount and the related fair value of the Group's derivative financial instruments can be analysed as follows:

	31 March 2014		31 March 2013	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
Designated as cash flow hedges				
Fixed interest rate swaps	(0.1)	55.0	(0.6)	55.0

Future cash flows associated with the above instruments are dependent upon movements in LIBOR over the contractual period. Interest is paid or received under the instruments on a quarterly or monthly basis, depending on the individual instrument, referenced to the relevant prevailing UK LIBOR rates.

The weighted average interest rate on the fixed interest rate swaps is 1.167% (2013: 1.495%) and the instruments are for a weighted average period of 21 months (2013: 14 months). The maximum contractual period is 35 months (2013: 27 months).

Sensitivity analysis

In managing interest rate and currency risk, the Group aims to reduce the impact of short-term fluctuation on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2014 it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.4m. Interest rate swaps have been included in this calculation.

18 Financial instruments continued

Capital management

The Group requires capital for, amongst other things, purchasing hire equipment to replace the existing asset base that has reached the end of its useful life, and for growth, including growth by establishing new rental locations, completing acquisitions and refinancing existing debts in the longer term. The Group defines gross capital as net debt (cash less borrowings) plus shareholders' funds, and seeks to ensure an acceptable return on gross capital. The Group has obtained additional bank borrowings and equity in recent years as the business has grown. The Board seeks to maintain a balance between debt and equity funding such that it maintains a sound capital position relevant for the prevailing economic environment.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders in order to ensure that the most attractive mix of capital growth and income return is made available to investors.

The Group encourages ownership of Speedy Hire Plc shares by employees at all levels within the Group, and has developed this objective through the introduction of long-term incentive plans and SAYE schemes.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

19 Borrowings

	2014 £m	2013 £m
Current borrowings		
Bank overdraft	–	0.1
Non-current borrowings		
Maturing between two and five years		
– ABL Facility	86.1	72.5
– International Facility	0.9	–
Total non-current borrowings	87.0	72.5
Total borrowings	87.0	72.6
Less: cash	(2.6)	(0.2)
Net debt	84.4	72.4

In June 2011, the Group entered into a £220m asset-based revolving credit facility (the 'ABL Facility') to replace the previous £210m cash-flow-based loan. The ABL Facility is sub-divided into:

- (i) A secured overdraft facility, provided by Barclays Bank Plc, which secures by cross-guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (ii) An asset-based revolving credit facility of up to £215m. The availability of this facility is dependent upon the Group's hire equipment and trade receivables and, at 31 March 2014, the undrawn availability was £68.4m (2013: £75.8m).

The ABL Facility is for £220m, but is reduced to the extent that ancillary facilities are provided and is repayable in August 2015, with no prior scheduled repayment requirements.

Interest is calculated by reference to the London Interbank Offer Rate applicable to the period drawn, plus a margin of 225 to 400 basis points, depending upon leverage and on the components of the borrowing base. During the year, the effective margin was 2.82% (2013: 2.84%).

In November 2013, the Group entered into a US\$15.5m revolving credit facility (the 'International Facility') in order to provide finance to the International Division. The International Facility is for US\$15.5m, but is reduced to the extent that ancillary facilities are provided and is repayable in August 2015, with no prior scheduled repayment requirements. The undrawn availability at 31 March 2014 was US\$14.0m. Interest is calculated by reference to the London Interbank Offer Rate applicable to the period drawn, plus a margin of 275 to 325 basis points depending upon leverage. During the year, the effective margin was 2.75%.

The facilities are secured by fixed and floating charges over all the assets of the Group.

The effective interest rate applicable to cash deposits during the year was 0.7% (2013: 0.7%).

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19 Borrowings continued

Analysis of consolidated net debt

	At 31 March 2013 £m	Non-cash movement £m	Cash flow £m	At 31 March 2014 £m
Cash at bank and in hand	0.2	–	2.4	2.6
Borrowings	(72.6)	(1.5)	(12.9)	(87.0)
	(72.4)	(1.5)	(10.5)	(84.4)

20 Provisions

	Onerous property contracts £m
At 1 April 2012	4.5
Created in the year	1.0
Provision utilised in the year	(3.9)
Unwinding of discount	0.2
At 31 March 2013	1.8
Created in the year	2.9
Provision utilised in the year	(2.3)
At 31 March 2014	2.4

Of the £2.4m provision at 31 March 2014, £1.1m (2013: £1.2m) is due within one year and £1.3m (2013: £0.6m) is due after one year. The key assumption underlying the calculation of the provision relates to the assumed sub-let period. The provision is calculated based on a gross liability to the earlier of three years and the estimated date of sub-let, or break clause, and includes estimated dilapidations at current market rates. The total liability is discounted to current values. If leases on properties which are assumed to be sub-let were not exited/sub-let for a further 12 months beyond the estimated period, the increase required in the discounted provision would amount to £0.8m.

21 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items £m	Total £m
At 1 April 2012	12.1	1.5	(0.3)	(2.7)	10.6
Recognised in income	(1.0)	(0.5)	(0.6)	2.4	0.3
Recognised in equity	–	–	(0.3)	–	(0.3)
At 31 March 2013	11.1	1.0	(1.2)	(0.3)	10.6
Recognised in income	(2.0)	(0.3)	0.3	0.1	(1.9)
Recognised in equity	–	–	(0.1)	0.1	–
At 31 March 2014	9.1	0.7	(1.0)	(0.1)	8.7

The Group has gross trading losses carried forward at 31 March 2014 amounting to approximately £10.6m (2013: £5.4m). No deferred tax asset has been recognised in respect of those losses.

The Group also has gross capital losses carried forward at 31 March 2014 amounting to approximately £6.5m (2013: £6.5m). No deferred tax asset has been recognised in respect of these losses.

22 Share capital

	2014 £m	2013 £m
Allotted, called-up and fully paid		
520.4m (2013: 517.9m) ordinary shares of 5 pence each	26.0	25.9

During the year, 2,437,224 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Scheme (2013: 690,847).

An Employee Benefits Trust was established in 2004 (the 'Trust'). The Trust holds shares issued by the Company in connection with the Performance Plan and Co-investment Plan. No shares were allotted to the Trust during the year and 2,886,113 shares were transferred to employees during the year. At 31 March 2014, the Trust held 7,319,967 (2013: 10,206,080) shares.

The movement in issued share capital was as follows:

	Number	£m
At 1 April 2012	517,234,202	25.9
Exercise of Sharesave Scheme options	690,847	–
At 31 March 2013	517,925,049	25.9
Exercise of Sharesave Scheme options	2,437,224	0.1
At 31 March 2014	520,362,273	26.0

23 Share incentives

At 31 March 2014, options and awards over 10,981,285 shares (2013: 17,613,763) were outstanding under employee share schemes. The Group operates three share incentive schemes. During the year 2,437,224 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Scheme (2013: 690,847).

As at 31 March 2014 options to acquire 5,076,518 (2013: 8,256,229) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Schemes. These options are exercisable by employees of the Group at prices between 15 and 51 pence (2013: 15 and 29 pence) at dates between April 2014 and July 2017 (2013: April 2013 and July 2016). At 31 March 2014, options to acquire 5,904,767 shares (2013: 9,357,534) under the Performance and Co-Investment Plans were outstanding. These options are exercisable at nil cost between June 2014 and June 2017 (2013: July 2013 and June 2016).

The number and weighted average exercise price ('WAEP') of share options and awards under all the share incentive schemes are as follows:

	2014		2013	
	WAEP Pence	Number	WAEP Pence	Number
Outstanding at 1 April	11	17,613,763	8	21,961,544
Granted	15	4,811,221	11	6,217,133
Exercised	10	(5,349,585)	29	(690,847)
Lapsed	9	(6,094,114)	3	(9,874,067)
Outstanding at 31 March	14	10,981,285	11	17,613,763
Exercisable at 31 March	21	123,108	29	1,321,141

Options and awards outstanding at 31 March 2014 have weighted average remaining contractual lives as follows:

	2014 Years	2013 Years
Exercisable at nil pence	1.4	1.3
Exercisable at 15 pence	0.8	1.8
Exercisable at 21 pence	–	0.8
Exercisable at 27 pence	1.8	2.8
Exercisable at 51 pence	2.7	–

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23 Share incentives continued

The fair value of services received in return for share options granted and shares awarded is measured by reference to the fair value of those instruments. The pricing models and inputs used for the outstanding options (on a weighted average basis where appropriate) are as follows:

Speedy Hire Sharesave Schemes

	December 2013	December 2012	December 2011	December 2010	September 2009
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	51p	27p	15p	21p	29p
Share price volatility	39%	41%	87.0%	88.2%	85.7%
Option life	3.25 years	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	1.0%	1.2%	2.1%	1.4%	3.1%
Risk-free interest rate	1.0%	0.6%	0.5%	1.4%	2.1%

Co-Investment Plan

	July 2013
Pricing model used	Stochastic
Exercise price	Nil
Share price volatility	n/a
Option life	3 years
Expected dividend yield	Nil
Risk-free interest rate	n/a

Performance Plan

	July 2013	July 2012	July 2011	July 2010	September 2009
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil	Nil
Share price volatility	39%	46%	91.3%	94.0%	88.0%
Option life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	1.3%	1.5%	3.1%
Risk-free interest rate	0.7%	0.4%	1.0%	1.2%	2.1%

24 Notes to the cash flow statement – cash from operating activities

	2014 £m	2013 Restated* £m
Profit before tax	7.0	11.3
Financial expense	7.4	7.6
Amortisation	2.9	4.0
Depreciation	46.6	49.1
Share of loss of equity accounted investees	0.1	–
Profit on disposal of hire equipment	(3.7)	(3.9)
Loss on disposal of other property, plant and equipment	0.2	0.1
Decrease/(increase) in inventories	1.1	(0.1)
(Increase)/decrease in trade and other receivables	(10.3)	3.9
Increase/(decrease) in trade and other payables	11.2	(6.6)
Movement in provisions	0.6	(2.7)
Equity-settled share-based payments	0.7	0.9
Cash from operating activities	63.8	63.6

* See note 26.

25 Acquisitions

The Group acquired the business and assets of Event Power Services Limited, a supplier of temporary electrical power services to the events industry, on 1 June 2012 for total consideration of £0.4m. The consideration was paid in cash in the year.

	Fair value £m
Intangible assets	0.2
Hire equipment assets	0.2
Total consideration	0.4
Satisfied by:	
Cash consideration	0.4

26 Prior period adjustment – International division accounting irregularities

Following management changes within its International division, information emerged indicating the mis-statement of a number of accounting balances within the International division which following investigation have been determined to have a total value of £4.8m. These mis-statements included the overstatement of revenues and the understatement of costs, resulting in an overstatement of net assets of £0.6m at 31 March 2012 and £2.1m at 31 March 2013. The remaining £2.7m has been charged in the Income Statement for the year ended 31 March 2014.

As a result of these mis-statements, and in accordance with IAS8, the Group has restated comparative amounts for the period ended 31 March 2013 and the balances of assets, liabilities and equity as at 1 April 2012.

Consolidated statement of financial position

	As previously reported £m	International division mis-statement £m	As restated £m
At 1 April 2012			
Intangible assets	58.0	–	58.0
Property, plant and equipment	241.0	–	241.0
Inventories	12.8	–	12.8
Trade and other receivables	87.7	(0.6)	87.1
Cash	0.2	–	0.2
Total assets	399.7	(0.6)	399.1
Trade and other payables	(77.6)	–	(77.6)
Other current liabilities	(3.5)	–	(3.5)
Non-current liabilities	(89.1)	–	(89.1)
Total liabilities	(170.2)	–	(170.2)
Total equity	229.5	(0.6)	228.9

Consolidated statement of financial position

	As previously reported £m	International division mis-statement £m	As restated £m
At 31 March 2013			
Intangible assets	54.2	–	54.2
Property, plant and equipment	242.0	(0.3)	241.7
Inventories	13.5	(0.6)	12.9
Trade and other receivables	84.3	(1.2)	83.1
Cash	0.2	–	0.2
Total assets	394.2	(2.1)	392.1
Trade and other payables	(67.8)	–	(67.8)
Other current liabilities	(5.7)	–	(5.7)
Non-current liabilities	(83.7)	–	(83.7)
Total liabilities	(157.2)	–	(157.2)
Total equity	237.0	(2.1)	234.9

Notes to the Financial Statements

continued

26 Prior period adjustment – International division accounting irregularities continued

Consolidated statement of profit and loss for the year ended 31 March 2013

	As previously reported £m	International division mis-statement £m	As restated £m
Revenue	340.4	(0.4)	340.0
Cost of sales	(116.4)	(0.6)	(117.0)
Distribution costs	(35.4)	–	(35.4)
Administrative costs	(168.2)	(0.5)	(168.7)
Financial expenses	(7.6)	–	(7.6)
Taxation	(4.1)	–	(4.1)
Profit	8.7	(1.5)	7.2

27 Contingent liabilities

The Group has given warranties (including taxation warranties and indemnities) to the purchasers of six businesses disposed of over the last 12 years. These warranties and indemnities expire at various dates up to 12 years from the date of disposal.

In the normal course of business, the Company and certain subsidiaries have given performance bonds issued on behalf of Group companies and parental guarantees have been given in support of the contractual obligations of Group companies on both a joint and a several basis.

28 Commitments

The Group had contracted capital commitments amounting to £4.6m (2013: £4.5m) at the end of the financial year for which no provision has been made.

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	Land and buildings		Other	
	2014 £m	2013 £m	2014 £m	2013 £m
Total future minimum lease payments				
– not later than one year	14.7	13.3	9.1	7.1
– later than one year and not later than five years	37.3	38.6	12.4	9.1
– later than five years	22.1	25.7	1.7	0.1
	74.1	77.6	23.2	16.3

29 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 0.35 pence per share as a final dividend in respect of the year ended 31 March 2014. No charge in respect of the proposed dividend has been made in the income statement for the year, and there were no tax consequences. The total amount payable if the dividend is approved at the AGM is as follows:

	2014 £m	2013 £m
0.35 pence (2013: 0.31 pence) on 520.4m (2012: 517.9m) ordinary shares	1.8	1.6

30 Related party disclosures

Key management remuneration

The Group's key management personnel are the Executive and Non-Executive Directors as identified in the Remuneration Report.

In addition to their salaries, the Group also provides non-cash benefits to Executive Directors, and contributes to approved pension schemes on their behalf. Executive Directors also participate in the Group's share option schemes.

Non-Executive Directors receive a fee for their services to the Speedy Hire Plc Board.

Full details of key management personnel compensation and interests in the share capital of the Company as at 31 March 2014 are given in the Remuneration Report.

Company balance sheet

At 31 March 2014

	Note	2014 £m	2013 £m
ASSETS			
Non-current assets			
Investments	32	93.5	93.5
Deferred tax asset	37	1.0	1.3
		94.5	94.8
Current assets			
Trade and other receivables	33	383.5	359.0
Tax receivable		1.5	–
Cash	36	0.9	4.4
		385.9	363.4
Total assets		480.4	458.2
LIABILITIES			
Current liabilities			
Borrowings	36	(3.6)	–
Trade and other payables	34	(131.2)	(134.0)
Other financial liabilities	35	(0.1)	(0.6)
Current tax liabilities		–	(2.6)
		(134.9)	(137.2)
Non-current liabilities			
Borrowings	36	(94.2)	(76.3)
Total liabilities		(229.1)	(213.5)
Net assets		251.3	244.7
EQUITY			
Share capital	38	26.0	25.9
Share premium		190.9	190.5
Merger reserve		2.3	2.3
Hedging reserve		(0.4)	(0.9)
Retained earnings		32.5	26.9
Total equity		251.3	244.7

The Company Financial Statements on pages 101 to 106 were approved by the Board of Directors on 12 May 2014 and were signed on its behalf by:

Mark Rogerson
Director

Lynn Krige
Director

Company registered number: 927680

Company statement of changes in equity

For the year ended 31 March 2014

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2012	25.9	190.2	2.3	(1.0)	20.5	237.9
Profit for the financial year	–	–	–	–	7.7	7.7
Effective portion of change in fair value of cash flow hedges	–	–	–	0.1	–	0.1
Tax in items taken directly to equity	–	–	–	–	0.3	0.3
Total comprehensive income for the year	–	–	–	0.1	8.0	8.1
Dividends	–	–	–	–	(2.5)	(2.5)
Equity-settled share-based payments	–	–	–	–	0.9	0.9
Issue of shares under the Sharesave Scheme	–	0.3	–	–	–	0.3
At 31 March 2013	25.9	190.5	2.3	(0.9)	26.9	244.7
Profit for the financial year	–	–	–	–	7.6	7.6
Effective portion of change in fair value of cash flow hedges	–	–	–	0.5	–	0.5
Tax in items taken directly to equity	–	–	–	–	0.2	0.2
Total comprehensive income for the year	–	–	–	0.5	7.8	8.3
Dividends	–	–	–	–	(2.9)	(2.9)
Equity-settled share-based payments	–	–	–	–	0.7	0.7
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	0.5
At 31 March 2014	26.0	190.9	2.3	(0.4)	32.5	251.3

Company cash flow statement

For the year ended 31 March 2014

	Note	2014 £m	2013 £m
Cash generated from operations	42	(28.4)	1.6
Interest received		18.6	17.9
Interest paid		(6.9)	(7.4)
Tax paid		(5.9)	(1.3)
Net cash flow from operating activities		(22.6)	10.8
Net cash flow before financing activities		(22.6)	10.8
Cash flow to financing activities			
Repayment of asset-based revolving credit facility		–	(3.0)
Proceeds from asset-based revolving credit facility		17.9	–
Proceeds from the issue of Sharesave Scheme shares		0.5	0.3
Dividends paid		(2.9)	(2.5)
Net cash flow from/(to) financing activities		15.5	(5.2)
(Decrease)/increase in cash		(7.1)	5.6
Cash/(overdraft) at the start of the financial year		4.4	(1.2)
(Overdraft)/cash at the end of the financial year		(2.7)	4.4
Analysis of cash			
Cash		0.9	4.4
Bank overdraft		(3.6)	–
		(2.7)	4.4

Notes to the Company Financial Statements

31 Accounting policies

The Company Financial Statements have been prepared in accordance with the accounting policies set out in note 1, supplemented as below. The Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement or statement of comprehensive income and related notes that form part of the approved Financial Statements. The amount of the profit for the financial year dealt with in the Financial Statements of the Company is disclosed in the Company statement of changes in equity.

Investments in subsidiary undertakings are stated at cost less any provisions for permanent diminution in value. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

The Company does not have any employees. Directors are paid by other Group companies.

32 Investments

	Investments in subsidiary undertakings £m
Cost	
At 1 April 2012, 31 March 2013 and 31 March 2014	113.3
Provisions	
At 1 April 2012, 31 March 2013 and 31 March 2014	(19.8)
Net book value	
At 1 April 2012, 31 March 2013 and 31 March 2014	93.5

Following the impairment testing performed in accordance with IAS36 (see note 12), the Company's carrying value of investment in subsidiary undertakings has been reviewed and no impairment has been made (2012: £1.0m).

The Company's principal subsidiary undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Speedy Asset Services Limited	UK	Hire services	100%
Speedy Hire (Ireland) Limited	UK	Hire services	100%
Speedy Hire (Ireland) Limited ¹	Republic of Ireland	Hire services	100%
Speedy Support Services Limited	UK	Provision of group services	100%
Speedy Transport Limited	UK	Provision of group services	100%
Speedy International Asset Services (Holdings) Limited	UK	Hire services	100%
Speedy International Asset Services Equipment Rental LLC ^{1,2}	UAE	Hire and associated services	49%
Speedy International Leasing Limited ¹	UK	Leasing services	100%
Speedy International Asset Services ¹	Oman	Hire services	70%
Speedy International Asset Services ^{1,2}	Qatar	Hire services	49%

¹ Indirect holding via a 100% subsidiary undertaking.

² Although the Group holds less than half of the voting rights, it is able to govern the financial and operating policies of the company. The Group therefore consolidates the company.

A full list of the Company's subsidiary undertakings can be found in the Annual Return filed at Companies House.

The Company holds voting rights in each subsidiary undertaking in the same proportion to its holdings in the ordinary share capital of the respective subsidiaries.

33 Trade and other receivables

	2014 £m	2013 £m
Amounts owed by Group undertakings	381.6	357.0
Other receivables	1.9	2.0
	383.5	359.0

34 Trade and other payables

	2014 £m	2013 £m
Amounts owed to Group undertakings	129.2	132.9
Other payables	0.7	–
Accruals	1.3	1.1
	131.2	134.0

35 Financial instruments

The Company financial instruments are stated in accordance with note 18.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 March 2014		31 March 2013	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	383.5	383.5	359.0	359.0
Cash	0.9	0.9	4.4	4.4
Bank overdraft	(3.6)	(3.6)	–	–
Secured bank borrowings	(94.2)	(94.2)	(76.3)	(76.3)
Interest rate swaps and caps, used for hedging	(0.1)	(0.1)	(0.6)	(0.6)
Trade and other payables	(129.9)	(129.9)	(132.9)	(132.9)
	156.6	156.6	153.6	153.6
Unrecognised gain/(loss)		–		–

36 Borrowings

	2014 £m	2013 £m
Current borrowings		
Bank overdraft	3.6	–
Non-current borrowings		
Maturing between two and five years		
– Asset-based revolving credit facility	94.2	76.3
Total non-current borrowings	94.2	76.3
Total borrowings	97.8	76.3
Less: cash	(0.9)	(4.4)
Net debt	96.9	71.9

The Company borrowings are stated in accordance with note 19.

Both the overdraft and asset-based revolving credit facility are secured by a fixed and floating charge over all the assets of the Group and are rated pari passu.

Notes to the Company Financial Statements

continued

37 Deferred tax

Company (asset)/liability	Total £m
At 1 April 2012	(0.6)
Recognised in income	(0.4)
Recognised in equity	(0.3)
At 31 March 2013	(1.3)
Recognised in income	0.3
Recognised in equity	—
At 31 March 2014	(1.0)

38 Share capital and share incentives

The Company share capital and share incentives are stated in accordance with notes 22 and 23.

39 Contingent liabilities and commitments

The Company contingent liabilities and commitments are stated in accordance with notes 27 and 28.

40 Post-balance sheet events

The Company post-balance sheet events are stated in accordance with note 29.

41 Related party disclosures

The Company related party disclosures are stated in accordance with note 30.

42 Note to the Company cash flow statement

	2014 £m	2013 £m
Cash flow from operating activities		
Profit before tax	9.9	9.5
Financial income	(18.6)	(17.9)
Financial expense	6.9	7.3
(Increase)/decrease in trade and other receivables	(24.5)	2.2
Decrease in trade and other payables	(2.8)	(0.4)
Equity-settled share-based payments	0.7	0.9
	(28.4)	1.6

Five-year summary

	2014 £m	2013 Restated* £m	2012 £m	2011 £m	2010 £m
Income statement					
Revenue	349.7	340.0	329.3	354.2	351.1
Gross profit	214.6	223.0	220.9	217.3	208.4
Analysis of operating profit/(loss)					
Operating profit before amortisation and exceptional costs	22.1	22.9	19.6	8.3	8.0
Amortisation	(2.9)	(4.0)	(4.1)	(5.5)	(5.5)
Exceptional costs	(4.7)	–	(2.9)	(19.3)	(11.1)
Operating profit/(loss)	14.5	18.9	12.6	(16.5)	(8.6)
Share of results of jointly controlled entities	(0.1)	–	–	–	–
Net financial expense	(7.4)	(7.6)	(7.2)	(9.0)	(14.2)
Net financial expense – exceptional	–	–	(2.2)	(1.5)	–
Total net financial expense	(7.4)	(7.6)	(9.4)	(10.5)	(14.2)
Profit/(loss) before taxation	7.0	11.3	3.2	(27.0)	(22.8)
Non-GAAP performance measures					
EBITDA before exceptional items	68.7	72.0	63.2	63.4	68.2
Adjusted profit/(loss) before tax, exceptional costs and amortisation	14.6	15.3	12.4	(0.7)	(6.2)
Balance sheet					
Hire equipment – original cost	386.6	375.7	383.6	363.3	471.2
Hire equipment – net book value	225.5	214.2	210.3	185.7	246.9
Total equity	239.3	234.9	229.5	229.4	246.6
Cash flow					
Cash flow generated from operations ³	63.8	63.6	69.7	49.7	62.9
Free cash flow	(8.2)	7.5	39.3	7.4	33.7
Purchase of hire equipment	65.8	58.6	64.2	41.8	33.6
Profit on disposal of hire equipment	3.7	3.9	4.8	5.0	2.7
In pence					
Dividend per share ² (interim and final dividend in year)	0.61	0.53	0.46	0.40	0.40
Adjusted earnings/(loss) per share ^{1,2}	2.1	2.1	1.7	(0.0)	(1.4)
Net assets per share ²	46.0	45.4	44.4	44.4	47.7
In percentages					
Gearing	35.3	30.8	33.2	49.7	48.4
Return on capital (operating) ¹	7.0	7.5	6.0	2.3	2.0
EBITDA margin ¹	19.6	21.2	19.2	17.9	19.4
In ratios					
Net debt/EBITDA ¹	1.2	1.0	1.2	1.8	1.7
Net debt/net tangible fixed assets	0.3	0.3	0.3	0.5	0.4
In numbers					
Employee numbers	3,729	3,776	3,844	4,124	4,267
Depot numbers	247	264	283	327	324

1 Before amortisation and exceptional items.

2 Adjusted for rights issue.

3 Before changes in hire fleet.

* See note 26.

Shareholder information

Annual General Meeting

The Annual General Meeting will be held on Wednesday 16 July 2014 at 11.00am at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES.

Details of the business of the AGM and the resolutions to be proposed will be sent to shareholders.

Shareholders will be asked to approve the Directors' Remuneration Report, the election of Mark Rogerson and the re-election of James Morley and Chris Masters.

Other resolutions will include proposals to renew, for a further year, the Directors' general authority to allot shares in the Company, to allot a limited number of shares for cash on a non-preemptive basis and to buy back the Company's own shares.

Share price information/performance

The latest share price is available at www.speedyhire.plc.uk. By selecting share price information under the investor information section, shareholders can check the value of their shareholding online or review share charts illustrating annual share price performance trends.

Shareholders can download copies of our Annual Report and Accounts and Interim Accounts from www.speedyhire.plc.uk.

Dividend reinvestment plan (DRIP)

You can choose to reinvest dividends received to purchase further shares in the Company through a DRIP. A DRIP application form is available from our registrar, whose contact details are 0871-384-2268 and from overseas +44 (0)121-415-7173. Please note that calls to this number cost 8p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday. Alternatively you can write to our registrar at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Electronic communications

You can elect to receive shareholder communications electronically by signing up to Equiniti's portfolio service at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Enquiries on shareholdings

Any administrative enquiries relating to shareholdings in Speedy, such as dividend payment instructions or a change of address, should be notified direct to the registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Your correspondence should state Speedy Hire Plc and the registered name and address of the shareholder. Information on how to manage your shareholdings can be found at <https://help.shareview.co.uk>.

If your question is not answered by the information provided, you can send your enquiry via secure email from these pages. You will be asked to complete a structured form and to provide your shareholder reference, name and address. You will also need to provide your email address if this is how you would like to receive your response.

Boiler room fraud

Share scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares. While such scams promise high returns, those who invest usually end up losing their money.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- > Get the name of the person and organisation contacting you.
- > Search the list of unauthorised firms to avoid at www.fsa.gov.uk/scams to ensure they are authorised.
- > Only use the details on the FCA Register to contact the firm.
- > Call the Consumer Helpline on 0800 111 6768 if you suspect the caller is fraudulent.

REMEMBER: if it sounds too good to be true, it probably is!

Forward-looking statements

This Annual Report includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules, the Disclosure and Transparency Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date of this Annual Report.

Contact details

We are happy to answer queries from current and potential shareholders. Similarly, please let us know if you wish to receive past, present or future copies of the Annual Report and Accounts. Please contact us by telephone, email, fax or via the website.

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