

Measured progress

Annual Report and Accounts 2012

Speedy contents

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Business review

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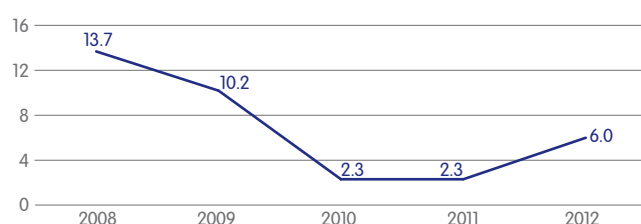
Measured progress

Actions count. Recent years have been challenging for Speedy but we have relentlessly taken the necessary actions to right-size the business and return the Company to profit. Our goal remains to continue to improve performance standards in operating margin, return on capital employed and cash generation.

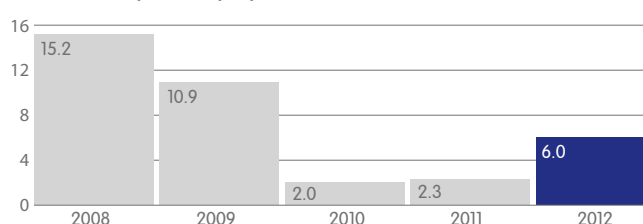
Our approach to execution around margin improvement, cash flow generation and capital allocation has seen us maintain positive progress and emerge in a much stronger position. But we acknowledge we still have work to do.

Our commitment to drive recovery through a focus on financial discipline, customer service and market knowledge, driven by a passion for innovation, has produced a year of further 'measured progress'.

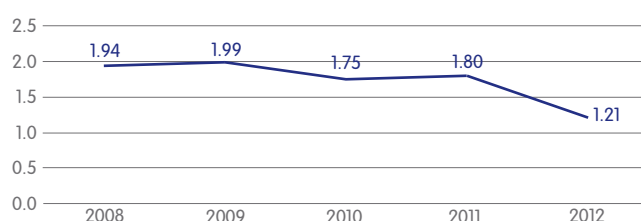
EBITA* margin %



Return on capital employed* %



Net debt: EBITDA*



* before amortisation and exceptional items

At a glance

This is Speedy today

Speedy overview

Founded in 1977, Speedy is the UK's leading provider of equipment rental and support services to a wide range of clients across the construction, infrastructure, industrial, rail, manufacturing and facilities management sectors – as well as to local trades and industry.

Operating from 283 fixed sites – together with a number of on-site facilities at client locations throughout the UK, Ireland and the Middle East – we supply a range of services including:

- ✓ the hire of small tools and equipment;
- ✓ surveying and measurement instrumentation;
- ✓ lifting and materials handling equipment;
- ✓ low level and non-powered access equipment;
- ✓ compressed air;
- ✓ lighting equipment;
- ✓ temporary power generation;
- ✓ mechanical pumps; and
- ✓ temporary site communications.

We also provide associated services through the provision of training, asset management and testing, repair, inspection and maintenance (TRIM).

Our customers include organisations such as Exxon, Thames Water, Balfour Beatty, BAM, Galliford Try, Morgan Sindall, Carillion, Interserve FM, Sellafield, GDF Suez and Veolia plus many thousands of smaller customers who are just as important to us.

Our brand promise and values

Speedy is the international support services partner that leads the way in delivering sustainable solutions to help its customers operate more efficiently and effectively whilst reducing their risks (financial, operational and legal/compliance).

Speedy will achieve this by being: spirited in how we operate; trusted in how people feel about us; together in how we work; and innovative in what we deliver.

The Speedy Spirit, a powerful set of internal values, underpins our culture and means that customers get a consistently high level of quality and a positive experience regardless of where they are in the world or what services we provide them with. The Speedy Spirit encompasses:

- ✓ Customer first – always;
- ✓ One team, one Speedy;
- ✓ Keep it simple, do it well, keep it safe;
- ✓ Driven by success and reward; and
- ✓ Take a lead, find a better way.



Speedy divisions

UK & Ireland Asset Services –

we deliver asset management to our clients through our integrated but specialist product and service operations. Our business is characterised by the provision of tailored solutions underpinned by a commitment to long-term relationship management. This means that whether a customer wants to hire, buy, service or repair an asset, we can advise them and support their needs.

International Asset Services –

we support our customers in delivering major international projects and facilities management contracts by providing a managed site support service, which combines our core expertise in equipment hire with asset management, site infrastructure and logistics services.

Measured progress

Financial highlights

On track for sustainable progress

A continuing drive to keep a tight control over costs, strengthen our revenue base and maximise cash generation has contributed to improved profitability and significant reductions in net debt.

Our strategy

Sticking to what we do best

Our strategy remains unchanged. In the UK and Ireland we continue to build solid relationships to increase our market share in the hire market. Internationally, we work closely with key clients and identify ways in which we can support them in their activities overseas. We offer added value services – such as health and safety training – to extend our core business and we provide a comprehensive range of consumable items and personal protective equipment for sale as well as advising customers on hire, lease or purchase of their core equipment.

A better way

Understanding our markets

UK construction industry output experienced moderate growth against 2010. Private housing and the infrastructure sector saw more activity and the largest recovery compared to the previous year.

 See: page 06

A better way

Leveraging strong relationships with diverse customers

Building relationships with major customers and non-construction companies is paying off for Speedy.

 See: page 10

A better way

Stabilised and strengthened

This year has seen strong cash management, a continued focus on operational efficiency to reduce controllable costs and a number of new contracts signed or renewed.

 See: page 14

A better way

Targeted success

Speedy has continued to target sustainable markets and in particular the infrastructure sector which covers utilities (water, waste, energy) and transport (rail, roads, ports, airports).

 See: page 08

A better way

A leadership business

Speedy has demonstrated its market-leading position in a number of areas including its property portfolio, products and services, people and supply chain.

 See: page 12

A better way

Sustainable business is better business

At Speedy, sustainability is high on the agenda. That's why we've developed One Plan: a strategy to help us, our customers and our suppliers operate more effectively, efficiently and sustainably.

 See: page 16

Highlights

Speedy figures



Highlights

- Adjusted profit before tax* of £12.4m, increased from a loss of £0.7m in 2011
- Second half-year adjusted profit before tax* of £7.6m, compared to first-half year profit of £4.8m
- Underlying revenue (excluding the disposed accommodation operations and the expired Network Rail contract) increased by 4.3% to £326.4m (2011: £313.0m)
- EBITA* up 136% to £19.6m (2011: £8.3m)
- Profit before tax (post amortisation and exceptional items) of £3.2m (2011: loss £27.0m)
- Net debt reduced to £76.3m (2011: £113.9m), improving net debt/EBITDA* to 1.21x (2011: 1.79x)
- £20.9m increase in net capex, whilst continuing to reduce net debt
- Sale of older/under-utilised equipment has raised £19.4m (2011: £16.2m) for reinvestment into new hire fleet
- Final dividend proposed of 0.26 pence per share (2011: 0.20 pence per share)

* before amortisation and exceptional items

Non-financial KPIs

Speedy has had publicly reported non-financial KPIs in place since 2007. These KPIs have been consolidated into our One Plan roadmap, which can be found at www.speedyhire.plc.uk/kpis.

Below are our top five non-financial KPIs:

Influencing customer behaviour

number of products in the Green Options product range

FY2011 result 30
FY2012 target 75
FY2012 result 50

Influencing our people

employee engagement score

FY2011 result 61
FY2012 target 62
FY2012 result 69

Impact on climate change

CO₂e per capita

FY2011 result 7.95 tonnes per capita
FY2012 target 7.75 tonnes per capita
FY2012 result 7.69 tonnes per capita

Keeping people safe

reduction in Major Accident Frequency Rate (MAFR)

FY2011 result 0.11
FY2012 target 0.10
FY2012 result 0.03

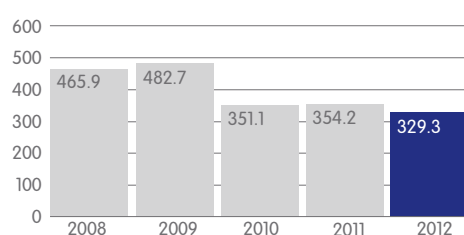
Impact on climate change

roll-out of superstores
 (integration of several depots)

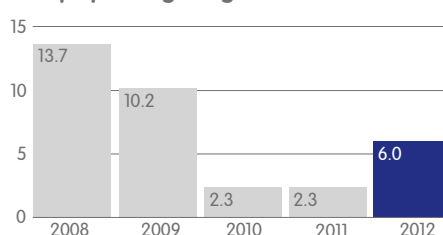
FY2011 result 9
FY2012 target 17
FY2012 result 16

Financial KPIs

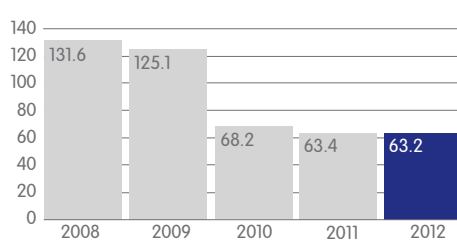
Revenue £m



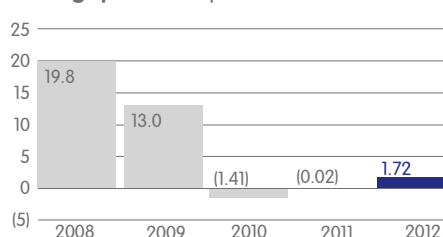
Group operating margin* %



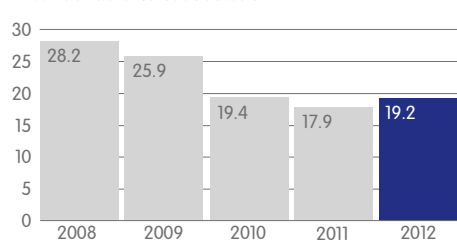
EBITDA* £m



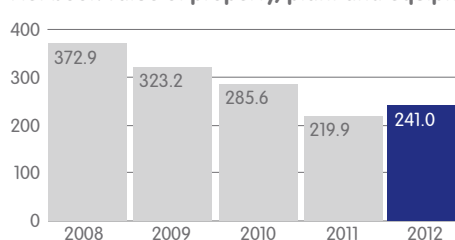
Earnings per share* pence



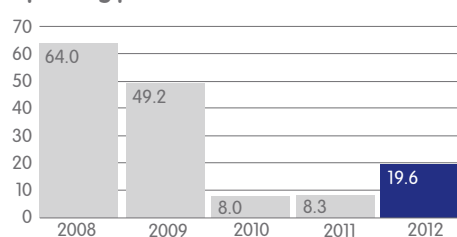
EBITDA* as a % of revenue



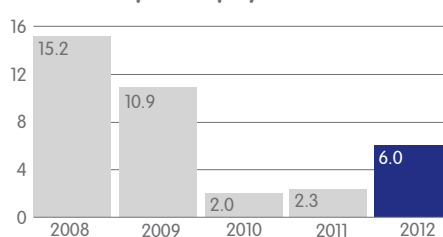
Net book value of property, plant and equipment £m



Operating profit* £m



Return on capital employed* %



*before amortisation and exceptional items

A better way

Understanding our markets



The UK construction industry has had an uncertain year, with some companies reporting strong performance and others announcing reduced workloads or redundancies or even going into administration.

This seems to be the trend for the forthcoming year.

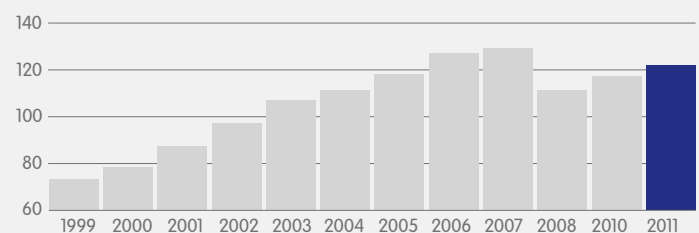
Certain areas of the construction industry will enjoy continued growth and investment. These areas include the infrastructure sector, and in particular rail, roads, water, energy and renewables, which are currently in their renewals programmes, and private housing, which saw growth last year and which is forecast to grow again over the next 12 months.

However, at a macro level, the construction industry has seen a lack of orders, and this is likely to shape 2012. Public spending cuts will shift the focus from new build to repair and maintenance. Energy programmes are likely to commence in 2013 and the majority of construction activity will be focused in the south and south-west regions of the UK. This activity will be subject to short-term disruption due to the Olympics and the Queen's Jubilee. Social infrastructure, hospitals, care homes and even emergency services may not secure investment to support new development programmes and could be set for maintenance and renovation instead.

UK construction industry output

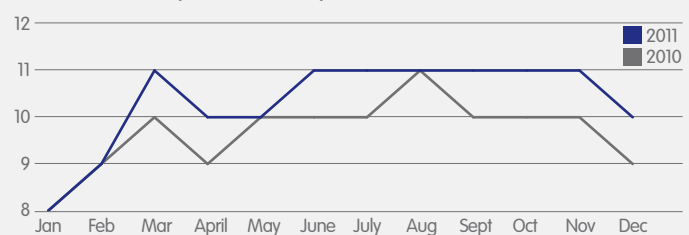
For the second year in a row, UK construction industry output experienced moderate growth with a 4.2% increase against 2010. Private housing and the infrastructure sector saw more activity and the largest recovery compared to the previous year. Public housing remained static and public repair and maintenance saw a decline of 8.6%.

UK construction output: current prices £bn



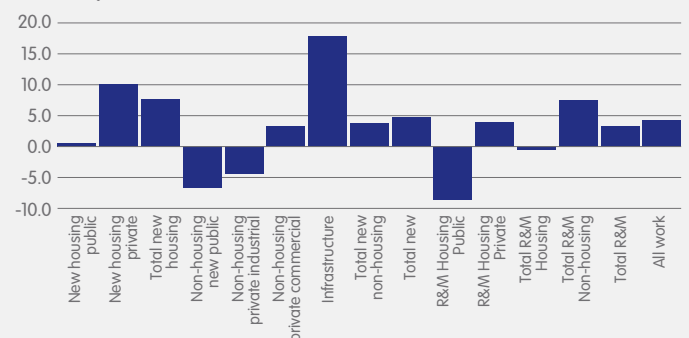
Source: ONS data

Construction output seasonality £bn



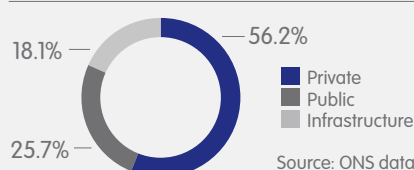
Source: ONS data

Year on year %

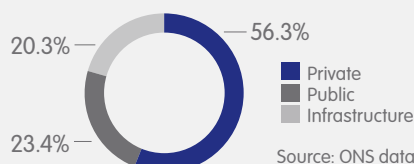


Source: ONS data

New build 2010



New build 2011



£122bn

construction output for 2011 is £122.4 billion

+4.2%

total construction output is up in 2011
+4.2% compared to 2010

+4.8%

all new work is up +4.8% compared to 2010

+17.8%

infrastructure construction output is up
+17.8% compared to 2010

Infrastructure plan

The Government's infrastructure plan includes over 500 projects and programmes and is worth over £250 billion. Most of the investment is contained within major programmes – for example highways, rail, nuclear, offshore wind and broadband – but there are also individual projects within sectors that stand out because of their size, complexity or importance to the UK economy. Almost two-thirds of the expected investment between 2011 and 2015 will be privately funded and the remainder will be either partially or fully publicly funded.

Key objectives of the plan include:

- Improving the performance, capacity, connectivity and environmental impacts of the UK's transport networks including maintaining the status of the UK as an international hub for aviation;
- Achieving a secure, diverse and reliable energy supply for the UK while reducing the carbon intensity of electricity generation at the least cost to consumers;
- Increasing superfast broadband and mobile coverage, and ensuring adequate spectrum availability to support a thriving communications industry;
- Maintaining the security and performance of the water and sewerage system while reducing its environmental impacts;
- Mitigating the impacts of flooding and coastal erosion as part of a well-managed, coordinated and affordable risk management system; and
- Reducing waste sent to landfill, increasing recycling rates and moving towards a zero-waste economy.

Sector	Number of projects/ programmes	Infrastructure investment (£bn, 2010-11 prices)
Transport	115	£89.3
Energy	274	£117.7
Communications	11	£20.4
Waste	38	£3.9
Water	32	£20.9
Flood	35	£5.0
Intellectual capital	8	£0.2
Total	513	£257.4

Source: HM Treasury

Government spending review

A number of key construction projects were outlined as part of the Government spending review:

- The Government will be developing a National Roads Strategy, as well as exploring new ownership and financing models for the national roads network to drive up efficiency and leverage private investment;
- Network Rail will invest an additional £130 million to extend the Northern Hub to include electrification of the Trans Pennine rail route, by upgrading the Hope Valley line between Manchester and Sheffield and improving the Manchester to Preston and Blackpool, and Manchester to Bradford lines;
- An extra £100 million of improvements will be made to the accommodation of our armed forces and their families;
- A new £100 million fund will support investment in major new university research facilities; and
- The Government will increase funding for the Get Britain Building programme by £150 million, which will help deliver over 3,000 more new homes.

Big spenders v 2010

New housing private	+10.0%
Non-housing new public	-6.7%
Infrastructure	+17.8%
R&M housing private	+4.0%
All work	+4.2%

A better way

Targeted success



As outlined in last year's Report, Speedy has continued to target sustainable markets and in particular the infrastructure sector which covers utilities (water, waste, energy) and transport (rail, roads, ports, airports).

① Water

Focusing on the right markets

- AMP5 – £22bn over 2010-15 (non-capital)
- £12bn capital expenditure
- AMP6 already in planning

Delivering on opportunities

- Clients: Thames Water – 5yr AMP5 agreement; Welsh Water 3+2yr AMP5 agreement
- Contractors: Costain, GCA, Galliford Try, KMI, Morgan Sindall

② Waste

Focusing on the right markets

- £10bn landfill reduction programmes
- £1.4bn waste construction

Delivering on opportunities

- Clients: Greater Manchester Waste, Enviropark Waste, Sita UK, London First Biomass
- Contractors: Balfour Beatty, BAM, Costain, Hinkcroft, Kier, Powerday

③ Energy

Focusing on the right markets

- £80-95bn renewable investment to 2020
- £15-25bn nuclear new build programme
- £73bn nuclear decommissioning programme
- £22bn energy transmission and distribution

Delivering on opportunities

- Clients: London Array, Exxon, Sheringham Shoal, EdF, Gdf Suez, Ineos, Murco
- Contractors: Amec, BAM, BBUS, Carillion, Kier, Lucite, Morgan Sindall, Trant, Volker

④ Transport

Focusing on the right markets

- £63bn investment to 2015
- £16bn alone in road projects to 2015
- £1.1bn rail project starts in 2011

Delivering on opportunities

- Clients: Crossrail, London Underground, BAA, Network Rail, Highways Agency, Peel Ports
- Contractors: Balfour Beatty, BAM, Carillion, Costain, Kier, May Gurney, Tubelines

1



Thames Water

Speedy is a strategic partner of Thames Water, having secured a five-year framework agreement to supply plant and equipment to their contractor base working on the AMP5 capital investment programme. Speedy supplies a wide range of equipment – from pneumatic tools to lighting equipment – and provides all contractors with a dedicated hire desk, specialist depots and access to Speedy's market-leading extranet system to better manage their hire needs online.

water

2



Veolia

Speedy has been awarded a preferred supplier agreement to provide equipment and hire support to Veolia in the UK and Ireland. The contract is a three plus two-year award to supply tools, lifting, survey, access, pumps, generators, compressors, engineering and plant to Veolia, which engages in providing water and wastewater services, environmental services and energy services.

Waste

3



National Decommissioning Authority

Speedy secured a three-year agreement in 2011 to supply lifting consumables to the nuclear processing sites at Sellafield, Magnox and Dounreay and to the remaining Nuclear Decommissioning Authority estate. Through the agreement, Speedy supplies all of the lifting equipment necessary to undertake maintenance at the sites and provides on-site support for employees in addition to testing, inspecting and repair work on lifting equipment on site.

Energy

4



Crossrail

Speedy supports Crossrail's tier 1 and tier 2 contractors, providing equipment and services for the major projects being delivered as part of the construction programme. Speedy supplies a wide range of equipment, from large compressors to lifting solutions, provides contractors with specialist depots, ensures its vehicles comply with rail regulations and holds specific induction sessions for employees to gain accreditation and approval to appropriately support Crossrail's contractors.

Transport

A better way

Leveraging strong relationships with diverse customers



The right customers to target

Speedy has continued in its objective to secure closer relationships with the UK's major construction companies, as well as in non-construction markets such as infrastructure, industrial and commercial, retail and leisure.

We are convinced that focusing on major contractors and non-construction markets is the right strategy for a number of key reasons:

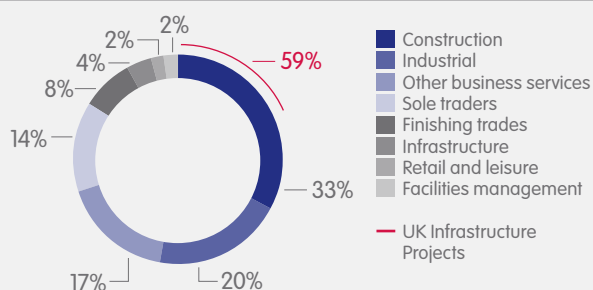
- ✓ The top 100 construction firms account for 50% of the market;
- ✓ Major contractors will increasingly win more of the projects in the market and will be key to accessing the marketplace by having framework agreements that then cascade to their sub-contractors;
- ✓ Larger customers offer far greater debt security and, more importantly, workload security;
- ✓ Whilst hire rates may be lower, the average duration of hire is longer with major contractors, and with generally higher volumes this results in yielding higher revenue per contract;
- ✓ Bigger customers tend to have greater focus on productivity, safety, quality and innovation;
- ✓ Spending on infrastructure, especially in markets associated with water, waste, energy and transport, is expected to be more resilient and these activities tend to be the domain of the major customers and specialist trades; and
- ✓ Work in these markets is more visible, sustainable and securely funded.

Non-construction

Focusing on the non-construction markets, and in particular infrastructure and industrial users, has ensured that construction is now a third of our total revenue. Of that revenue, 59% is in infrastructure and our penetration is twice that of the market rate.

Our revenue from the building and construction industry i.e. construction, sole traders and finishing trades equates to 55% of our total revenue, down from over 60% in FY2011.

Revenue FY2012



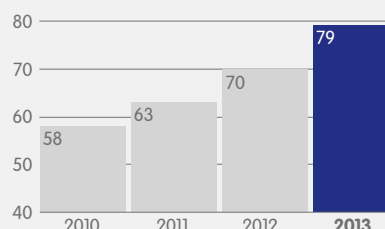
Majors

By 2013 the top 100 construction companies will represent approximately 50% of the market and are projected to grow faster than the market.

Outside top 100
50%



Forecast growth of top 100 construction firms £bn



Source: Experian CN Top 100

A successful approach

Contracts

Speedy has 18 agreements in place with the top 25 construction companies in the UK, reflecting the success of focusing on the majors.

In FY2012 Speedy was successful in renewing and extending contracts with two of its major customers:

- Morgan Sindall: A five-year contract renewal as a strategic supplier across all Speedy product categories; and
- Carillion: A three-year contract extension as a strategic supplier across all Speedy product categories.

Net promoter scores (NPS) and likelihood to recommend

Between January 2012 and March 2012 Speedy commissioned in-depth telephone interviews with 300 existing customers from a cross-section of its customer base. These interviews researched a number of different factors, including the customers' overall experience when dealing with Speedy, their satisfaction levels and their comparison of Speedy to other equipment hire companies.

The following graphics outline how Speedy has progressed in developing strong relationships with its customer base.



8/10

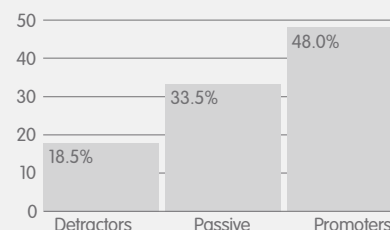
overall satisfaction score with Speedy



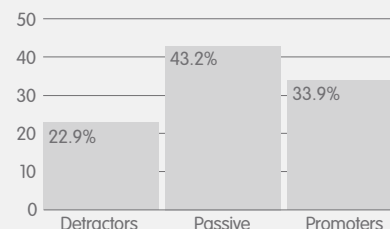
8/10

likelihood to recommend Speedy

Speedy net promoter score 29.5%*



Competitors' net promoter score 11%*



*Scores correct as at the end of March 2012.

NPS is worked out by subtracting the detractor % score from the promoter % score.
NPS is an internal benchmark to measure future improvements. The average NPS for a business-to-business company is +24.

A better way

A leadership business



Speedy has demonstrated its market-leading position in a number of areas including its property portfolio, products and services, people and supply chain.

Focusing on our people



NVQ training

Speedy is committed to investing in our people, and in the last two years has trained over 500 depot employees to NVQ levels 2 and 3 in a number of areas: hire and rental operations, management, team leadership, business administration, customer service, and driving goods vehicles.

Chartered Management Institute accreditation

Alongside our training investment, we have committed to leadership development at all management levels, with an emphasis on developing and inspiring people. This programme is assessed to the Chartered Management Institute standards and aims to have all Speedy people managers accredited as qualified leaders by 2014.

What good looks like (WGLL)

We have trained 240 managers on WGLL over the last 24 months. There has been a 23% increase in the prevalence of Job Chats, which are at the heart of WGLL, as measured in the People Matters 5 survey.

People Matters 5 survey

Having demonstrably acted on our people's feedback in last year's People Matters 4 survey, we achieved a record response rate of 85% – well ahead of benchmark levels. More importantly we have achieved increases in scores in most areas, culminating in a further leap in our overall engagement score of 8% to 69%. Actively listening to our employees' views and then acting on them, not just in the People Matters survey itself but also through initiating Employee Forums across the business, has helped to achieve this progress.

Best Companies accreditation

This year Speedy participated in the 'Best Companies to Work For' survey, in association with the Sunday Times, and has been awarded a 'One to Watch' accreditation. We entered the award to demonstrate that we are serious about employee engagement and, in conjunction with the People Matters survey, to allow us to set a benchmark for improvement. Speedy scored particularly highly in the categories of 'My Company', 'My Manager' and 'My Team'. This formal recognition of our efforts, in what is considered a very rigorous process, is a huge achievement and provides us with a solid platform from which to roll out our new employee engagement programme in 2012/13.



Property portfolio

We have increased the number of superstores in the UK from nine to 16 to extend our service capability and allow us to meet our customers' requirements more effectively.

Superstores

- | | |
|---------------|-------------------|
| 1 Leeds | 8 Manchester East |
| 2 Bristol | 9 Cardiff |
| 3 Nottingham | 10 Inverness |
| 4 Birmingham | 11 Grangemouth |
| 5 West London | 12 Southampton |
| 6 Edinburgh | 13 Wolverhampton |
| 7 Stoke | 14 Heathrow |
| | 15 Dartford |
| | 16 Belfast |



Products and services



ePod™

Speedy prides itself on putting customers first and, realising that customers don't always operate during traditional business hours, saw a requirement for a more specialist service to accommodate their needs. The result is the ePod™. The ePod™ is a revolutionary, unmanned, self-service hire portal that can be housed on many different types of customers' sites. Developed in response to customers' requirements for access to tools and equipment 24 hours a day, the ePod™ is not only convenient but also cost-effective.

Speedyservices.com

Speedy launched its fully transactional site for customers in April 2011. The page can be accessed at www.speedyservices.com. The site offers a full product catalogue with customer-specific prices, and allows customers to create an account, place an order, arrange delivery and track through to contract creation. Customers who wish to restrict their catalogues to a range of products now have the ability to do so.

My Speedy

Speedy has developed 'My Speedy' – a customer extranet site – allowing customers to access information at any time of the day on one or many customer account numbers.

PDA's

All drivers have been issued with Motorola handhelds with GPS and cameras. These PDAs provide satellite navigation to help our drivers reach customers' sites more quickly, capture proof-of-delivery signatures and photographic evidence of damages at point of delivery/exchanges/collection and provide real-time upload to My Speedy, reducing the number of queries.

Telematics

We are investing in telematics, an on-board data capture and management system, to help drive down our annual transport costs by enabling us to work more smartly. The system highlights how we can better utilise our vehicles in terms of miles per gallon, ensures our vehicles' performance is maintained at optimum level and delivers against our safety record and duty of care to our employees.

New product innovation



In the past year Speedy has invested over £64m in new products to extend its existing fleet and to further extend its product offering with the newest, most innovative products on the market. Products including the Anti Surf podium, Globe light, Powerscissor range, DECT-Com II communications and TS15 Robotic Total Station have been added to the fleet to ensure we continue to improve site safety, provide energy-efficient alternatives and meet the requirements of our more specialist customers.

iPhone branch locator app

Speedy has become the first equipment hire and support services company to release an app for iPhone, to help customers access their depots while on the move. The app has full GPS functionality, allowing users to quickly find the nearest Speedy branches through connectivity with Google maps. Customers can also manually search for a branch by specifying the products or services they are looking for. Directions to depots from the user's current location can also be provided via the app, along with details about each depot, such as opening hours, and the app also allows users to 'favourite' their most visited Speedy branches.

Transforming our supply chain

Supply chain has continued to rationalise the supply base and, at March 2012, we had 2,345 live supplier accounts. Speedy's top 500 suppliers now represent 96% of the total spend with suppliers (compared to 65% 12 month's ago) and our 150 strategic suppliers cover 55% of Speedy's total spend, an increase of 10% from 2011.

Consolidating our supply base allows us to manage our suppliers more effectively and with less administrative costs. This ensures we are purchasing the right quality of products at the right price, delivering to our customers at the right time to the right location, and also benefiting from economies of scale, allowing us to bring cost benefits to our customers.

In recognition of this, Speedy has been re-accredited with the Business in the Community Big Tick for Responsible Supply Chain.



A better way

Stabilised and strengthened



Cash

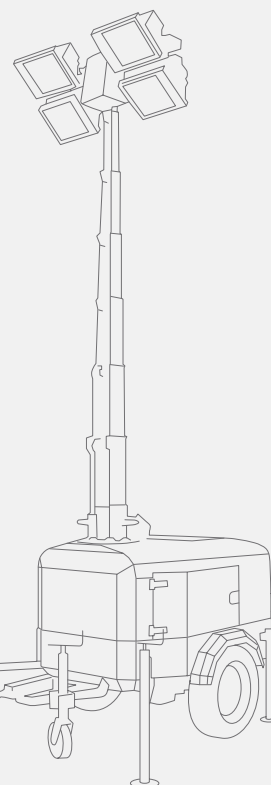
Net debt over the course of the year has fallen from £113.9m at 31 March 2011 to £76.3m at 31 March 2012. A continued focus on realising cash from under-performing/under-utilised assets to support investment in highly utilised fleet has generated £19.4m in cash. When combined with proceeds from the sale of the accommodation hire operation, improved debtor collections and increased supplier credit, this cash generation has permitted a 75% increase in net investment in the hire fleet in the year, whilst continuing to reduce net debt. This investment has resulted in a reduction to the average age of Speedy's UK hire fleet to 4.2 years.

£69.7m

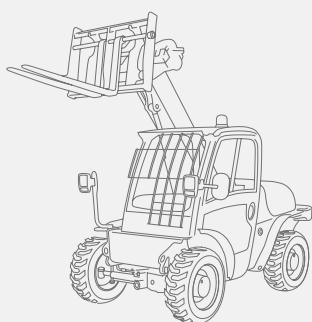
Operational cash flow before fleet investment

£44.8m

Net investment in hire fleet



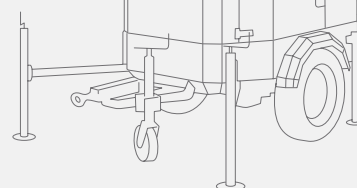
Recycling improves net debt



→
Sell unwanted assets



→
Use cash proceeds
to buy specifically
needed assets



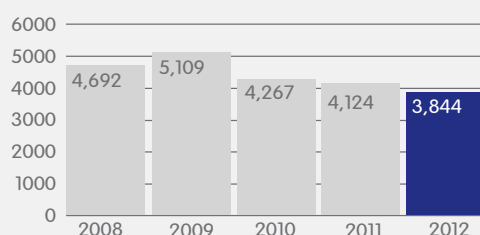
Costs

Speedy has remained focused on tight cost control in order to maximise return on sales. The sale of the accommodation hire operation has removed an element of cost where the gross margin was not sufficient to justify the level of overhead being incurred. In addition to this step-change in costs, ongoing programmes aimed at improving efficiency and reducing costs have been implemented, resulting in reductions in the key overhead lines of people costs, property costs and vehicle costs. These programmes include:

→ Super-workshops – Speedy's first super-workshop was opened during the year. This facility consolidates a number of smaller workshops into a single site, resulting in faster turnaround of hire fleet, improved specialist knowledge of engineers, more efficient logistics and redistribution of fleet and lower spares and property costs;

- ☒ Reduced costs
- ☒ Improved efficiency

Number of employees



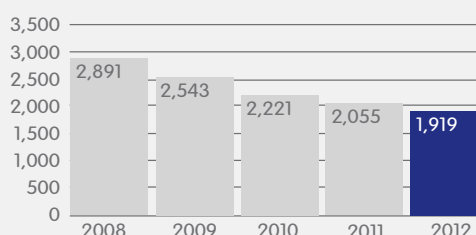
→ Superstores – the roll-out of a further seven superstores during the year continues the programme of redefining the depot network. Superstores have lower operating costs and greater operational efficiency; and

→ Telematics – transport costs are becoming a larger proportion of the cost base as fuel prices continue to increase. During the year, a telematics system has been introduced to monitor vehicle performance in order to provide management information to support efficiency improvements.

Tight cost control over the controllable overheads has allowed Speedy to mitigate the effect of inflationary pressures, specifically in people costs, property costs and fuel costs.

- ☒ Identified opportunities
- ☒ Innovative products and services

Number of vehicles



Customers

Speedy continues to focus on growing revenues with major customers and with targeting growth sectors, most notably water, waste, energy and transport. Speedy now has supply agreements with 72% of the top 25 construction companies in the UK, almost half of which are at sole/preferred supplier status.

This year we have secured a three-year contract extension with Carillion as a strategic supplier and a five-year renewal with Morgan Sindall as a strategic supplier, and have strengthened existing relationships with key clients and contractors such as: Exxon, Thames Water, Welsh Water, Balfour Beatty, AMEC, BAM and Galliford Try.

A better way

Sustainable business is better business



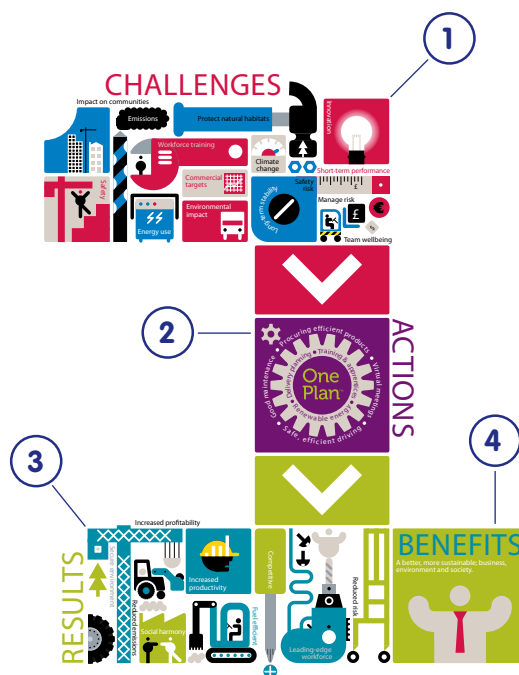
At Speedy, sustainability is high on the agenda. That's why we have developed One Plan: a strategy to help us, our customers and our suppliers operate more effectively, efficiently and sustainably.

One Plan reflects our belief that sustainable, responsible business practice is not a separate activity. It is part of the fabric of our business and central to our business principles. One Plan recognises that sustainability is about more than simply protecting the environment. It balances the importance of green issues with health and safety and long-term commercial success. From efficiency to productivity, to protecting both human and natural resources, One Plan is there to help.

1 Challenges



One Plan helps Speedy, our customers and suppliers to manage commercial, environmental and social impacts such as health and safety, climate change, workforce training, risk, resource efficiency, product innovation and impacts on communities.



2 Actions

Over 70% of our carbon footprint comes from transport fuels, so we have undertaken a range of activities to reduce fuel use. These include a company car policy that not only restricts the choice of company cars to low-emission models, but also rewards employees who choose the car with the lowest emissions in its class. We also promote conference calls instead of travelling to meetings. On our delivery fleet, we have been moving to vehicles with leaner engines, using speed limiters, trialling electric vans and encouraging better driving through a driver training programme.

Health and safety is a key issue for Speedy and also for our customers. Speedy's multi-award-winning 'Safety

from the Ground Up' programme continues to target areas of industry-wide concern, such as working at height, hand-arm vibration, dust control and manual handling. The programme focuses on getting safety messages simply and effectively to where they are most needed – people working onsite – via posters, brochures, pocket guides and toolbox talks.

We recognise that to be a true partner to our customers and to have the ability to offer industry-leading products, services and solutions, we also need to have a close working relationship with our suppliers. We achieve this through our Supplier Excellence Programme, which, through a number of workshops, aims to

help suppliers reduce their environmental impact, make efficiency savings and identify innovative product and process solutions. We sign suppliers up to our Supplier Charter and encourage them to contribute to our Green Options (GO) product range.

Our employees are vital to Speedy's success. To enhance their skills and knowledge further, we have implemented a number of programmes such as training depot employees to NVQ levels 2 and 3, establishing Employee Forums across the business, training managers on 'what good looks like' and working with the Chartered Management Institute to have all Speedy people managers accredited as qualified leaders by 2014.

3 Results



Speedy has reduced its CO₂e per capita to 7.69 tonnes per year, down from 7.95 tonnes in 2011. Over 1,500 toolbox talks have been delivered on customers' sites. Our top 50 suppliers are now signed up to the Supplier Charter and the GO product range now has 50 products within it.

Speedy's employee engagement score has increased to 69% in 2012, up from 61% in 2011, and 12,384 training days have been delivered to employees.

Speedy's One Plan roadmap, which consolidates over 40 KPIs covering commercial, environmental and social impacts, can be found at www.speedyhire.plc.uk/kpis

4 Benefits



The benefits of One Plan are numerous and tangible. It ensures Speedy focuses on increasing profit, reducing cost and improving efficiencies. It enables us to have a more sustainable supply chain, which in turn assists our customers.

It provides us, and our customers, with a safer and more engaged workforce, as well as minimising our impacts on the environment and the communities we interact with. And One Plan also enhances our brand and reputation with our customers and other key stakeholders.

5 Awards

Speedy is delighted to have been awarded Gold status in the 2012 Business in the Community (BiTC) CR index, increasing its overall score from 88% in 2011 to 92% in 2012. The index aims to 'challenge and support companies to integrate responsible business practice'. The result establishes Speedy's position as a leading company in understanding the relationship between transforming business practices and operating sustainably.

Speedy has also been awarded a Green Apple award by the Green Organisation for its sustainability strategy One Plan. The judges commented, "Speedy already has a series of more efficient tools that people can hire, with the data to back up their claims. The One Plan initiative follows this up and gives customers all the information they need to make informed rental decisions based on efficiency and sustainability as well as cost."

We also won the Excellence in Training award from Hire Association Europe (HAE) in recognition of our investment in training covering internal personal development and the courses available to our customers.



Business review

Chairman's statement



"Our self-help actions and drive to create a more robust business have seen us deliver tangible results and, although mindful of the ongoing uncertainties in the economy, we look forward to the future with increased confidence."

Ishbel Macpherson

Non-Executive Chairman

Overview

I am pleased to report that we achieved a profit before tax (before amortisation and exceptional costs) of £12.4m for our full financial year, with £7.6m in the second half-year building on the £4.8m for the first half-year.

We have continued our drive of recent years to keep tight control over costs, to strengthen our revenue base and to manage the business so as to maximise cash generation. We are convinced that these actions have been instrumental in this year's return of the business to profitability and have laid the foundations for future growth.

Underlying Group revenue (excluding revenue from the disposed accommodation hire operation and the expired Network Rail contract) for the year was £326.4m (2011: £313.0m), an increase of 4.3%, (whilst unadjusted revenue of £329.3m was down 7.0% (2011: £354.2m)). Our gross margin improved to 67.1% (2011: 61.3%). EBITA (before exceptional costs) increased to £19.6m (2011: £8.3m) with net cash flow generated from operating activities amounting to £17.7m in the year (2011: £12.3m). Net debt has fallen from £113.9m at the beginning of the year to £76.3m at 31 March 2012, a 33% decrease. These results are a welcome vindication of our disciplined approach to stabilising the business, setting it on the path to recovery and positioning it for the future.

The sale of our accommodation hire operation was completed in April 2011, removing a significant loss-maker from the Group.

Strategic progress

Since 2009 we have taken decisive action in response to the global financial crisis and in FY2012 our focus was on continuing self-help measures to strengthen both the balance sheet and our returns in what is still a difficult economy, whilst positioning the business for growth when the economy recovers.

Our results are also a reflection of the Group's strategy of developing close, long-term strategic partnerships with major customers and industrial groups. This has allowed us to gain access to their supply chains at low cost, and offer broader complementary activities in testing, repair, inspection, maintenance, asset management and training services, both in the UK and internationally.

Throughout the year we maintained our focus on strengthening and differentiating our business. We continued to diversify into a wider range of customer segments and to target those market sectors where there is, and will continue to be, significant public and private investment to meet critical infrastructure needs. We broadened our customer offerings by developing our support services to complement our hire of assets. To facilitate our strategy and to provide a platform for the long term we steadily refreshed our fleet, invested in targeted capex, improved our IT infrastructure and evolved our property portfolio.

We remain committed to our strategy of maintaining our focus on cash, costs and customers, in order to build profitability. Our priority remains to restore our UK business to full health, whilst investing judiciously to improve efficiencies. We will also develop our fledgling operations and product offerings, principally International and in testing, repair, inspection, maintenance, asset management and training services. It is particularly pleasing that the International division has hit the important milestone of achieving an operating profit in the second half of the year and we are targeting further progress in the current year.

Funding

In June 2011 we concluded an extensive refinancing exercise and signed a £220m asset-based revolving credit agreement with a syndicate of six banks. It matures in January 2015 and has no scheduled repayment requirements. This replaced a £210m cash-flow-based loan facility. We have been pleased to have received this vote of confidence from our lead banks and the additional support of new syndicate members.

Dividend

The Company paid an interim dividend of 0.2 pence per ordinary share on 27 January 2012, consistent with the interim dividend paid in FY2011.

We remain committed to a progressive dividend policy as markets recover, but remain careful in our approach to cash. The Board is recommending an increased final dividend of 0.26 pence per share, reflecting our confidence in our continuing recovery. This represents a cash cost of circa £1.3m. If approved by shareholders at the forthcoming AGM, this will bring the total for the year to 0.46 pence per share.

Governance and board changes

We strongly support the importance of upholding the principles of good corporate governance, not only for compliance purposes, but because we recognise that good governance reduces risk and adds value to the business. We strive continuously to improve our Board, executive governance structures, policies and procedures. During the year we developed an umbrella Code of Conduct and updated existing and constructed new policies on areas such as anti-bribery, hospitality, gifts and sponsorship, whistle-blowing, data protection and competition. We have also complied with the UK Corporate Governance Code and details of how we have applied its main principles are set out in the Corporate Governance section on pages 36 to 40.

Membership of the Board has undergone a number of changes in the past year. Following the last AGM Chris Masters was appointed as a Non-Executive Director, after the retirement of Peter Atkinson from the Board, and in September Lynn Krige was appointed as Group Finance Director after Justin Read stepped down. We have been delighted with the direct industry and international knowledge, the skills and the commitment that Chris and Lynn have added to our Board.

The Board would like to reiterate its gratitude to Peter and Justin for their valuable contributions and wish them well for the future.

I would also like to thank our General Counsel and Company Secretary, Suzana Koncarevic, for her drive, professionalism and support to the Board over the last three years and wish her well. We welcome her replacement, James Blair, who has been with us since February and has over two decades of experience.

During the year we engaged the services of specialist performance consultants to carry out a detailed and independent review of the Board's effectiveness. Most areas examined attracted high ratings with no areas of significant concern, whilst also making constructive recommendations to improve and enhance the Board's effectiveness further. It was also found that the Board has a good mix of skills and capabilities and in recent times has been both streamlined and strengthened with new appointments.

Employees

The achievements of this year would not have been possible, nor would we be confident about the future, without the people we have in the Group. Their quality and commitment continues to be a fundamental strength of our business. On behalf of the Board, I would like to thank Steve Corcoran, his team and all the employees for their loyalty and hard work over recent years of considerable difficulty. Their dedication and skill has enabled us to report positive results for the Company, despite the continued demanding economic conditions. To incentivise our people and in recognition of the pressures on household budgets, we awarded our employees modest performance-related pay increases throughout last year. We have determined to continue this policy for the current year and to channel the limited funds available for pay increases towards our lower paid employees.

Outlook

Although our business has been through a very testing and unrewarding period for shareholders, we are pleased that our actions and strategy have set us on the path of recovery. Given the continuing uncertainty in the economy we will continue our disciplined approach to cash, costs and customers to ensure that we are well placed for the future.

Our market-leading position and strong cash flow have positioned the Group to take full advantage of the market upturn when economic conditions allow. Whilst we anticipate that our trading will be affected by some disruption from the Queen's Jubilee and the Olympics, the new financial year has begun satisfactorily. Although there is still uncertainty in the construction sector in particular, we are confident that the actions we have taken have increased our resilience and given us a solid platform from which to make further tangible progress in the year ahead.

Annual General Meeting

The AGM will be held at 11.00am on Wednesday 18 July 2012 at Etrop Grange Hotel, Thorley Lane, Manchester Airport M90 4EG. I look forward to seeing you there.

Ishbel Macpherson

Non-Executive Chairman

Business review

Chief Executive's review



"We are taking actions in the short term to secure a long term sustainable business and are well placed for continued progress."

Steve Corcoran
Chief Executive

Overview

Following last year's interim result, when I stated that I was confident that the business had turned a corner, it is pleasing to report that we have finished the financial year ended 31 March 2012 by reporting a profit before tax, amortisation and exceptional items of £12.4m.

Despite prevailing market conditions in the UK remaining difficult and considerable cost pressures from fuel, business rates and insurance costs, we maintained positive improvement, with our £7.6m profit (before tax, amortisation and exceptional items) in the second half of the financial year continuing the progress from the £4.8m first half-year performance.

In April 2011 we completed the disposal of our loss-making accommodation hire operation for £33.4m in cash, net of costs. Post this disposal it is particularly encouraging to see underlying Group revenues (adjusting for the revenue from the disposed accommodation hire operation and the expired Network Rail 'maintenance only' contract) increasing by 4.3% year on year, accompanied by an improvement in operating margins (before amortisation and exceptional items) to 6.0%.

The disposal of the accommodation hire operation allowed us to consolidate our One Speedy approach. This initiative has made it easier for our customers to trade with us, giving them access to all of the Group's activities via a single trading account. The success of this approach is evidenced by our record, and we believe industry-leading, customer recommendation score of 93.8% at the end of FY2012.

The majority of the Group's revenues continue to be derived from our UK hire activities. This division is now focused on the hire of four distinct asset classes – lifting, power, survey and general tools and equipment. In each class we are the UK market leader. These rental activities are complemented by value-added services in training, TRIM (test, repair, inspect and maintain) and engineering (specialist on-site and rail market support). All UK operations are trading profitably and provide a positive contribution to the Group performance. For the full financial year the UK & Ireland business recorded an operating profit (before amortisation and exceptional items) of £27.8m, with an operating margin of 8.7% together with an operating profit return on hire fleet of 15.6% (pre-central costs).

In February 2010 we established our first overseas operation in the Middle East. This decision was taken to diversify our business and reduce our exposure to a weakened UK market. Our entry was established using the simple strategy of 'following your customer'. Whilst still posting a loss before tax, amortisation and exceptional items of £0.7m for the full year period, the business was profitable at an operating level in the second half of the financial year. The dilutive impact of the International operation upon Group operating margin and operating profit return on hire fleet for the period has been 0.4% and 1.4%, respectively. However, we are pleased with the progress made in 25 months and expect the second half-year performance to be the catalyst for continued growth as we build critical mass. Over time our expectation is for the International operations to provide operating margins, returns and cash contribution above historic UK levels.

A determined focus on yield management, together with the restructuring of our workshop services and the extraction of tangible benefits from our continued investment in IT has delivered a 6.6% improvement in unit hire rate and enhanced fleet availability (hire fleet not on hire; ready for hire) which is now at 77%. The collective benefit of these ongoing initiatives has delivered a 161% increase in ROCE to 6.0% (2011: 2.3%), with the Group's return on hire fleet of 9.9% (2011: 3.8%) at the operating profit level. However, whilst these are positive improvements they remain below our cost of capital and our emphasis on improving return continues; we remain committed to applying further self-help measures.

The Group will maintain its focus on delivering a safe, efficient service at an acceptable level of return. We will continue to avoid the pursuit of unprofitable, low-margin work, which does not recognise our contribution and risks, and attempts to commoditise our service offering. To assist this we introduced a performance scorecard, which is issued to every depot, every week – measuring each operation's performance against a number of metrics including fleet availability, on-time deliveries and collections and invoice accuracy. It is encouraging to see that as well as our own internal rating assessment being at record levels of satisfaction, an independent assessment survey scored Speedy's Net Promoter Score at 29.5%, compared to our peer group rating of 11%. To enforce awareness and customer service standards, any depot failing to achieve a 90%+ satisfaction level fails to qualify for performance bonus, irrespective of its profitability status.

Strategy and key priorities for FY2013

Our strategy remains one of re-orienting Speedy as a services company as opposed to an asset supply company. This strategy is driven by the simple premiss that service is more highly valued than commoditised supply and will therefore attract higher margins. We have called this evolutionary strategy Project Darwin.

To test the credibility of our objective we asked ourselves and our customers the fundamental question: why do customers hire? The simple answer was to avoid risk, and particularly three types of risks:

- capital risk, involving the desire to avoid the cost of capital from purchasing assets and the balance sheet and cash flow effects therefrom;
- operating risk, associated with fixed operating costs, especially in respect to property, people and logistics; and
- legislative or compliance risk, especially in respect of health and safety and environmental matters and possible consequences such as fines, increased insurance premiums, being precluded from tenders and damage to reputation.

On further analysis we concluded that hire alone does not fully eliminate or solve these risks for our customers. To seek to do this and to enhance our offering we established the supplementary services of training and TRIM (test, repair, inspect and maintain). Training can lessen mis-use of hired equipment and help avoid loss of production, damage to property and personal injuries. TRIM recognises that it may sometimes be more economic for a customer to buy, rather than hire, an asset and addresses the need (whether for owned or hired equipment) for any asset to be properly tested, repaired, inspected and maintained so that it remains safe and productive. There follows a further requirement for hire to maintain productivity whilst an asset is out of commission when undergoing testing, servicing, repair or maintenance. This cycle of service capability - hire, training, TRIM and back to hire – is what we believe will differentiate our business from a standard hire offering and see us recognised as a services company.

Speedy has the industry's widest fleet range (528,000 assets for hire), largest national coverage (283 sites) and most comprehensive delivery capability (1,219 delivery vehicles) which, when augmented by our value-added proposition, increasingly makes Speedy the supplier of choice – as evidenced by our securing a three-year contract extension with Carillion Plc, winning a five-year partnering contract with Morgan Sindall Plc and being accorded a two-year preferred supplier status by Renew Plc. We are now recognised as either the nominated or preferred supplier of 72% of the CN Top 25 contractors as listed in the (2012) CN Top 100 survey.

Our strategy also recognises that different types of customers have different service requirements. Major contractors place more reliance upon delivery and distribution than SME contractors – with the majority of their equipment being delivered to and collected from their sites. Service and maintenance engineers often need to call and collect equipment, en route to reactive response works, and they place emphasis on availability. Fit-out contractors and clean trades need machinery that is closer to city centres and in a condition fit for use in live environments. These differing needs have determined our plan to evolve our network into a three-tier fulfilment model. We plan to establish a number of strategically located MSCs (Multi Service Centres), each providing the full range of Speedy equipment and services, whilst also facilitating regional RDC (Regional Distribution Centre) capability. The MSCs will be augmented by approximately 50 superstores, offering a lifting, survey and tools capability and serving the city centres and major towns, together with some 200 express/ local stores which will be principally drawn from our existing estate and focused on a fast-track tool hire requirement. Collectively this network will enable fast and efficient national coverage to meet the total needs of our various customers throughout the UK.

At year-end we had two MSCs, with a further two in planning, and 16 superstores, with a further four already identified for opening in FY2013. Sites that have been open for more than 12 months have delivered EBITA ahead of their pre-reconfiguration performance and with benefits in line with management expectations.

Our key priority for FY2013 is therefore to continue with the progressive roll-out of Project Darwin, to drive an improving UK trading performance and also to:

- continue to diversify our client base in support of markets in infrastructure and industry;
- extend our geographic spread through continued growth from our International operation;
- establish stronger links with key clients; and
- deliver better margins and returns, thus enhancing our ongoing recovery.

Outlook

Whilst the UK economy remains fragile, our markets are now much more diverse than general construction. The business has an increasing exposure to the regulated and privately funded infrastructure investment markets and in particular those customers and end users active in social infrastructure and the water, waste, energy and transport sectors. We have also established a solid foundation in our International operation which we are confident will provide a good platform going forward. We believe that our focus on well-funded sectors and our more diversified approach will continue to make our business more robust, profitable and sustainable.

Our clear market leadership, leaner business model and strong balance sheet, together with the ongoing benefits from our IT investment which enables us increasingly to measure the performance of our operations, our assets and our customers, provides confidence that we will continue to maintain our recovery despite the economic difficulties which prevail.

Whilst we expect to see some short term disruption from the additional public holiday associated with the Queen's Jubilee and from the restrictions imposed upon logistics in London during the Olympic and Paralympic Games, I am confident that our business will deliver another year of continued progress.

Steve Corcoran
Chief Executive

Business review

Principal risks and uncertainties



The effective management of risks within the Group is essential to underpin the delivery of the Group's objectives. The Board is responsible for ensuring that risks are identified and appropriately managed across the Group and 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.

The principal internal controls which operated throughout the year and continue to this date include:

- an organisational structure which provides adequate segregation of responsibilities, clearly defined lines of accountability, delegated authority and extensive reporting;
- clear business objectives aligned with the Group's risk appetite; and
- an independent internal audit function, which reports to the Audit Committee. The external auditors also report to the Audit Committee on the efficiency of controls.

These procedures are underpinned by a control environment which is supported by a culture of openness of communication between operational management and the executive management on all matters, including risk and control and procedures for the bringing of such matters to the attention of the Board.

The section below sets out the Directors' opinion of the principal risks related to the business of the Group. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider not to be material, may also have an adverse effect on the Group.

Risk description	Potential impact	Strategy for mitigation
Economic conditions	A downturn in construction/industrial activity, or a decline in the desirability of hiring tools and equipment to fulfil such activity, could reduce the prices that the Group can charge for its services and could reduce activity levels. 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 continually monitors and assesses market capacity 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 sector reduction in expenditure is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a broader spectrum of products and services across different markets and to ensure that we are well positioned with clients, contractors and SME/local businesses, who are likely to benefit from those areas in which increased activity is forecast or who find hiring assets during a downturn more desirable than buying them.</p> <p>The Group has established a fledgling International business, which enables us to diversify into markets away from the UK.</p>

Risk description	Potential impact	Strategy for mitigation
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.	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 our longstanding and ongoing commitment to service, safety and innovation across all of our product categories. 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 regularly measured and competitors' activities are reported on and reacted to where appropriate.
Failure/insolvency of a major customer	No single customer currently accounts for more than 5% 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.	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, issues are escalated to resolve payment issues as soon as practicable. Visibility of exposure to individual customer groups has improved significantly through the implementation of common business information and credit management systems. The management of the risk of debt default is controlled as part of the day-to-day operations of the business.
People	Failure to recruit and retain appropriately skilled people could adversely impact on the Group's ability to win, mobilise and deliver our business.	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 and is aligned with succession planning, which is reviewed annually by the Board. The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages including appropriate short and long-term incentive schemes.
Financial resources	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.	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. 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 spare capacity. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support.
Business continuity	Any interruption to the Group's IT systems or infrastructure could have a material adverse effect on the Group's business, communication, capabilities, management of projects and overall financial performance and reporting.	Preventative controls and back-up and recovery procedures are in place for key systems and all buildings. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans for all its UK and international operations. Insurance cover is reviewed at regular intervals to ensure coverage in the event of a business continuity issue.

Principal risks and uncertainties

continued

Risk description	Potential impact	Strategy for mitigation
Compliance with laws and regulations	The Group is subject to various legal and regulatory regimes. Future legal or regulatory developments, in the UK and abroad, concerning the activities carried out by the Group could affect the Group's ability to operate and operate profitably in the affected jurisdictions. Should the Group's businesses fail to comply with applicable legal and regulatory requirements, this could result in a financial loss or restriction on the Group's ability to operate its business.	The Group maintains a legal function to oversee the management of these risks and to achieve compliance with relevant laws. Reputable external advisers are selected and engaged where prudent to do so, both in the UK and in relevant jurisdictions. Internal policies and practices evolve to take account of the changes in legal obligations. Training and induction programmes ensure employees receive appropriate training and briefings on the relevant policies and laws. This year there has been a focus on the development and roll-out within the Group of an umbrella Code of Conduct, which links into various existing and new policies on areas such as anti-bribery, hospitality, gifts and sponsorship, whistle-blowing, data protection and competition.
Tax	The Group's international activities are subject to different tax rates and tax legislation and to interpretation by local tax authorities. Changes to tax legislation as well as the interpretation and enforcement of such tax legislation is a risk to the Group.	The Group seeks to build open and real-time relationships with tax authorities and advisers to bring about timely agreements on its tax affairs and to reduce uncertainty on business transactions. The Group seeks to minimise its tax burden in a manner which is consistent with commercial objectives whilst maintaining its tax obligations in accordance with the tax legislation. The Group's in-house tax function oversees the management of tax risks, engages with appropriate tax specialists and reviews tax policies and practices within the Group, in order to ensure that they evolve in line with legislative changes.
Safety	The Group operates in an industry where safety is a critical consideration. Failure to meet customers' safety expectations or regulatory requirements increases the risk of legal, financial and brand damage. This requires an uncompromising attitude to safety.	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 and 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.
Environment	Failure to comply with legislation covering oil storage, wastewater, air quality and general and hazardous wastes could leave the Group vulnerable to fines and penalties for non-compliance. Costs associated with remediation works, investigations, loss of brand reputation and potentially some of our customers would have a negative effect on the Group's balance sheet, financial performance and insurance premiums.	The Group is recognised for its industry-leading position on promoting environmental issues, with its 'Greener from the Ground Up' campaign, GO initiatives and One Plan all pushing environmental awareness and compliance both internally and externally. The Group's SHEQ team proactively monitors the effectiveness and implementation of Speedy's environmental policy across the business. The Group voluntarily publishes its carbon footprint and participates in the Carbon Disclosure Project. More recently the Group has been awarded the BITC Gold award for corporate responsibility, recognising the work that the Group is doing to reduce its impact on the environment, setting targets, reducing waste and promoting best practice.

Our performance

UK & Ireland Asset Services



“Our strategy is built on developing intimate and long-term relationships with our customers. This strategy is underpinned by our focus on consistency of service, quality of equipment and legal and safety compliance delivered and transacted by the best trained and knowledgeable people in our industry.”

David Graham

Managing Director, UK Asset Services

What we do

We deliver asset management to our clients through our integrated but specialist product and service operations. Our business is characterised by the provision of tailored solutions underpinned by a commitment to long term relationship management. This means that whether a customer wants to hire, buy, service or repair an asset, we can advise them and support their needs.

Our division is structured to incorporate specialist disciplines, grouped into five key service lines in the UK:

- UK hire: our largest operation, comprising product specialist depots offering small tools, lifting and materials handling equipment, light plant, power generation, compressors, pumps, surveying and specialist safety and communication equipment.
- Engineering Services: this operation provides three distinct service offerings:
 - test, repair, inspection and maintenance services;
 - major industrial/petrochemical on-site and shutdown services; and
 - specialist rail equipment and services.
- Speedy Retail: responsible for the Group's sales of personal protection equipment, consumables and equipment sales. Our markets are served in three ways – a resale operation through our depot network, direct bulk distribution to our clients and, increasingly, internet sales.

- Managed Services: a substantial and growing business unit which supports our clients by providing products/assets not stocked in our network, e.g. cranes or skips. This service allows clients to access a broader range of equipment from Speedy thereby reducing their administration costs and ensuring consistency in service.
- Training: provides a broad range of statutory and compliance training courses to our customers. With over 200 courses available, our customers have access to a national network of training locations and skilled trainers ensuring that they not only fulfil their duties under the Health and Safety at Work Act but access our experience and knowledge in order to maximise the productivity of their workforce when using our equipment.

The division also includes our operations in the Republic of Ireland and Northern Ireland, which comprise five depots offering the full range of Speedy products into the Irish markets.

Strategy

Our strategy is based on developing strong relationships with our customers, and is focused on fulfilling their equipment and site infrastructure needs through a range of hire and asset management services and training.

Our aim is to maximise profitability and returns and to broaden our service offering, so that we are able to support the entire asset cycle. In order for UK & Ireland Asset Services to reach 'preferred' or 'strategic partner' status, customers demand that we provide quality, consistency and added value to their businesses, strategic investment in fleet, have the largest operational network and an expanding range of services.

Our plan is simple:

- be customer-intimate: know our customers and their markets;
- give our customers the best service: align our offering and service capability to our customers' needs;
- add value through innovation;
- extend into other areas of our customers' value chain; and
- ensure safety and sustainability are at the core of our offer.

Priorities for FY2013

Market conditions in FY2012 remained challenging. Despite this, we were able to build on the stable platform created in earlier years and moved the business forward through our ongoing programme of self-help.

Measures that contributed to our improved trading position included the disposal of our loss-making accommodation hire operation, the roll-out of our yield management tool, the opening of seven further superstores and the launch of our first super-workshop.

These and other actions taken represent key milestones in completing the delivery of 'One Speedy', a consistent approach to our customers in the delivery of service excellence.

UK & Ireland Asset Services

continued

For FY2013 our priorities include:

- continuing to deliver improved trading performance, financial returns and asset efficiency combined with strong profit-to-cash conversion;
- growing our revenues on the back of our transition to a market and sector-based model which has positioned us to benefit from the more robust markets in utilities and transport;
- increasing yield through the application of service measurement, financial and asset control and improved reporting;
- full roll-out of telematics in order to improve customer service and vehicle fuel efficiency;
- self-funding the continued growth of our network of superstores;
- growing our non-asset-based services, and in particular training, testing, repair, inspection and maintenance;
- growing revenues for our consumables sales offering on the back of our now rationalised and targeted range;
- positioning our business in readiness for a market upturn through continued innovation and investment in our products, our services and our IT capabilities;
- expanding our industrial, engineering and rail operations by securing additional long-term asset management contracts; and
- driving further improvements in our safety record, minimising accidents in the workplace and risk for all of our stakeholders.

Our markets

Our key markets in the UK and Ireland are construction, infrastructure, utilities, and major industrial groups.

Commercial construction rentals are geared towards contractors conducting new-build, repair and renovation work who hire a wide range of equipment. Industrial rentals are geared towards businesses conducting routine plant maintenance as well as special projects that require power and welding equipment, lifting and material handling equipment and safety products.

Alongside our core market of construction, the sectors that we will focus on in FY2013 are those where we see growth, sustainability and financial security: namely infrastructure providers in the water, waste, energy and transport sectors. This focus will define strategic fleet purchases and disposals, the range of services we provide and the allocation of our human resources.

How we performed

Over the period we have progressed across all of our target markets by strengthening existing relationships with key clients and contractors such as Exxon, Thames Water, Welsh Water, Balfour Beatty, AMEC, BAM and Galliford Try.

Additionally we have secured or renewed a number of other long term agreements across a number of markets by focusing on:

- the largest general contractors that have large order books across robust and growth sectors and provide us with low-cost access to their sub-contractors;

- sector clients who put in place long-term framework supplier arrangements covering all of their operating and capital investment programmes; and
- sector-specific contractors and sub-contractors who tend to specialise in more highly regulated sectors.

Agreements secured or renewed include:

Large major contractors – activity across all key sectors

- Carillion: three-year contract extension as a strategic supplier across all Speedy product categories; and
- Morgan Sindall: five-year contract renewal as a strategic supplier across all Speedy product categories.

Infrastructure sector – utilities and transport

- Veolia Group: three-year framework agreement (water and waste); and
- Enserve: two-year framework agreement (water and gas).

Industrial sector

- GDF Suez: two-year preferred supplier agreement; and
- Nordex: two-year preferred supplier agreement.

In addition to our numerous preferred and framework supply agreements, we continually win one-off contracts to supply products and services within the industrial and events sectors – both of which have performed strongly on the back of power generation and lifting rentals.

Utilisation of the hire fleet improved throughout the year as a result of the focus on the strategic purchase of new assets and the planned disposal programme. This programme resulted in sales of £5.1m of slow-moving/under-utilised equipment which generated a gain over net book values.

Despite being suppressed because of the milder weather, turnover was broadly flat in the second half-year versus the first half-year. Performance benefited from maintaining the strong gross profit margins secured in FY2011 and holding the cost base to prior year levels, and was largely driven by the performance of our tools, lifting, survey and power operations.

The power division in particular had a very strong year benefiting from several major industrial shutdowns and payback from increased investment in core kit. The Managed Services division also performed ahead of expectations and the disposal of the underperforming accommodation hire operation assisted our trading performance.

For FY2013 we will continue to build across all target markets as well as focusing on sub-contractors and smaller companies who operate across these markets, and where the margin on rentals is highest.

Our performance

International Asset Services



“Our ultimate vision for the international business is to support our customers on any major project anywhere in the world.”

Mike McGrath

Managing Director, International Asset Services

We help our customers manage risk on major international projects and contracts by delivering the highest safety and quality standards, often in challenging environments, and by tracking and controlling assets through our in-house management information and control systems. We also work with our customers to help them make more efficient and effective use of assets. On major contracts, we will implant experienced teams in our customers' operations to work in partnership with their management teams to apply our expertise and innovation in driving measurable efficiency savings.

Strategy

Our ultimate vision is to be able to support our customers on any major project, anywhere in the world. By following our existing customers into new markets, we can then reach out to new customers who will benefit from our services.

We have implemented the first phase of our strategy by investing in our first hub in the Middle East, where there is a high concentration of our existing customers engaged on key projects in the oil and gas, infrastructure and industrial sectors.

Priorities for FY2013

Our first priority is to remain focused on delivering the targets and KPIs in our contracts with strategic customers, including Carillion and Costain, and to extend our reach to support their businesses as they win projects across the wider region. Our second priority is to sign further, long-term strategic service agreements with a select group of both existing and new customers with leading positions in our chosen markets.

Our markets

We are focusing on two key markets: oil and gas and Government-backed infrastructure and industrial projects. The oil and gas market is global and Speedy has a long track record of supporting customers on projects from Europe to East Asia. Our first hub in the Middle East not only provides greater access to the oil and gas industry in the region, but also provides a base from which we can extend our range of services to oil and gas projects in Central and East Asia.

What we do

We support our customers in delivering major international projects and facilities management contracts by providing a managed site support service, which combines our core expertise in equipment hire with asset management, site infrastructure and logistics services.

The infrastructure and industrial sector is more focused on the Middle East region and evidence suggests that the recent political issues in a number of countries are causing governments in the region to accelerate long-term plans to invest in infrastructure as they seek to address structural shortages in water, power and transport and push on with social programmes with new hospitals, schools and universities. Furthermore, governments across the region are pursuing a strategy of industrial diversification with major investment programmes underway.

How we performed

Our focus this year has been to extend our support for existing customers such as Carillion and Costain, with whom we already have long-term exclusive framework agreements, and to broaden our customer base by developing relationships with major local players in our chosen markets.

During the year we have extended our support of Carillion to include a number of infrastructure projects in Oman, including the expansion of Muscat International Airport, and are currently mobilising equipment to support Carillion's first major project in Qatar, the £395m Msheireb project for the Qatar Foundation for Education in Doha. In addition, we have increased our level of support to Costain on Das Island, Abu Dhabi's main offshore gas hub.

During the second half of the year, the business saw a significant increase in activity levels on major oil and gas projects, a trend which we anticipate continuing in the year ahead. Highlights include supporting our first major refinery shutdown in the region at ENOC's Jebel Ali plant in the UAE and providing specialist compressed air packages for use in pipeline projects across the region to Baker Hughes, Schlumberger, Halliburton and Crest Energy. Turnover in our second full year of trading was £11.1m (FY2011: £8.4m), with the business moving into operating profit in the second half as the benefits of its operational gearing started to show through. A healthy pipeline of visible opportunities provides us with optimism for continued growth in FY2013.

Our performance

Group financial review



“Stringent management of cash and a flexible financing structure provide a platform for continued improvement.”

Lynn Krige

Group Finance Director

Group financial performance

Revenue for the year to 31 March 2012 was £329.3m (2011: £354.2m). Underlying revenue for the year to 31 March 2012 of £326.4m (excluding revenue from the disposed accommodation operation and expired Network Rail contract) was 4.3% above the prior year period (2011: £313.0m). Included in turnover are planned fleet equipment sales totalling £5.1m (2011: £5.7m); excluding these disposals, underlying revenue was up 4.6%.

Gross margin improved to 67.1% (2011: 61.3%) and the Group reported EBITA (before exceptional costs) of £19.6m (2011: £8.3m).

The Group's profit before taxation, amortisation and exceptional items was £12.4m (2011: loss £0.7m). The profit after taxation, amortisation and exceptional items was £1.7m (2011: loss £19.3m).

Underlying revenue for the UK & Ireland Asset Services segment totalled £315.3m (of which £5.8m relates to the Irish operations), which was 3.5% up on the prior year (2011: £304.6m). Profits increased at the operating level, with underlying EBITA (before exceptional costs) of £27.9m (2011: £21.7m) reflecting an improvement in margin from 7.1% in 2011 to 8.8%. UK & Ireland Asset Services revenue, including the accommodation hire operation and the Network Rail contract, was £318.2m (2011: £345.8m), while EBITA (before exceptional costs) was £27.8m (2011: £17.7m). Revenue in the International division was £11.1m (2011: £8.4m), while EBITA was £(0.7)m (2011: £(1.9)m) with an operating profit of £0.1m in the second half-year.

The figures for the segments reported above are stated before corporate costs. These costs amounted to £7.5m (before exceptional costs) in the year (2011: £7.5m), equivalent to 2.3% of gross revenue (2011: 2.1%).

First half/second half-year financial performance

In the six months to 30 September 2011, the Group's profit before taxation, amortisation and exceptional items was £4.8m (2011: loss £9.9m). The equivalent figure for the second half-year was a profit of £7.6m (2011: £9.2m).

The overall Group EBITA margin (before exceptional items) in the second half-year rose to 6.7% from 5.2% in the first half-year and was comparable to 7.3% in the prior year period.

Interest and hedging

Net interest expense (before exceptional items) totalled £7.2m (2011: £9.0m), of which £3.6m 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 3.5% 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 period since the initial utilisation under the facility was 2.97%. The current applicable margins are 2.25% on receivables and 3.0% on plant and machinery. This is the bottom of the margin ratchet.

The Group utilises interest rate hedges to manage fluctuations in LIBOR. At the year-end, hedges with a notional value of £65.0m (2011: £60.0m) were in place, equivalent to approximately 85% of net debt outstanding. The fair value of these hedges was a liability of £0.7m at year-end and they have varying maturity dates to September 2014. The incremental interest cost arising from these hedges amounted to £0.7m during the year (2011: £2.7m).

Exceptional items

Exceptional items totalled £5.1m before taxation (2011: £20.8m). For 2012 these costs fall into two areas. Firstly, there are certain items relating to the April 2011 disposal of the Group's accommodation hire operation: at 31 March 2011 these assets were shown in the balance sheet as being held for sale and were written down to their fair value net of costs to sell. This treatment created an exceptional item totalling £13.8m in 2011 with a further £2.9m in 2012. Secondly, there is an exceptional financial expense of £2.2m (2011: £1.5m), which related to the amortisation of bank and adviser fees for the cash-flow-based bank facility that was replaced by an asset-based facility in July 2011. Additionally, 2011 included £5.5m of exceptional cost relating to restructuring and cost-saving initiatives.

The cash cost before taxation of these exceptional items was £0.8m (which was all spent in 2012). The total tax benefit arising from these exceptional items is anticipated to be £1.1m (2011: £5.6m).

Taxation

The Group's income statement shows a tax charge for the year of £1.5m (2011 credit: £7.7m). Of this amount, £2.6m relates to a pre-exceptional tax charge based on an effective tax rate of 31.3% (2011 credit of 33.3%). The balance represents a credit of £1.1m in respect of the exceptional items referred to above.

Tax paid in the year ending 31 March 2012 amounted to £nil (2011: net payment of £1.3m which related to tax liabilities of prior accounting periods).

Shares, earnings per share and dividends

At 31 March 2012, 517.2m shares were outstanding, of which 10.3m were held in the employee benefits trust (including 6.4m jointly owned shares).

The basic earnings per share before amortisation and exceptional items was 1.72 pence (2011: loss 0.02 pence). After amortisation and exceptional costs, it was 0.33 pence (2011: loss 3.81 pence).

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 0.26 pence per share (2011: 0.20 pence) which represents a total cash cost of approximately £1.3m. This gives a total dividend for the year of 0.46 pence per share (2011: 0.40 pence). If approved by shareholders, the final dividend will be paid on 15 August 2012 to all shareholders on the register on 15 June 2012.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £70.8m, of which £64.2m (2011: £41.8m) related to equipment for hire (including £10.0m in the International Asset Services division) and the balance principally to investments in the Group's depot network (seven new superstores were opened in the year) and IT. This compares to £46.7m in 2011, an increase of 52%. With disposal proceeds of £19.4m (2011: £16.2m), overall net capital expenditure totalled £51.4m (2011: £30.5m) and net capex investment in hire fleet rose 69%. The disposal of damaged, older or surplus hire fleet during the year generated a profit of £4.8m (2011: £5.0m), underlining the appropriateness of the carrying value of the Group's fixed assets. At 31 March 2012, the average age of the fleet was estimated at 4.2 years (2011: 4.7 years).

Cash flow and net debt

Cash generation has remained positive, with net cash flow generated from operating activities amounting to £17.7m in the year (2011: £12.3m). This increase in cash generation is after increasing the net investment in the hire fleet by £19.2m, funded through increased profitability and reduced working capital. Free cash flow (i.e. before dividends and financing activities) increased to £39.3m

(2011: £7.4m), benefiting from the £33.4m net proceeds from the disposal of the accommodation hire operation. During the year, the trade and assets of Morgan Sindall's internal plant business were acquired for £5.2m as a consequence of a new strategic supply agreement. Dividend payments in the year amounted to £2.1m (2011: £2.1m).

Accordingly, even after the increase in capex, net debt has fallen from £113.9m at the beginning of the year to £76.3m at 31 March 2012, a £37.6m decrease.

Gearing (net debt divided by shareholders' funds) has improved as the business continues to reduce net debt and at 31 March 2012 had fallen to 33.2% (49.7% at 31 March 2011). Similarly, net debt to EBITDA (before exceptional items) has also reduced to 1.21x (2011: 1.79x).

Balance sheet

Net assets at 31 March 2012 totalled £229.5m, a £0.1m increase on the £229.4m reported at 31 March 2011.

Net assets per share amount to 44.4p (33.2p based on tangible assets). Net property, plant and equipment was £241.0m at 31 March 2012, of which equipment for hire represents approximately 87%. Net debt/net property, plant and equipment of 0.32x at 31 March 2012 (2011: 0.52x) underlines the strong asset backing within the business.

Gross trade debtors totalled £86.0m at 31 March 2012 (2011: £97.8m). Bad debt and credit note provisions totalled £5.4m at 31 March 2012 (2011: £7.2m), equivalent to 6.3% of the debtor book (2011: 7.4%). The reduction reflects the improvement in debtor weeks (calculated on a count-back basis) to 9.0 weeks at year-end compared to 9.8 weeks at 31 March 2011.

Capital structure and treasury

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

On 30 June 2011, the Group secured a new £220m asset-based revolving credit agreement which matures in January 2015, with six banks. At 31 March 2012 the gross amount utilised under the facility was £83.4m and available headroom under the facility amounted to £69.3m. 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 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

Return on capital (based on EBITA before exceptional items) totalled 6.0% in the year ended 31 March 2012. This compares to 2.3% in the prior year period. Return on capital has benefited from increases in EBITA (before exceptional items) and a reduction in average gross capital employed which was £30.0m lower at £324.6m (2011: £354.6m).

Summary

With the Group's focus on strategic markets, targeted capital investment and rigorous control of our cost base, which is supported by the asset-based bank facility, we have a strong and stable platform to build on in FY2013.

Lynn Krige
Group Finance Director



Board of Directors



Ishbel Macpherson
Non-Executive Chairman



Steve Corcoran
Chief Executive



Lynn Krige
Group Finance Director



Mike McGrath
Managing Director, International
Asset Services



Michael Averill
Non-Executive Director and
Senior Independent Director



Chris Masters
Non-Executive Director



James Morley
Non-Executive Director



James Blair
General Counsel and Company Secretary

Ishbel Macpherson

Non-Executive Chairman

Ishbel Macpherson joined the Board in July 2007 and became the Senior Independent Director and Chairman of the Remuneration Committee in March 2008. Ishbel was appointed to the roles of Non-Executive Chairman and Chairman of the Nomination Committee on 1 January 2011, at which time she ceased to be Senior Independent Director and Chairman of the Remuneration Committee. Ishbel is an investment banker of over 20 years' standing who has specialised in UK mid-market corporate finance. Ishbel was Head of UK Emerging Companies Corporate Finance at Dresdner Kleinwort Wasserstein from 1999 to 2005 and is presently a Non-Executive Director of Hydrogen Group plc, May Gurney Integrated Services plc and Dignity plc.

Steve Corcoran

Chief Executive

Steve Corcoran was appointed Chief Executive of the Company in April 2005 and was previously the Chief Operating Officer from April 2001. Having joined the Company in 1987 when the business had 13 outlets, he has been progressively promoted through the ranks. He has over 25 years' experience in the hire industry and is a member of the CPA Council, the industry's principal trade body, and Chairman of the CBI North West.

Lynn Krige

Group Finance Director

Lynn Krige joined the Board in September 2011. Prior to this, Lynn was the Group Finance Director of John Laing plc (since 2007) and held 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. Lynn is a member of the Regeneration Committee of the Imperial War Museum.

Mike McGrathManaging Director,
International Asset Services

Mike McGrath became Managing Director, International Asset Services in 2009. He previously held the role of Group Commercial Director from 2006 to 2009, and was Company Secretary on a part-time basis from 2001 to 2006. Mike has been involved in structuring a number of the major outsourcing arrangements with the Group's larger customers and was responsible for advising Speedy in relation to the majority of its acquisitions over the last 18 years. Mike was formerly a partner at Pinsent Masons.

Michael AverillNon-Executive Director and
Senior Independent Director

Michael Averill joined the Board on 1 May 2008. He was appointed Senior Independent Director and Chairman of the Remuneration Committee on 1 January 2011. He previously held the position of Group Chief Executive of Shanks Group plc 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).

Chris Masters

Non-Executive Director

Chris Masters joined the Board in July 2011. Chris has 20 years of experience as an executive board member of listed companies and was Executive Chairman of Aggreko plc 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. Chris currently holds a number of Non-Executive Directorships including at The Crown Agents and Alliance Trust PLC and is the Non-Executive Chairman at Energy Assets Group plc. 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).

James Morley

Non-Executive Director

James Morley joined the Board on 2 April 2009 and became Chairman of the Audit Committee on 8 May 2009. He is a Chartered Accountant with some 27 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). He currently holds Non-Executive Directorships at Clarkson plc, Costain Group plc, The Innovation Group plc, BMS Associates and Acumus Limited. Previously James was also a Non-Executive Director of the Bankers Investment Trust, WS Atkins and The Trade Indemnity Group.

James Blair

General Counsel and Company Secretary

James Blair joined the Company in February 2012. James has a corporate, commercial and finance law background and was formerly a senior legal adviser at United Utilities Group PLC, Dalkia plc and MITIE Group plc during the previous eight years. James 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. He also holds qualifications in accountancy and as a Company Secretary through the Institute of Chartered Secretaries and Administrators.

Directors' report

Principal activity

The Company is a public limited company incorporated in England, registered number 927680, with its registered office at Chase House, 16 The Parks, Newton-le-Willows, Merseyside WA12 0JQ.

The principal activity of the Group is the provision of equipment for hire and sale, and associated services to the construction, infrastructure, industrial and related industries. The principal activity of the Company is that of a holding company. A fuller description of the business activities is contained within the Business Review on pages 4 to 29.

Business review

The Chairman's Statement on pages 18 and 19, the Business Review on pages 4 to 29 and the Principal Risks and Uncertainties on pages 22 to 24 provide a detailed review of the Group's activities, likely future developments and principal risks and uncertainties. All the information detailed in these pages is incorporated by reference into this report and is deemed to form part of this report.

Results and dividends

The consolidated profit after taxation for the year was £1.7m (2011: loss £19.3m). This is after a taxation charge of £1.5m (2011: credit £7.7m) representing an effective rate of 46.9% (2011: 33.3%) pre exceptional items. An interim dividend of 0.2 pence per share was paid during the year. The Directors propose that a final dividend of 0.26 pence per share be paid, making a total dividend distribution in respect of the year of 0.46 pence per share (2011: 0.4 pence).

Related party transactions

Except for Director 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 13 July 2011, 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 15 May 2012, no shares had been purchased under this authority. Shareholders will be requested to renew this authority at the forthcoming AGM in July 2012.

Equal opportunities

In the recruitment of employees and their subsequent career development, individuals are considered having regard to their aptitudes and abilities irrespective of race, sex, marital status, age, religion or disability. In the case of disability, reasonable adjustments are considered to enable employment or continue employment in the event that an employee becomes disabled during employment.

Employee involvement

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

The Board believes in the financial effectiveness of incentive bonuses. It is the Group's policy that employees should be in some form of incentive scheme as soon as practicable after joining the Group and concluding the relevant probationary period. Details of such incentive schemes, including annual bonus arrangements for Executive Directors, are summarised in the Remuneration Committee's report on page 41.

Further involvement is engendered through employee feedback mechanisms including an annual employee opinion survey and employee consultative forums in each region.

Payments to suppliers

It is the Group's policy to make suppliers aware of the terms and conditions upon which the Group will trade with them and to abide by those terms. Codes or standards on payment practice are followed where appropriate. The Group had 105 days (2011: 85 days) of purchases outstanding at the end of the financial year (Company: nil days, 2011: 29 days).

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 to the Financial Statements.

Going concern

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.

Political and charitable donations

The Group made charitable donations amounting to £41,000 (2011: £51,000) during the year. The Company did not make any charitable donations. In accordance with the policy of the Group, no political donations were made during the year.

Principal beneficiaries include The lighthouse Club and CRASH in the construction sector and wider partnerships with Habitat for Humanity and WellChild. The Group's charities committee meets quarterly to assess applications and make recommendations. Membership comes from across the Group's UK operations and the committee also helps to instigate and support employee fundraising activity, 'in-kind' support through our depot network and community engagement.

Substantial shareholders

As at 11 May 2012, the Company had been notified, in accordance with 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	Percentage of voting rights
Schroder Investment Management	12.98
Standard Life Investments	8.30
Fidelity Investments	7.66
JO Hambro Capital Management	7.07
Hermes Pensions Management	4.60
Legal & General Investment Management	3.73

Directors

The Directors who served during the year and the interests of Directors in the share capital of the Company are set out on pages 36 and 47.

Peter Atkinson retired from the Group Board on the day of last year's AGM, 13 July 2011, and was replaced by Chris Masters on that day. Justin Read stepped down on 26 August 2011 and was replaced by Lynn Krige on 29 September 2011. Both Chris Masters and Lynn Krige, having been appointed since the last AGM, offer themselves for election in accordance with the Company's Articles of Association. Steve Corcoran, Mike McGrath and James Morley are retiring by rotation at the AGM and all are offering themselves for re-election.

The Group Board unanimously supports the re-election of Steve Corcoran, Mike McGrath and James Morley and the election of Chris Masters and Lynn Krige.

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.

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.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

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

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. 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.

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

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

Directors' report

continued

Statement of Directors' responsibilities pursuant to disclosure and transparency rules 4.1.12

The Directors confirm that, to the best of their knowledge:

(i) 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

(iii) the Business Review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of the Directors of the Company are set out on pages 30 and 31 of the Annual Report.

Auditors

KPMG Audit Plc were reappointed at the AGM of the Company held on 13 July 2011 and their appointment expires at the conclusion of this year's AGM. KPMG Audit Plc offer themselves, and are recommended by the Board, for re-appointment under the provisions of Section 489 of the Companies Act 2006.

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 2012, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2012 the authorised share capital of the Company was £35,000,000 comprising 700,000,000 ordinary shares of 5 pence each, and the issued share capital was £25,861,710 comprising 517,234,202 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.

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 AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM 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 AGM after having been appointed by the Board.

Each Director must also stand for re-election at the third AGM 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 at least one-third is standing.

Articles of association

The Company's articles of association may be amended by special resolution of the Company's shareholders.

Directors' powers

At the AGM to be held on 18 July 2012, 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

As permitted by the Companies Act 2006, the Company has indemnified each of the Directors who held office during the year.

Annual General Meeting

The Company's AGM will be held at 11.00am on Wednesday 18 July 2012 at Etrop Grange Hotel, Thorley Lane, Manchester Airport M90 4EG. A formal notice of meeting, an explanatory circular and a form of proxy will be sent separately to shareholders.

By order of the Board on 15 May 2012.

James Blair

Company Secretary

Corporate governance

Highlights

- The appointment of Chris Masters as a Non-Executive Director on 13 July 2011 following the retirement of Peter Atkinson from the Board. The appointment of Lynn Krige as Group Finance Director on 29 September 2011 following Justin Read stepping down from that role on 26 August 2011;
- Ongoing review of the effectiveness of the Board's operation, including the use of an independent external performance evaluator;
- Continued full compliance with the Group Board's UK Corporate Governance Code Compliance Statement, which is available on the Company's website;
- Ongoing development and roll-out within the Group of an umbrella Code of Conduct which links into various existing and new policies on areas such as anti-bribery, hospitality, gifts and sponsorship, whistle-blowing, data protection and competition; and
- A high level (28.5%) of representation of women Directors on the Board, comprised of the Chairman and Group Finance Director, above and ahead of 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 (and 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.

The following paragraphs explain 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 2012, the Company has been in compliance with the provisions set out in the UK Corporate Governance Code.

Directors

The Board

In the year ended 31 March 2012, the Board met seven 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. The table below lists the Directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2012.

Board and Committee attendance

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Steve Corcoran	7	1	–	1
Lynn Krige (appointed on 29 September 2011)	4	2	–	–
Mike McGrath	7	1	–	–
Justin Read (resigned on 26 August 2011)	2	1	–	–
Non-Executive Directors				
Peter Atkinson (retired on 13 July 2011)	2	1	1	2
Michael Averill	7	4	3	3
Ishbel Macpherson	7	4	3	3
Chris Masters (appointed on 13 July 2011)	5	3	2	–
James Morley	7	4	3	3

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 formally adopted by the Board, is available for inspection at the Company's registered office and on the Company's website.

The UK Corporate Governance Code Compliance Statement was approved and adopted by the Board on 30 March 2011 and varied by the Board on 7 September 2011. The matters reserved for decision by the Board can be subdivided into a number of key areas including and not limited to:

- financial reporting (including the approval of interim and final Financial Statements, interim management statements and dividends);
- the Group's finance, banking and capital structure arrangements;
- Group strategy and transactions;
- 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);
- approval of the Group's risk management and control framework (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 environment, health and safety and corporate responsibility.

Matters requiring Board or Committee approval are generally the subject of a proposal by the Executive Directors submitted to the Board, together with supporting information, as part of the Board or Committee papers circulated prior to the relevant meeting. 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 are held by Ishbel Macpherson and Steve Corcoran, 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 Audit Committee.

The Remuneration Committee is chaired by Michael Averill. Its other members are Chris Masters and James Morley.

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 overall 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 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 are reviewed annually by the Board. The Board considers that its procedures to approve conflicts of interest and potential conflicts of interest are operating effectively.

Chairman and Chief Executive

A statement as to the division of the responsibilities between the Chairman and Chief Executive 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 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 seven Directors and their respective experience, details of which are set out on pages 30 and 31, clearly indicates that they are of sufficient calibre and number for their views to carry appropriate weight in the Board's decisions. The Senior Independent Director, Michael Averill, is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or Group Finance Director fail to resolve or for which such contact is inappropriate.

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.

Corporate governance continued

Two members of the Board are also Non-Executive Directors of companies which are customers of the Group. Ishbel Macpherson is a Non-Executive Director of May Gurney Integrated Services plc and James Morley is a Non-Executive Director of Costain Group plc.

The Group's trading with each of these companies 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, in each case, the sums involved are de minimis. 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. In order to ensure that there can be no possible suggestion of a conflict of interest, 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 these companies, the affected Directors would not take part in, or receive, any material information in relation to those discussions. Neither of these Directors has been involved in any commercial negotiations between the Group and the other companies.

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, and met three times during this financial year. 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. Details of the Chairman's other material commitments are set out on page 31 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.

None of the Directors is a Non-Executive Director or Chairman of a FTSE 100 company.

A more detailed summary of the work of the Nomination Committee during the year is contained on page 52.

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 and Group Finance Director also brief Directors on results, key issues and strategy. During Board meetings, the Non-Executives regularly make further enquiries of the Executive Directors and seek further information which is provided either at the relevant meeting or subsequently.

An information pack on market data, including information and activities in relation to competitors and the construction industry generally, is compiled for each Board meeting. This information is drawn from a number of respected sources and provides a current updated summary of trends in the Group's market.

The Board also recognises the importance of ongoing training and education, particularly regarding new laws and regulations which relate to or affect the Group. The Chairman regularly reviews and agrees with each Director their training and development needs. 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 and remuneration 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 all procedures are followed and that 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 Ltd to carry out a detailed and independent review of the Board's processes, procedures and effectiveness. SCT Consultants Ltd has no other connection with the Company. Their report did not identify any areas of significant weakness in the Board's effectiveness. Most areas examined attracted high ratings alongside constructive recommendations to improve the processes for risk management and the management of top talent, in order to further enhance the Board's effectiveness. The areas attracting the most positive ratings were chairmanship, the clarity of the role and terms of reference, the focus on addressing and developing company performance and the clear and effective relationship between sub-committees and the Board. It was also found that the Board has a good mix of skills and capabilities and in recent times has been both streamlined and strengthened with new appointments. However the Board continues to develop the way it works in line with best practice, and in particular over the next year will be working to develop more lead indicators on performance and strategy implementation, strengthen its risk management processes, and to ensure it has an outstanding pipeline of future talent.

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 commenced her second three-year term in 2010. Michael Averill commenced his second three-year term in 2011. James Morley commenced his first three-year term in 2009.

Directors' remuneration

Level and make-up of 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 (an Aon Hewitt Company) (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 Board's policy is that no executive share options should be offered at a discount, save as permitted by the Listing Rules.

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 elsewhere.

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 three 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 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. NBS has no other connection with the Company.

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 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. However in view of recent difficult economic circumstances the remuneration of Non-Executive Directors was not increased during the year ended 31 March 2012.

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.

Corporate governance

continued

A more detailed summary of the work of the Remuneration Committee during the year is contained on page 41.

Accountability and audit

Financial reporting

The Directors' Report and Auditors' Report appear on pages 32 to 35 and 53 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 schemes of internal control 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 examines 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 KPMG Audit Plc (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, the Group Finance Director and the head of the Group's internal audit function. The Committee also considers formal reports prepared and presented by the internal audit function. The findings and recommendations of the Committee are then 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 also 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's work also includes reviewing the adequacy of the Group's 'whistle-blowing' procedures.

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 KPMG.

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. The use of the Company's auditors for non-audit services must be pre-approved by the Audit Committee where the total anticipated costs of any particular project exceed £30,000, taking into account factors such as cost, speed and efficiency of delivery in determining whether to approve their appointment. As further detailed on page 51, 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 50 and 51.

Relations with shareholders

Dialogue with institutional shareholders

The Chairman, Chief Executive 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 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 or the Group Finance Director be ineffective or inappropriate.

Constructive use of the AGM

The Company's AGM 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 AGM 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 AGM.

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 D.2.4 of the UK Corporate Governance Code.

Remuneration report

This report has been prepared by the Remuneration Committee and approved by the Board for the financial year ended 31 March 2012. It has been prepared in accordance with the Companies Act 2006. This report provides the Company's statement of how it has applied the principles of good governance relating to Directors' remuneration and is intended to communicate the Company's policies and practices on executive remuneration. This report will be subject to an advisory shareholder vote at the forthcoming AGM. Information relating to the emoluments and pension contributions of the Directors on page 47 and Executive Directors' interests in the Company's Performance Plan, Co-Investment Plan and UK SAYE Scheme on page 48 has been audited.

Reflecting the Board's commitment to maintaining high standards of corporate governance, the Remuneration Committee has complied during the year with the remuneration requirements of the UK Corporate Governance Code.

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors: Michael Averill (Chairman), James Morley and Chris Masters (who joined the Remuneration Committee following his appointment as a Non-Executive Director on 13 July 2011). Peter Atkinson was a member of the Remuneration Committee until he retired from the Board with effect from 13 July 2011. Each of Michael Averill, James Morley and Chris Masters is considered by the Board to be independent. Biographies of the members of the Remuneration Committee are set out on page 31.

At the invitation of the Chairman, the Chairman of the Board and the Chief Executive may attend meetings of the Remuneration 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 Remuneration Committee. The members of the Remuneration Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Remuneration Committee's duties include:

- to make recommendations to the Board on the Company'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 and approve Directors' expenses;
- to determine the basis on which the employment of executives is terminated;
- to design the Company'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 their own remuneration; and
- to review regularly the ongoing appropriateness and effectiveness of all remuneration policies.

The Remuneration Committee met on three occasions during the year. Details of the attendance at Remuneration Committee meetings are set out in the Corporate Governance report on page 36. The Committee reviewed the following matters at those meetings:

- design of executive remuneration structure for the financial year FY2013;
- 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 FY2012 executive bonuses;
- 25-year long service awards for the financial year FY2012;
- terms of reference for, and effectiveness of, the Remuneration Committee;
- ongoing appropriateness and effectiveness of remuneration and benefits policies;
- performance of external remuneration advisers; and
- use of equity for employee share plans in relation to dilution headroom limits.

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

Advisers

During the year, the Remuneration Committee received advice from New Bridge Street (an Aon Hewitt company), who are independent remuneration consultants, in connection with remuneration matters including the provision of general guidance on market and best practice and the development of the Group's performance-related remuneration policy. New Bridge Street has no other connection or relationship with the Group and provided no other services to the Group during the financial year ended 31 March 2012.

The Committee also sought advice from the Company's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the operation of the Performance Plan, Co-Investment Plan and Sharesave (SAYE) Schemes described later in this report.

Remuneration report

continued

Remuneration policy and objectives

The remuneration policy with respect to the Executive Directors has been designed to ensure that pay practices at the Company remain appropriate for both the Company and its shareholders.

The principal objectives of the policy are to attract and retain the best talent to deliver the Company's strategy and to drive shareholder value within a framework of good corporate governance and the Company's risk profile.

The key principles of this policy are:

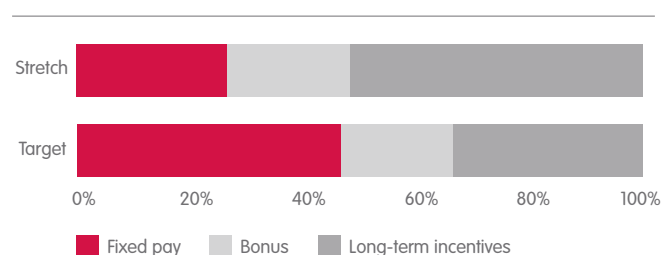
- between lower quartile and median salaries, but with the potential to earn upper quartile rewards for sustained exceptional performance provided stretching and demanding performance conditions designed to promote the long-term success of the Company are met;
- a reward structure that balances short-term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

The Committee acknowledges that the principle with respect to lower to median quartile salaries for Executive Directors has become more difficult to maintain given the reduction of the Company's market capitalisation from previous levels. However, to counter-balance this effect, the Committee has limited Executive Director base salary increases since 2008 by not applying any annual increases from that date and only in FY2012 allowing a review in line with all other employees if Company performance met certain financial targets.

There is no restriction on the Committee which prevents it from taking into account performance on environmental, social and governance issues. The Committee notes with approval the continued effort being made by the Company in motivating responsible behaviour in relation to these issues by encouraging reduced energy consumption and providing incentives to choose more efficient Company vehicles. In addition, the Committee seeks to ensure that the Company's pay policies do not encourage inappropriate operational risk-taking.

The Committee believes that it is incumbent upon it to ensure that the remuneration policy as it applies to the senior executives is effectively delivered in a manner that takes full account of the Company's specific and developing circumstances. This continues to prove a challenge for the Committee against a backdrop of the continuing difficult economic climate. Additionally, in determining the remuneration arrangements of the Executive Directors, the Remuneration Committee takes into consideration not only the performance of the Executive Directors but also pay and employment conditions elsewhere in the Group, through regular interaction with the Company's HR function and senior operational executives.

As a result, the Remuneration Committee has determined that the remuneration of Executive Directors will provide an appropriate balance between fixed and performance-related pay elements. The chart below illustrates the average mix between the fixed (i.e. salary, benefits and pension) and variable (i.e. bonus, Performance Plan shares and Co-Investment Plan shares) elements of remuneration of the Executive Directors at an on-target and maximum performance. The Remuneration Committee will continue to review the remuneration policy to ensure it takes due account of best remuneration practice and is aligned with shareholders' interests.



Components of remuneration

The main components of the remuneration packages of the Executive Directors consist of the following elements:

	Purpose	Delivery	Detailed policy
Basic salary	<ul style="list-style-type: none"> → Reflect the value of the individual and his or her role, skills, experience and performance 	<ul style="list-style-type: none"> → Cash → Monthly → Pensionable 	<ul style="list-style-type: none"> → Normally reviewed annually on or around 1 April and benchmarked against comparable companies → The Company has limited Executive Director base salary increases since 2008 → It is currently intended that base salary increases will be limited to employees earning base salaries less than £60,000. However, the Remuneration Committee may use its discretion to apply an increase to Executive Director base salaries no greater than that awarded to other employees should Company performance exceed certain financial targets during the year
Annual bonus	<ul style="list-style-type: none"> → Incentivise delivery of specific Group, divisional and personal annual goals → Deferred share element aids retention and alignment with shareholders' interests 	<ul style="list-style-type: none"> → Annual payment (subject to performance) → Cash up to 50% of salary, rest in shares → Performance-related → Non-pensionable 	<ul style="list-style-type: none"> → For FY2013 payments based on Group profit before tax, performance and personal KPIs → Bonus potential of up to 100% of salary → Any bonus above 50% of salary paid in shares linked to Co-Investment Plan
Long-term incentives	<ul style="list-style-type: none"> → Encourage long-term value creation → Encourage co-investment → Align executives' interests with those of shareholders → Retention 	<ul style="list-style-type: none"> → Share-based → Annual awards → Shares may be released after three years → Performance-related → Non-pensionable 	<p>Performance Plan</p> <ul style="list-style-type: none"> → 70% of salary maximum award for FY2013, vesting based on comparative TSR targets (with an underpin) <p>Co-Investment Plan</p> <ul style="list-style-type: none"> → Matching shares, based on investment of bonus, up to 2:1 → Vesting for awards to date based on real EPS growth → No awards made in the past three years and there will be no award in 2012
Benefits	<ul style="list-style-type: none"> → Provide competitive benefits → Retention 	<ul style="list-style-type: none"> → Ongoing 	<ul style="list-style-type: none"> → Car allowance, medical insurance and life assurance
Pension	<ul style="list-style-type: none"> → Provide competitive post-retirement benefits 	<ul style="list-style-type: none"> → Ongoing → Payable on retirement 	<ul style="list-style-type: none"> → 10%-20% of basic salary depending on length of service → Executive Directors have been offered cash in lieu of pension
Share ownership guidelines	<ul style="list-style-type: none"> → Align the interests of Executive Directors with those of shareholders 	<ul style="list-style-type: none"> → Ongoing 	<ul style="list-style-type: none"> → Should build a shareholding of 100% of salary

Remuneration report

continued

Base salary

Base salary for each Executive Director is determined by the Remuneration Committee, taking account of the Director's performance, experience and responsibilities. The Remuneration Committee has regard to salary levels paid by UK listed companies: (i) which operate within the same broad business space as the Company and with which the Company 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, although 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. When determining Executive Directors' base salaries, the Remuneration 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 2012	1 April 2011
S Corcoran*	£355,000	£340,000
M McGrath	£220,000	£220,000
L Krige**	£250,000	—

* The above increase was offset by a decrease in pension's contributions

** Appointed 29 September 2011

As disclosed last year, possible staggered base salary increases for Steve Corcoran and Mike McGrath were contingent upon certain Group profit targets being met over the year. After considering the Group's performance over the year, neither Steve Corcoran nor Mike McGrath felt it appropriate to accept any base salary increases from 1 April 2011 levels. The £15,000 increase in Steve Corcoran's base salary was as a result of a reallocation of pension provision and was more than offset by the reduction in pension provision of £17,000.

For FY2013, it is currently intended that base salary increases across the Company will be limited to employees earning base salaries less than £60,000. However, the Remuneration Committee may use its discretion to apply an increase to Executive Director base salaries no greater than that awarded to other employees should Company performance exceed certain financial targets during the year ending 31 March 2013.

Performance-related annual bonus

The Committee's general policy is that employees in the Group should be brought within some form of incentive scheme as soon as practicable after joining the Group.

For FY2012, the Remuneration Committee determined that, as with the previous year, an incentive to deliver against short-term operational drivers of the business was appropriate. The maximum bonus opportunity was 100% of salary and targets were based on adjusted profit before tax targets (85%) and a range of key strategic objectives (15%). However, as the threshold level of performance was not achieved, no bonus was earned for Executive Directors and senior employees for FY2012.

For FY2013, the maximum bonus opportunity remains at 100% of salary. The bonus opportunity will be split as follows: (i) 85% of the bonus will be payable by reference to performance against a challenging range of adjusted profit before tax targets; and (ii) 15% will be 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 be applied in specified circumstances.

As in previous years, if a bonus is earned by an Executive Director, any bonus earned over 50% of salary will be subject to a compulsory deferral into shares, with such shares subject to a corresponding matching award under the Co-Investment Plan (see page 45).

Non-Executive Directors do not receive a bonus.

Long-term incentive plans

In line with the overall remuneration policy of the Remuneration Committee, the objectives of the Company's share-based long-term incentive arrangements (which were approved by shareholders in 2004 and 2009) are:

- to support the Company's strong performance culture and provide exceptional rewards for exceptional performance;
- to provide a competitive total compensation package;
- to link rewards to Group performance so that the interests of executives are fully aligned with those of the Company's shareholders; and
- to create an expectation of ownership on the part of executives in accordance with shareholding guidelines established by the Committee, encouraging Executive Directors to build up and retain shares in the Company of a value equivalent to 100% of basic salary.

The two main share-based long-term incentive plans operated for senior executives are (i) the Performance Plan and (ii) the Co-Investment Plan. As set out on page 45, the Performance Plan measures the Company's relative TSR performance and the Co-Investment Plan to date the Company's EPS performance. The Remuneration Committee considers that the combination of these measures will encourage shareholder value creation and improved financial performance.

Benefits under the Performance Plan and the Co-Investment Plan are non-pensionable.

Performance Plan

The key features of the Performance Plan are as follows:

- the normal maximum award that can be made each year is over shares worth up to 100% of salary. However, in FY2011, FY2012 and again for FY2013, the Committee agreed that the maximum award should be capped at 70% of salary;
- 2012 awards will vest subject to (i) TSR performance measured over a three-year period beginning with the date of the grant and (ii) continued employment;
- 20% of each award will vest if the Company ranks at the median compared to the FTSE 250 (excluding investments trusts) measured over the three-year performance period, with full vesting at the upper quartile (and straight-line vesting between these points); and
- an underpin also applies to the 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 relevant 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.

Page 48 sets out details of performance conditions applying to earlier awards.

TSR has been used again as the primary performance measure for the Performance Plan awards as it is currently considered a robust measure of the Company's long-term performance. The Committee will ensure that appropriate verification from our independent remuneration consultants is sought as to the extent to which these performance conditions are satisfied.

The Performance Plan awards granted in 2009 are not expected to vest in 2012 due to performance being below the threshold levels.

Co-Investment Plan

The key features of the Co-Investment Plan are as follows:

- Executive Directors are required to defer any annual bonus over 50% of basic salary into Company shares (they can choose to defer and invest the rest of their bonus);
- deferral is for three years;
- matching shares are awarded by the Committee, which vest at the end of the three-year deferral period if (i) pre-determined performance criteria are satisfied (ii) the deferred shares are retained and (iii) the individual remains employed by the Company. The maximum matching, which is only awarded for exceptional performance, could be on a 2:1, or 200% basis, by reference to the gross amount of bonus deferred; and

- to date, performance has been based on EPS growth over the deferral period. For the last awards made, to obtain the maximum match, EPS growth of greater than Consumer Price Index (CPI) plus 12.5% per annum, calculated on a compound basis, was required. A match of 1:1 would be earned if EPS growth were greater than CPI plus 7.5% per annum, also calculated on a compound basis (with no awards vesting if EPS growth equalled CPI plus 7.5% per annum or less and straight-line vesting between 7.5% and 12.5% per annum).

As there was no annual bonus payable to the Executive Directors for FY2012, there will be no Co-Investment Plan award in 2012.

Dilution

The Performance 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 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, 3.25% of the 5% limit and 4.86% of the 10% limit have been used.

Share ownership guidelines

Executive Directors are expected to build and maintain a shareholding of 100% of salary. Steve Corcoran and Mike McGrath are meeting this requirement in full. Lynn Krige currently has shares with a value equal to approximately 8% of her salary due to her having been only appointed on 29 September 2011.

Benefits in kind

The Group operates a policy whereby Executive Directors and senior management are offered a car or cash alternative, as appropriate, health insurance and life cover and pension contributions or cash in lieu of pension contributions (further details of which are set out on page 47). Lynn Krige may also claim relocation costs incurred up to a pre-agreed limit although no amounts had been claimed by 31 March 2012.

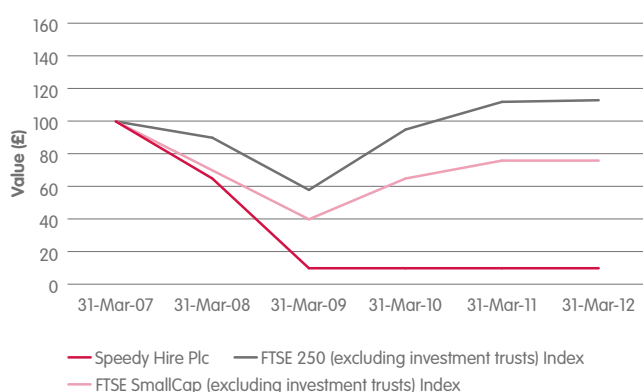
The Group does not operate a defined benefit pension scheme and has no plans to introduce such a scheme.

Remuneration report

continued

Total shareholder return (TSR)

The graph below shows the Company's TSR performance compared with the TSR performance of the FTSE Small Cap Index (excluding investment trusts). The graph illustrates the movement of the Company's TSR, assuming dividends are reinvested on the ex-dividend date, against that of the comparator index for the five-year period to 31 March 2012. The FTSE Small Cap Index (excluding investment trusts) has been used as it is an index in which the Company is a constituent. However, the chart also shows the FTSE 250 Index (excluding investment trusts) as this provides consistency with previous years and is the performance measurement of the Group's Performance Plan.



Service contracts

It is 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 Company's ongoing policy for bonus to not be included in any new joiner's termination payments. It is also the Committee's general 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.

The service contracts of Steve Corcoran, Mike McGrath and Lynn Krige contain express provisions relating to their duty to mitigate their loss and for accelerated receipt in the event of termination.

Subject to the above, 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.

The execution dates of the service contracts of the Executive Directors are set out below:

	Contract date
S Corcoran	7 January 2002
M McGrath	10 March 2006
L Krige	29 September 2011
J Read*	1 April 2008

* Justin Read resigned on 26 August 2011

Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Executive Directors. 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 with due regard to their expected time commitment and responsibility in performing their duties. Non-Executive Directors receive an annual fee and are reimbursed expenses incurred in performing their duties. They do not receive any performance-related bonuses, pension contributions, share awards or other forms of benefit. Current fee levels are as follows:

	Role	Committee	Fee
		Chairman Role	£000
I Macpherson	Chairman	Nomination	105
M Averill	Senior Independent Director	Remuneration	41
J Morley	Non-Executive Director	Audit	41
C Masters	Non-Executive Director	–	34

It has been determined that the above remuneration for Non-Executive Directors will remain unchanged for the year ending 31 March 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 earlier 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, 21 days per annum in the case of Michael Averill and James Morley and 20 days per annum in relation to Chris Masters.

Relevant appointment letter and term dates of the Non-Executive Directors are set out below:

	Appointment letter date	Month current term commenced	Expected month of expiry of current term
I Macpherson	17 July 2007	July 2010	July 2013
M Averill	16 May 2008	July 2011	July 2014
J Morley	31 March 2009	July 2009	July 2012
Chris Masters	10 June 2011	July 2011	July 2012
P Atkinson	3 May 2005	July 2008	July 2011*

* Peter Atkinson retired as a Non-Executive Director on 13 July 2011.

Emoluments of the Directors

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

Aggregate emoluments (audited)

	2012 £000	2011 £000
Salaries and fees	1,055	1,175
Benefits	31	49
Termination payments	–	266
Annual performance-related bonuses	–	–
Pension contributions	103	159
Total	1,189	1,649

A payment of £6,125 was also made to the widow of a former Director (2011: £18,000).

Pensions

The Committee reviews the pension arrangements for the Executive Directors to ensure that the benefits provided are consistent with those provided by similar companies and take account of changes in relevant legislation.

The Company does not offer a defined benefit pension scheme. Instead, it makes contributions to an approved pension scheme of the Executive Director's choice. Pensions contributions for Steve Corcoran and Mike McGrath range between 10% and 20% of basic salary depending on length of service and a contribution of 15% of basic salary is made for Lynn Krige. Executive Directors are also offered cash in lieu of a pension contribution.

The amount of pension contributions (or cash in lieu) made in respect of each Executive Director is set out below.

Save as set out below, there are no other pension arrangements for the Executive Directors.

Individual emoluments of Non-Executive Directors (audited)

	2012 £000	2011 £000
P Atkinson (resigned 13 July 2011)	10	34
I Macpherson	105	57
M Averill	45*	36
J Morley	41	41
C Masters (appointed 13 July 2011)	24	–
Total	225	168

* Includes a £4k one-off payment for additional services to provide support to the executive team.

Directors' interests in shares and options (audited)

Interests in shares

The interests of the Directors of Speedy Hire Plc in the issued share capital of Speedy Hire Plc at the beginning and end of the year, or date of appointment where appropriate, are shown below:

	Speedy Hire Plc ordinary shares	
	31 March 2012	31 March 2011
S Corcoran	2,306,423	2,186,423
M McGrath	1,291,500	1,291,500
P Atkinson (resigned 13 July 2011)	42,800*	42,800
I Macpherson	216,940	216,940
J Read (resigned 26 August 2011)	1,206,097**	1,204,864
L Krige (appointed 29 September 2011)	95,400	–
M Averill	87,349	87,010
J Morley	165,000	165,000
C Masters (appointed 13 July 2011)	100,000	–

* As at 13 July 2011

** As at 26 August 2011

This table includes joint ownership interests in ExSOP awards which are detailed in the table on page 48.

There have been no changes in the interests of the Directors in the share capital of Speedy Hire Plc since 31 March 2012.

Payments to Executive Directors (audited)

	Salaries and fees				Pension contributions		
	Salary £000	Benefits £000	Bonus £000	Total 2012	Total 2011	2012 £000	2011 £000
S Corcoran	355	15	–	370	355	51	68
M McGrath	220	1	–	221	223	33	31
L Krige (appointed 29 Sept 2011)	127	6	–	133	–	19	–
J Read (resigned 26 August 2011)	128	9	–	137	274	–	30
Total	830	31	–	861	852	103	129

Taxable benefits comprise a car or cash alternative, health insurance and life cover. As Justin Read resigned no termination payment was made to him.

Remuneration report

continued

Directors' interests in share options, Performance Plan and Co-Investment Plan awards

The options under the SAYE schemes were granted for nil consideration.

The market price of Speedy Hire Plc ordinary shares at 31 March 2012 was 27.5 pence and the range during the year was 18.5 pence to 34 pence per share.

The prices of an ordinary share on 24 June and 24 November 2011, when the Performance Plan awards were made, were 30.5 pence and 18.5 pence respectively.

Details of the Executive Directors' interests in the UK SAYE Scheme, Performance Plan and Co-Investment Plan are as follows:

	Interest at 1 April 2011 ^{1,2}	Options/awards lapsed during the year	Options/awards granted during the year	Interest at 31 March 2012 ³	Exercise price (pence)	Expected date from which exercisable/ vested to expiry date (if appropriate)
S Corcoran						
Save As You Earn 2010	26,400	—	—	26,400	21	Feb 2014 – July 2014
Save As You Earn 2011	—	—	5,280	5,280	15	Feb 2015 – July 2015
Performance Plan 2008 ^{4,5}	181,809	(181,809)	—	—	nil	n/a
Performance Plan 2009 ^{5,6}	1,323,697	—	—	1,323,697	n/a	Sep 2012
Performance Plan 2010 ^{5,7}	769,977	—	—	769,977	nil	Jun 2013 – Sep 2013
Performance Plan 2011 ^{5,7}	—	—	785,219	785,219	nil	Jun 2014 – Sep 2014
Co-Investment Plan 2008 ^{5,8}	342,486	(342,486)	—	—	nil	n/a
S Corcoran Total	2,644,369	(524,295)	790,499	2,910,573		
M McGrath						
Save As You Earn 2009	9,012	—	—	9,012	29	Nov 2012 – Apr 2013
Save As You Earn 2010	19,028	—	—	19,028	21	Feb 2014 – July 2014
Save As You Earn 2011	—	—	4,320	4,320	15	Feb 2015 – July 2015
Performance Plan 2008 ^{4,5}	117,641	(117,641)	—	—	nil	n/a
Performance Plan 2009 ^{5,6}	856,510	—	—	856,510	n/a	Sep 2012
Performance Plan 2010 ^{5,7}	498,220	—	—	498,220	nil	Jun 2013 – Sep 2013
Performance Plan 2011 ^{5,7}	—	—	508,083	508,083	nil	Jun 2014 – Sep 2014
Co-Investment Plan 2008 ^{5,8}	257,467	(257,467)	—	—	nil	n/a
M McGrath Total	1,757,878	(375,108)	512,403	1,895,173		
L Krige						
Performance Plan 2011 ^{5,7}	—	—	399,575	399,575	nil	Jun 2014 – Sep 2014
L Krige Total			399,575	399,575		
J Read						
Save As You Earn 2009 ⁹	9,012	(9,012)	—	—	29	n/a
Save As You Earn 2010 ⁹	19,028	(19,028)	—	—	21	n/a
Performance Plan 2008 ^{4,5}	133,684	(133,684)	—	—	nil	n/a
Performance Plan 2009 ^{5,6,10}	973,307	(973,307)	—	—	n/a	n/a
Performance Plan 2010 ^{5,7,10}	566,159	(566,159)	—	—	nil	n/a
Co-Investment Plan 2008 ^{5,8}	284,728	(284,728)	—	—	nil	n/a
J Read Total	1,985,918	(1,985,918)	—	—		
Total	6,388,165	(2,885,321)	1,702,477	5,205,321		

No options were exercised during the year.

- 1 The interests at 1 April 2011 are stated after adjustment, where relevant, for the 2009 rights issue.
- 2 Or date of appointment as a Director of the Company, if later.
- 3 Or date of cessation as a Director of the Company, if earlier.
- 4 Neither the TSR nor the EPS target was met and the awards lapsed.
- 5 Performance Plan awards (other than those granted in 2009 – see note 6) and Co-Investment Plan matching awards were 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.
- 6 The 2009 Performance Plan awards were in the form of ExSOP awards, which involve the acquisition of shares jointly by the participant and the trustee of the Company's employee trust and Initial Value Awards. ExSOP awards were subject to a TSR-based performance condition measured over a three year period beginning with the date of the grant. 20% of each award will vest if Speedy 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. To the extent the performance condition is satisfied, the participant can benefit from any growth of the shares in excess of a hurdle. Initial Value Awards entitle the holder to a value (in shares or cash) equal to the number of ExSOP shares (if any) in respect of which the performance condition is met, multiplied by the share value on the award date or, if lower, the share value when the ExSOP award crystallises.
- 7 The 2010 and 2011 Performance Plan awards were subject to a TSR-based performance condition measured over a three-year period beginning with the date of the grant for the 2010 awards and 24 June 2011 for the 2011 awards. 20% of each award will vest if Speedy 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.
- 8 The EPS target was not met and the awards lapsed.
- 9 Justin Read's Save As You Earn 2009 and 2010 options lapsed following the closure of the associated savings contracts.
- 10 Justin Read's Performance Plan 2009 and 2010 awards lapsed following his leaving the Company on 26 August 2011.

SAYE scheme

Options may be granted over shares in the Company under the Speedy Sharesave Scheme (the 'UK SAYE scheme'), in which all eligible employees (including Executive Directors) are entitled to participate. At the end of a three-year period, participants have the right, if they choose, to use funds accumulated under the savings contract linked to the SAYE scheme to purchase shares in the Company at up to a 20% discount to the price of the Company's shares at the date employees are invited to join the scheme.

In November 2007 the Committee established an Irish Revenue-approved Irish Sharesave scheme (the 'Irish SAYE scheme') to enable Irish employees of the Group to participate in a comparable tax-favoured manner to their English counterparts, for which shareholder approval was obtained at the 2008 AGM. The Committee is keen to encourage ownership of the Company's shares by employees at all levels in the Group and grants are made under the SAYE schemes on a regular, normally annual, basis. A grant was made under both the UK and the Irish SAYE schemes in December 2011.

A total of 489 employees participated in the 2011 grant and as at 31 March 2012 there were, in aggregate, 1,407 live accounts spread across 941 participants in the UK and Irish SAYE schemes. As all-employee schemes, no performance targets are attached to options granted under the SAYE schemes.

Long-term service awards

Consistent with the Company 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 (and including the employee's birthday for reaching 20 years' service). Employees serving 20 years receive an additional £1,000 in basic salary and those serving 25 years a further increase of £1,000 and an award of shares in the Company to the value of £1,000. Members of the 20-year and 25-year clubs attend an annual luncheon hosted by the Chief Executive.

These benefits are popular amongst employees and the Company 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.

This report was approved by the Board on 15 May 2012.

Michael Averill

Chairman of the Remuneration Committee

Audit Committee report

The Audit Committee presents its report in relation to the financial year ended 31 March 2012.

Composition of the Audit Committee

The Audit Committee comprises three Non-Executive Directors, James Morley (Chairman), Michael Averill and Chris Masters (from 13 July 2011), 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 31. Peter Atkinson was a member of the Audit Committee until his retirement from the Board on 13 July 2011.

James Morley is a chartered accountant with over 27 years' experience as a board member at both listed and private companies. He currently holds Non-Executive Directorships at Clarkson plc, Costain Group plc, The Innovation Group plc, BMS Associates and Acumus Limited. Previously James was also a Non-Executive Director of the Bankers Investment Trust, WS Atkins and Trade Indemnity Group. The Board is satisfied that James Morley has recent and relevant financial experience.

Operation of the Audit Committee

The Audit Committee met on four occasions during the year. Details of the attendance at Audit Committee meetings are set out in the Corporate Governance Report on page 36.

The Chairman of the Board, Chief Executive and Group Finance Director, together with representatives from the external auditors and the Head of Internal Audit, are invited to attend meetings of the Audit Committee. The external auditors and the Head of Internal Audit regularly meet privately with the Audit Committee to advise them of any matters which they consider should be brought to the Audit Committee's attention without the Executive Directors present. The external auditors and the Head of Internal Audit may also request a meeting with the Audit Committee if they consider it necessary.

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's duties include, inter alia:

- monitoring the integrity of the Group's Financial Statements and formal announcements relating to the Group's performance;
- monitoring the effectiveness of the external audit process including the appointment, cost and independence of the external auditors;
- reviewing the effectiveness of internal controls and the internal audit function;
- approving the appointment or replacement of the Head of Internal Audit; and
- reviewing the Board's process for reviewing and managing significant risk in the business.

The Audit Committee undertakes its activities in line with an annual programme of business. The Audit Committee agrees the scope of the external audit work and discusses the results of the full-year audit and half-year review each year with the external auditors and the Group Finance Director and Chief Executive.

The terms of reference of the Audit 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.

During the year, the Audit Committee reviewed the Group's whistle-blowing procedures to ensure arrangements are in place to enable employees to raise concerns about possible malpractice or wrongdoing by the Group or any of its employees on a confidential basis. This includes arrangements to investigate proportionately and independently such matters and for appropriate follow-up action.

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 Audit Committee undertook a review of the effectiveness of, and the framework for, the Group's system of internal control and risk management, including financial, operational and compliance controls, during the year. In addition to this review, the external auditors provided the Audit Committee with reports of the results of their controls testing as part of the external audit.

Review of the work of the external auditors

Subject to the annual appointment of the external auditors by shareholders, the Audit Committee regularly reviews the relationship between the Group and the external auditors. This review includes an assessment of their performance, cost-effectiveness, objectivity and independence.

The Audit Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the external auditors. 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 in excess of £30,000 by the external auditors are 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.

During the year non-audit services were provided to the Group by both the external auditors and other accounting, or consulting, firms and the Group anticipates that this will continue in 2012/2013. The amount payable to the external auditors for audit services was £217,000, whilst £14,000 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 byproduct of the audit function. This involved assisting with matters raised by internal audit and consulting advisory work in relation to pricing in the UK. A full breakdown of the audit and non-audit related fees is set out in note 4 to the Group Financial Statements on page 67.

The Audit Committee considered the external auditors' performance during their period in office and reviewed the level of fees charged and considered them 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. Having considered the results of the Audit Committee's work, the Board is recommending the reappointment of the external auditors.

This report was approved by the Board on 15 May 2012.

James Morley

Chairman of the Audit Committee

Nomination Committee report

The Nomination Committee presents its report in relation to the financial year ended 31 March 2012.

Composition of the Nomination Committee

The Nomination Committee comprises the four Non-Executive Directors: Ishbel Macpherson (Chairman), Michael Averill, Chris Masters (from 13 July 2011) 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 30 and 31. Peter Atkinson was a member of the Nomination Committee until his retirement from the Board on 13 July 2011.

Operation of the Nomination Committee

The Nomination Committee met on three occasions during the year. Details of attendance at Nomination Committee meetings are set out in the Corporate Governance Report on page 36.

The Nomination Committee's duties include, inter alia:

- reviewing the size and composition of the Board and membership of Board Committees;
- evaluating the balance of skills, knowledge and experience of the Board;
- ensuring that succession planning is in place for the Board;
- 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; and
- the re-appointment of Directors following their retirement by rotation.

During the year, the Nomination Committee reviewed the balance of skills, knowledge and experience of the Board together with the size, structure and composition of the Board, and reviewed the succession plans for the Board. This included making recommendations to the Board in relation to the appointment of Lynn Krige as the new Group Finance Director and Executive Director, following the resignation of Justin Read, and of Chris Masters as a new Non-Executive Director, following the retirement of Peter Atkinson at last year's AGM. In addition, the Nomination Committee recommended the re-election of Steve Corcoran, Mike McGrath and James Morley and the election of Chris Masters and Lynn Krige, as referred to in the Directors' Report on page 33.

When dealing with the appointment of a successor to the Chairman, the Senior Independent Non-Executive Director will normally chair the Nomination Committee instead of the Chairman.

The Nomination Committee has a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The process in relation to the appointment of Lynn Krige and Chris Masters involved interviewing suitable candidates who were proposed by external search companies. Careful consideration was given to ensure any potential appointees had enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board was maintained. When the Nomination Committee identified suitable candidates, the Chairman of the Nomination Committee made recommendations to the Board, with the Board making the final decision.

At the invitation of the Chairman, the Chief Executive may attend meetings of the Nomination Committee. 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 terms of reference of the Nomination Committee are published on the Company website at www.speedyhire.plc.uk and are available in hard copy form on application to the Company Secretary.

This report was approved by the Board on 15 May 2012.

Ishbel Macpherson

Chairman of the Nomination Committee

Independent auditor's report to the members of Speedy Hire Plc

We have audited the financial statements of Speedy Hire Plc for the year ended 31 March 2012 set out on pages 54 to 89. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

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 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- information given in the Corporate Governance Statement set out on pages 36 to 40 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 32, in relation to going concern;
- the part of the Corporate Governance Statement on pages 36 to 40 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

15 May 2012

Consolidated income statement

For the year ended 31 March 2012

	Note	Year ended 31 March 2012			Year ended 31 March 2011		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	2	329.3	–	329.3	354.2	–	354.2
Cost of sales		(108.4)	–	(108.4)	(136.9)	–	(136.9)
Gross profit		220.9	–	220.9	217.3	–	217.3
Distribution costs		(36.3)	–	(36.3)	(35.2)	–	(35.2)
Administrative expenses		(169.1)	(2.9)	(172.0)	(179.3)	(19.3)	(198.6)
Analysis of operating profit/(loss)							
Operating profit before amortisation and exceptional items		19.6	–	19.6	8.3	–	8.3
Amortisation		(4.1)	–	(4.1)	(5.5)	–	(5.5)
Exceptional restructuring costs	3	–	(2.9)	(2.9)	–	(5.5)	(5.5)
Exceptional writedown of accommodation assets	3	–	–	–	–	(13.8)	(13.8)
Operating profit/(loss)	4	15.5	(2.9)	12.6	2.8	(19.3)	(16.5)
Financial expense	3,7	(7.2)	(2.2)	(9.4)	(9.0)	(1.5)	(10.5)
Profit/(loss) before taxation		8.3	(5.1)	3.2	(6.2)	(20.8)	(27.0)
Taxation	3,8	(2.6)	1.1	(1.5)	2.1	5.6	7.7
Profit/(loss) for the financial year		5.7	(4.0)	1.7	(4.1)	(15.2)	(19.3)
Attributable to:							
Equity holders of the Company				1.7			(19.3)
				Pence			Pence
Earnings per share							
– Basic	9			0.33			(3.81)
– Diluted	9			0.33			(3.81)
Non-GAAP performance measures							
EBITDA before exceptional costs	11	63.2			63.4		
Profit/(loss) before tax, amortisation and exceptional costs	11	12.4			(0.7)		

Consolidated statement of comprehensive income

For the year ended 31 March 2012

	2012 £m	2011 £m
Profit/(loss) for the financial year	1.7	(19.3)
Other comprehensive (loss)/income:		
– Effective portion of change in fair value of cash flow hedges	(0.1)	2.5
– Tax on items taken directly to equity	0.1	0.2
– Exchange difference on translation of foreign operations	(0.4)	0.6
Other comprehensive (loss)/income, net of tax	(0.4)	3.3
Total comprehensive income/(loss) for the financial year	1.3	(16.0)
Attributable to equity holders of the Company	1.3	(16.0)

Consolidated balance sheet

At 31 March 2012

	Note	2012 £m	2011 £m
ASSETS			
Non-current assets			
Intangible assets	12	58.0	60.2
Property, plant and equipment			
Hire equipment	13	210.3	185.7
Non-hire equipment	13	30.7	34.2
		299.0	280.1
Current assets			
Inventories	14	12.8	10.2
Trade and other receivables	15	87.7	97.7
Assets classified as held for sale	16	–	33.4
Cash		0.2	0.2
		100.7	141.5
Total assets		399.7	421.6
LIABILITIES			
Current liabilities			
Borrowings	19	(0.2)	(1.1)
Other financial liabilities	18	(0.7)	(0.6)
Trade and other payables	17	(77.6)	(63.3)
Provisions	20	(2.3)	(3.5)
Current tax liabilities		(0.3)	(0.3)
		(81.1)	(68.8)
Non-current liabilities			
Borrowings	19	(76.3)	(113.0)
Provisions	20	(2.2)	(1.2)
Deferred tax liabilities	21	(10.6)	(9.2)
		(89.1)	(123.4)
Total liabilities		(170.2)	(192.2)
Net assets		229.5	229.4
EQUITY			
Share capital	22	25.9	25.9
Share premium		190.2	190.2
Merger reserve		1.0	1.0
Hedging reserve		(1.0)	(0.9)
Translation reserve		(0.3)	0.1
Retained earnings		13.7	13.1
Total equity attributable to equity holders of the Company		229.5	229.4

The financial statements on pages 54 to 83 were approved by the Board of Directors on 15 May 2012 and were signed on its behalf by:

Steve Corcoran
Director

Lynn Krige
Director

Company registered number: 927680

Consolidated statement of changes in equity

For the year ended 31 March 2012

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2010	25.9	190.2	3.7	(3.4)	(0.5)	30.7	246.6
Total comprehensive income/(loss)**	–	–	–	2.5	0.6	(19.1)	(16.0)
Dividends	–	–	–	–	–	(2.1)	(2.1)
Equity settled share-based payments	–	–	–	–	–	0.9	0.9
Transfer to retained earnings*	–	–	(2.7)	–	–	2.7	–
At 31 March 2011	25.9	190.2	1.0	(0.9)	0.1	13.1	229.4
Total comprehensive (loss)/income**	–	–	–	(0.1)	(0.4)	1.8	1.3
Dividends	–	–	–	–	–	(2.1)	(2.1)
Equity-settled share-based payments	–	–	–	–	–	0.9	0.9
At 31 March 2012	25.9	190.2	1.0	(1.0)	(0.3)	13.7	229.5

* transfer to retained earnings during the year ended 31 March 2011 related to the realised element of the merger reserve. The transfer was made retrospectively in relation to the disposal of a business which occurred a number of years ago

** from consolidated statement of comprehensive income on page 55

Consolidated cash flow statement

For the year ended 31 March 2012

	Note	2012 £m	2011 £m
Cash generated from operations before changes in hire fleet	24	69.7	49.7
Purchase of hire equipment		(64.2)	(41.8)
Proceeds from sale of hire equipment		19.4	16.2
Cash generated from operations		24.9	24.1
Interest paid		(7.2)	(10.5)
Tax paid		–	(1.3)
Net cash flow from operating activities		17.7	12.3
Cash flow from investing activities			
Proceeds from disposal of accommodation hire assets, net		33.4	–
Purchase of non-hire property, plant and equipment		(6.6)	(4.9)
Acquisition of business	25	(5.2)	–
Net cash flow from/(to) investing activities		21.6	(4.9)
Net cash flow before financing activities		39.3	7.4
Cash flow for financing activities			
Finance lease payments		–	(0.1)
Repayment of bank loans		(33.9)	(18.4)
Repayment of previous cash-flow-based loan facility		(89.8)	–
Proceeds from asset-based revolving credit facility		91.2	–
Repayment of asset-based revolving credit facility		(4.0)	–
Dividends paid		(2.1)	(2.1)
Net cash flow to financing activities		(38.6)	(20.6)
Increase/(decrease) in cash		0.7	(13.2)
(Overdraft)/cash at the start of the financial year		(0.7)	12.5
Cash/(overdraft) at the end of the financial year		–	(0.7)
Analysis of cash			
Cash		0.2	0.2
Bank overdraft		(0.2)	(0.9)
		–	(0.7)

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 2012 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 15 May 2012.

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 Chief Executive's Review above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Group 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 and liquidity risk.

The Group signed a £220m asset-based revolving credit facility ('the Facility') on 30 June 2011, which matures in January 2015 and has no prior scheduled repayment requirements. This replaces the £210m cash-flow-based facility, which was due to mature in June 2012.

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 2014 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

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.

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:

- IAS 24 'Related Party Disclosures' (revised);
- IFRIC 19 'Extinguishing Financial liabilities with Equity Instruments'; and
- Improvements to IFRSs 2010.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

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 and consumable stock is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Transfer occurs when the product or asset is received at the customer's location.

Notes to the financial statements

continued

1 Accounting policies continued

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 the 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 15 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 |
| → Accommodation and storage units | – between eight and 15 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 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.

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.

1 Accounting policies continued

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.

Segment reporting

The Group determines and presents operating segments based on the information that internally is provided 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 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 profit or loss. 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 profit or loss.

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.

Notes to the financial statements

continued

1 Accounting policies continued

Intangible assets continued

→ Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (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 10 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.

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 on 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.

Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities, on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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.

1 Accounting policies continued

Derivative financial instruments continued

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 stated at their nominal amount less 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.

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 offers a stakeholder pension arrangement to employees and in addition makes contributions to personal pension schemes for certain 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.

Notes to the financial statements

continued

1 Accounting policies continued

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 most likely 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.

Whether an investment is a subsidiary or associate

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

Assets held for sale

Judgement is applied in relation to the classification of assets held for sale.

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 13), 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 2012, the carrying value of hire equipment was £210.3m (2011: £185.7m) representing 87.3% (2011: 84.4%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2012 was £34.2m (2011: £46.0m) which represents 9.2% (2011: 11.0%) 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 2012 the amount provided was £4.5m (2011: £4.7m). 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 2012 goodwill was £44.3m (2011: £44.3m). Other intangible assets was £13.7m at 31 March 2012 (31 March 2011: £15.9m) 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 2012, an impairment review was undertaken in respect of intangible assets and property, plant and equipment, using 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 2012, the provision for bad debt was £2.4m (2011: £4.1m) against a total debtor book of £86.0m (2011: £97.8m).

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 deliver asset management, with tailored services and a continued commitment to relationship management. International Asset Services deliver major overseas projects and facilities management contracts by providing a managed site support service.

UK & Ireland Asset Services are managed separately at below CODM level but have been aggregated into one operating segment as they have similar economic characteristics including the nature of the products and services, the type or class of customer for their products and services and the methods used to distribute their products or provide their services. The Group previously reported on the International and Training & Advisory Services segment. However, as part of a reorganisation of the business in the second half of the year and the closure of Advisory Services, Training Services is now fully integrated into UK Asset Services. Consequently, the two reportable segments identified by the Group are UK & Ireland Asset Services and International Asset Services.

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
For the year ended 31 March 2012				
Segmental revenue	320.0	18.0	–	338.0
Intra-Group revenue	(1.8)	(6.9)	–	(8.7)
Revenue	318.2	11.1	–	329.3
Segment result:				
EBITDA before exceptional costs	66.3	2.5	(5.6)	63.2
Amortisation	(4.1)	–	–	(4.1)
Depreciation	(38.5)	(3.2)	(1.9)	(43.6)
Exceptional restructuring costs	(2.9)	–	–	(2.9)
Operating profit/(loss)	20.8	(0.7)	(7.5)	12.6
Financial expense				(7.2)
Exceptional financial expense				(2.2)
Profit before tax				3.2
Taxation				(1.5)
Profit for the financial year				1.7
Intangible assets	58.0	–	–	58.0
Hire equipment	185.8	24.5	–	210.3
Non-hire equipment	30.5	0.2	–	30.7
Current assets	90.4	5.5	4.6	100.5
Cash	–	–	0.2	0.2
Total assets	364.7	30.2	4.8	399.7
Liabilities	(66.1)	(8.7)	(8.1)	(82.9)
Bank overdraft	–	–	(0.2)	(0.2)
Borrowings	–	–	(76.3)	(76.3)
Taxation liabilities	–	–	(10.8)	(10.8)
Total liabilities	(66.1)	(8.7)	(95.4)	(170.2)
Capital expenditure	60.8	10.0	–	70.8

Notes to the financial statements

continued

2 Segmental analysis continued

For the year ended 31 March 2011	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Segmental revenue	351.4	8.7	–	360.1
Intra-Group revenue	(5.6)	(0.3)	–	(5.9)
Revenue	345.8	8.4	–	354.2
Segment result:				
EBITDA before exceptional items	68.6	0.4	(5.6)	63.4
Amortisation	(5.5)	–	–	(5.5)
Depreciation	(50.9)	(2.3)	(1.9)	(55.1)
Exceptional restructuring costs	(4.8)	–	(0.7)	(5.5)
Exceptional writedown of accommodation assets	(13.8)	–	–	(13.8)
Operating loss	(6.4)	(1.9)	(8.2)	(16.5)
Financial expense				(10.5)
Loss before tax				(27.0)
Taxation				7.7
Loss for the financial year				(19.3)
Intangible assets	60.2	–	–	60.2
Hire equipment	171.7	14.0	–	185.7
Non-hire equipment	34.0	0.2	–	34.2
Current assets	100.8	2.8	4.3	107.9
Assets held for sale	33.4	–	–	33.4
Cash	–	–	0.2	0.2
Total assets	400.1	17.0	4.5	421.6
Liabilities	(60.2)	(1.8)	(7.1)	(69.1)
Bank overdraft	–	–	(0.9)	(0.9)
Borrowings	–	–	(112.7)	(112.7)
Taxation liabilities	–	–	(9.5)	(9.5)
Total liabilities	(60.2)	(1.8)	(130.2)	(192.2)
Capital expenditure	38.2	5.2	4.5	47.9

Intra-Group transactions are undertaken on an arm's length basis.

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 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 2012		Year ended 31 March 2011	
	Revenues £m	Non-current assets £m	Revenues £m	Non-current assets £m
UK	312.4	268.6	339.9	261.1
Ireland	5.8	5.7	5.9	4.8
Other countries	11.1	24.7	8.4	14.2
	329.3	299.0	354.2	280.1

Major customer

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

3 Exceptional items

For the year ended 31 March 2012

On 30 April 2011, the Group completed its disposal of the accommodation hire operation by UK Asset Services and incurred a number of non-recurring items of expense (£2.9m) including additional asset writedowns and other charges relating to the disposal.

In June 2011, the Group entered into a new asset-based revolving credit facility, replacing the previous cash-flow-based loan facility. Management assessed the impact of this change in line with the guidance contained within IAS39 and concluded that it did represent a significant modification due to changes in the counter-parties. As a result, unamortised fees and transaction costs in relation to the previous cash-flow-based loan facility have been written off and treated as exceptional finance costs in the year (£2.2m).

The resulting tax credit in relation to exceptional items amounted to £1.1m, all of which related to current tax.

For the year ended 31 March 2011

In advance of the disposal of the accommodation hire operation by UK Asset Services on 30 April 2011, the assets were transferred to the 'assets held for sale' category, and were written down to fair value less costs to sell, incurring an exceptional charge of £13.8m.

Restructuring and cost-saving initiatives resulted in a number of non-recurring items of expense. These included costs in relation to property closures and provision for vacant property (£2.5m) and writing off related fixtures and fittings (£0.1m), and redundancy and related costs (£2.9m).

In June 2010 the Group successfully completed amendments to enhance its banking facility in order to provide greater flexibility for future capital investment, particularly with regard to the International operations. Management have assessed the impact of this modification in line with the guidance contained within IAS39 and have concluded that it does not represent a significant modification. As part of this process, the Group incurred fees and transaction costs of £3.5m. These costs were capitalised and amortised using the effective interest rate method. Costs incurred as a result of the increase in the effective interest rate, amounting to £1.5m, were treated as exceptional finance costs.

The resulting tax credit in relation to exceptional items amounted to £5.6m, of which £1.7m related to current tax and £3.9m related to deferred tax.

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2012 £m	2011 £m
Amortisation of intangible assets	4.1	5.5
Depreciation:		
– of owned property, plant and equipment	43.6	55.0
– of property, plant and equipment held under hire-purchase and finance leases	–	0.1
Profit on disposal of hire equipment	(4.8)	(5.0)
Impairment of non-hire property, plant and equipment	–	0.1
Loss on disposal of other property, plant and equipment	0.7	–
Operating lease rentals		
– of plant and equipment	–	1.6
– of land and buildings	11.8	13.9
– of vehicles	10.4	11.3
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
– other non-audit services	–	0.7

Non-audit services in 2011 relate to debt advisory services, £0.5m (which are being amortised over the remaining life of the facility) and consultancy work in relation to pricing in the UK, £0.2m (which were written off in the year).

Notes to the financial statements

continued

4 Operating profit/(loss) continued

Disposal of accommodation hire operation

On 30 April 2011, the Group completed the sale of its accommodation hire operation to Elliott Group Ltd, a subsidiary of Algeco Scotsman, for a total cash consideration of £34.9m. As at 31 March 2011, these assets were included within the 'assets held for sale' category, together with a £13.8m exceptional charge to the income statement. The disposal delivered an increase on a pro-forma basis in Speedy's operating margin and return on capital, and delivered a reduction in Group borrowings. Working capital at the date of sale totalling approximately £3.6m was retained for the benefit of Speedy. The pro-forma income statement adjusting for the sale is as follows:

	Group 2012 £m	Disposal ^{2,3} 2012 £m	Pro-forma 2012 £m	Group 2011 £m	Disposal ^{2,3} 2011 £m	Pro-forma 2011 £m
Revenue	329.3	2.9	326.4	354.2	35.5	318.7
EBITDA ¹	63.2	0.6	62.6	63.4	4.6	58.8
EBITDA ¹ margin	19.2%	20.7%	19.2%	17.9%	13.0%	18.4%
EBIT ¹	19.6	(0.1)	19.7	8.3	(4.5)	12.8
EBIT ¹ margin	6.0%	(3.4%)	6.0%	2.3%	(12.7%)	4.0%

¹ before amortisation and exceptional costs

² disposal of the accommodation hire operation

³ the EBITDA* and EBIT* of the accommodation hire operation are the contribution before depreciation, amortisation and exceptional items and contribution before amortisation and exceptional items respectively and are stated before allocations and recharges

5 Employees

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

	Number of employees	
	2012	2011
UK & Ireland Asset Services	3,305	3,632
International Asset Services	188	171
Central	351	321
	3,844	4,124

The aggregate payroll costs of these employees were as follows:

	2012 £m	2011 £m
Wages and salaries	92.6	104.2
Social security costs	9.0	9.5
Other pension costs	0.6	0.8
Share-based payments	1.2	1.0
	103.4	115.5

6 Directors' remuneration

	2012 £000	2011 £000
Directors' emoluments		
Basic remuneration, including benefits	1,086	1,224
Payments to former Directors	6	18
Termination payments	–	266
Company pension contributions to personal pension plans	103	159
	1,195	1,667
Emolument of the highest paid Director		
Basic remuneration, including benefits	370	355
Company pension contributions to personal pension plans	51	68
	421	423

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

	2012 £m	2011 £m
Financial expense		
Interest on bank loans and overdrafts	(5.2)	(4.8)
Hedge interest payable	(0.7)	(2.7)
Amortisation of issue costs	(1.0)	(0.6)
Other finance costs	(0.3)	(0.9)
Exceptional amortisation of bank fees following the refinancing in June 2011 (note 3)	(1.7)	–
Exceptional amortisation of bank fees in connection with the amendments in July 2010 to the cash-flow-based loan facility (note 3)	(0.5)	(1.5)
	(9.4)	(10.5)

8 Taxation

	2012 £m	2011 £m
Tax charged/(credited) in the income statement		
Current tax		
UK corporation tax on profits for the period at 26% (2011: 28%)	–	–
Adjustment in respect of prior years	–	(0.1)
Total current tax	–	(0.1)
Deferred tax		
UK deferred tax at 24% (2011: 26%) (note 21)	3.2	(5.4)
Adjustment in respect of prior years	(0.8)	(1.5)
Impact of rate change	(0.9)	(0.7)
Total deferred tax	1.5	(7.6)
Total tax charge/(credit)	1.5	(7.7)
Tax charged/(credited) in equity		
Deferred tax		
Net loss on revaluation of cashflow hedges	(0.1)	(0.2)

The tax credit in the income statement for the year is higher than the standard rate of corporation tax in the UK of 26% (2011: 28%) and is explained as follows:

	2012 £m	2011 £m
Profit/(loss) before tax	3.2	(27.0)
Accounting profit/(loss) multiplied by the standard rate of corporation tax at 26% (2011: 28%)	0.8	(7.6)
Expenses not deductible for tax purposes	1.7	1.4
Non-taxable income	(0.4)	(0.5)
Share-based payments	0.1	0.2
Unrecognised tax losses	0.5	0.3
Overseas tax losses arising not subject to tax	0.5	0.7
Adjustment to deferred taxation relating to future changes in corporation tax rates	(0.9)	(0.7)
Adjustment to tax in respect of prior years	(0.8)	(1.5)
Tax charge/(credit) for the year reported in the income statement	1.5	(7.7)
Tax charged/(credited) in equity (note 21)		
Deferred tax charge	(0.1)	(0.2)

On 21 March 2012 the Chancellor announced a reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. The chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 22% by 1 April 2014.

The reduction to 24% was substantively enacted on 29 March 2012. The substantively enacted rate at the balance sheet date of 24% has been applied to create a reduction in the deferred tax liability, which has been included in the figures above.

Notes to the financial statements

continued

9 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity holders of the Company of £1.7m (2011: loss £19.3m) and the weighted average number of 5 pence ordinary shares in issue is calculated as follows:

	2012	2011
Profit/(loss) (£m)		
Profit/(loss) for the year after tax – basic earnings/(loss)	1.7	(19.3)
Intangible amortisation charge (after tax)	3.1	4.0
Exceptional items (after tax)	4.0	15.2
Adjusted earnings/(loss) (after tax)	8.8	(0.1)
Weighted average number of shares in issue (million)		
At the beginning of the year	506.9	419.1
Change in weighted average number of ordinary shares	–	87.8
At the end of the year – basic number of shares	506.9	506.9
Share options	0.3	–
Employee share scheme	4.5	–
At the end of the year – diluted number of shares	511.7	506.9
Earnings/(loss) per share (pence)		
Basic earnings/(loss) per share	0.33	(3.81)
Amortisation	0.60	0.79
Exceptional costs	0.79	3.00
Adjusted earnings/(loss) per share	1.72	(0.02)
Basic earnings/(loss) per share	0.33	(3.81)
Share options	–	–
Employee share scheme	–	–
Diluted profit/(loss) per share	0.33	(3.81)
Adjusted earnings/(loss) per share	1.72	(0.02)
Share options	–	–
Employee share schemes	(0.01)	–
Adjusted diluted earnings/(loss) per share	1.71	(0.02)

Total number of shares outstanding at 31 March 2012 amounted to 517,234,202, including 10,260,251 shares held in the employee benefit trust, which are excluded in calculating earnings per share.

10 Dividends

The aggregate amount of dividend comprises:

	2012 £m	2011 £m
2010 final dividend (0.2 pence on 517.2m shares)	–	1.1
2011 interim dividend (0.2 pence on 517.2m shares)	–	1.0
2011 final dividend (0.2 pence on 517.2m shares)	1.0	–
2012 interim dividend (0.2 pence on 517.2m shares)	1.1	–
	2.1	2.1

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.26 pence (2011: 0.2 pence) per share, bringing the total amount payable in respect of the 2012 year to 0.46 pence (2011: 0.4 pence), to be paid on 15 August 2012 to shareholders on the register on 15 June 2012.

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 2012, the Trust held 10,260,251 ordinary shares (2011: 10,294,626), including 6,405,980 jointly owned shares (2011: 7,594,666).

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.

	2012 £m	2011 £m
Operating profit/(loss)	12.6	(16.5)
Add back: amortisation	4.1	5.5
Add back: exceptional costs	2.9	19.3
Operating profit before amortisation and exceptional costs	19.6	8.3
Add back: depreciation	43.6	55.1
EBITDA before exceptional costs	63.2	63.4
Profit/(loss) before tax	3.2	(27.0)
Add back: amortisation	4.1	5.5
Add back: exceptional costs	2.9	19.3
Add back: exceptional finance costs	2.2	1.5
Profit/(loss) before tax, amortisation and exceptional costs	12.4	(0.7)

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12 Intangible fixed assets

	Goodwill £m	Customer lists £m	Non-compete agreements £m	Brand £m	Supply agreements £m	Total £m
Cost						
At 1 April 2010 and 31 March 2011	93.5	36.2	4.9	4.1	17.9	156.6
Additions	–	–	–	–	1.9	1.9
At 31 March 2012	93.5	36.2	4.9	4.1	19.8	158.5
Amortisation						
At 1 April 2010	49.2	18.4	3.8	4.1	15.4	90.9
Charged in year	–	3.4	1.1	–	1.0	5.5
At 31 March 2011	49.2	21.8	4.9	4.1	16.4	96.4
Charged in year	–	3.0	–	–	1.1	4.1
At 31 March 2012	49.2	24.8	4.9	4.1	17.5	100.5
Net book value						
At 31 March 2012	44.3	11.4	–	–	2.3	58.0
At 31 March 2011	44.3	14.4	–	–	1.5	60.2
At 31 March 2010	44.3	17.8	1.1	–	2.5	65.7

The amount of goodwill that is tax-deductible is £19.2m (2011: £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 that business combination. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 2012–2013 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 for each of the CGUs are as follows:

	31 March 2012		31 March 2011	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK Asset Services	11.7%	2.5%	12.3%	2.5%
Ireland Asset Services	11.7%	1.5%	n/a	n/a
International Asset Services	11.7%	2.5%	n/a	n/a

For UK Asset Services, the recoverable amount at 31 March 2012, calculated using the discounted forecast cash flows, results in a surplus over carrying value of £41.7m (2011: £78.0m). 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 £22.6m, leaving headroom against carrying value at £19.1m (2011: £61.8m). A decrease of 1% in the forecast revenue growth, with all the other assumptions held constant, would reduce discounted cash flows by £7.7m, leaving headroom against carrying value of £34.0m (2011: £67.6m).

12 Intangible fixed assets continued

For Ireland Asset Services, the carrying value of the property, plant and equipment and other net assets at 31 March 2012 is greater than the recoverable value calculated on a value-in-use basis. However, the carrying value of the assets is estimated to be equal to the fair value less costs to sell. No goodwill or intangible assets have been allocated to Ireland Asset Services.

No goodwill or intangible assets have been allocated to International Asset Services. Value-in-use calculations result in a recoverable amount that is greater than the carrying value of the property, plant and equipment and other net assets at 31 March 2012. A decrease of 1% in either the pre-tax discount rate or the forecast revenue growth does not materially reduce the surplus of recoverable amount over carrying value of the property, plant and equipment and other net assets.

13 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2010	26.7	471.2	56.4	554.3
Additions	2.0	43.0	2.9	47.9
Disposals	–	(31.5)	–	(31.5)
Transfers to inventory	–	(12.1)	–	(12.1)
Transfer to assets held for sale	(0.7)	(107.3)	(1.5)	(109.5)
At 31 March 2011	28.0	363.3	57.8	449.1
Foreign exchange	–	0.5	–	0.5
Additions	3.3	69.9	3.3	76.5
Acquisitions	–	8.8	–	8.8
Disposals	(1.5)	(45.4)	(0.1)	(47.0)
Transfers to inventory	–	(13.5)	–	(13.5)
At 31 March 2012	29.8	383.6	61.0	474.4
Depreciation				
At 1 April 2010	14.6	224.3	29.8	268.7
Charged in year	2.5	46.0	6.6	55.1
Disposals	–	(23.9)	–	(23.9)
Impairment (note 3)	0.1	–	–	0.1
Transfers to inventory	–	(8.5)	–	(8.5)
Transfer to assets held for sale	(0.6)	(60.3)	(1.4)	(62.3)
At 31 March 2011	16.6	177.6	35.0	229.2
Foreign exchange	–	0.3	–	0.3
Charged in year	2.6	34.2	6.8	43.6
Acquisitions	–	5.5	–	5.5
Disposals	(0.8)	(34.6)	(0.1)	(35.5)
Transfers to inventory	–	(9.7)	–	(9.7)
At 31 March 2012	18.4	173.3	41.7	233.4
Net book value				
At 31 March 2012	11.4	210.3	19.3	241.0
At 31 March 2011	11.4	185.7	22.8	219.9
At 31 March 2010	12.1	246.9	26.6	285.6

The net book value of land and buildings comprises freehold properties of £0.1m (2011: £0.3m), long leasehold properties of £nil (2011: £0.5m), and short leasehold properties of £11.3m (2011: £10.6m).

At 31 March 2012, the net carrying amount of leased hire equipment was £nil (2011: £0.2m).

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

Notes to the financial statements

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14 Inventories

	2012 £m	2011 £m
Finished goods and goods for resale	12.8	10.2

The amount of inventory expensed in the year amounted to £43.0m (2011: £46.5m), included within cost of sales. No provision in respect of writedown in inventory is held at the year-end or prior year-end.

15 Trade and other receivables

	2012 £m	2011 £m
Trade receivables	80.6	90.6
Other receivables	5.1	4.7
Prepayments and accrued income	2.0	2.4
	87.7	97.7

There are £31.6m (2011: £40m) 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 2012 that debtors 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:

	2012 £m	2011 £m
Not past due	49.0	50.6
Past due 0–30 days	21.0	23.9
Past due 31–120 days	9.8	12.9
More than 120 days past due	0.8	3.2
	80.6	90.6

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

	2012 £m	2011 £m
At 1 April	4.1	6.7
Impairment provision charged to the income statement	5.5	7.6
Written off in the year	(7.2)	(10.2)
At 31 March	2.4	4.1

16 Assets held for sale

On 30 April 2011, the Group completed the sale of its accommodation hire operation to Elliott Group Ltd, a subsidiary of Algeco Scotsman, for a total cash consideration of £34.9m. These assets are included within the 'assets held for sale' category as at the 31 March 2011 at £33.4m, at fair value less costs to sell. A £13.8m exceptional charge was recognised in the income statement for the year ended 31 March 2011 (note 3). A further exceptional charge of £2.9m has been reflected for the year ended 31 March 2012, (note 3).

17 Trade and other payables

	2012 £m	2011 £m
Trade payables	37.5	23.2
Other payables	7.0	6.8
Accruals	33.1	33.3
	77.6	63.3

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 2012		31 March 2011	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	85.7	85.7	95.3	95.3
Cash	0.2	0.2	0.2	0.2
Bank overdraft	(0.2)	(0.2)	(1.1)	(1.1)
Secured bank borrowings	(76.3)	(76.3)	(112.7)	(112.7)
Finance lease liabilities	–	–	(0.5)	(0.5)
Interest rate swaps and caps, used for hedging	(0.7)	(0.7)	(0.6)	(0.6)
Trade and other payables	(44.5)	(44.5)	(30.0)	(30.0)
	(35.8)	(35.8)	(49.4)	(49.4)
Unrecognised gain/(loss)		–		–

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 and caps.

(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 11.7% (2011: 12.3%).

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).

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.

Notes to the financial statements

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18 Financial instruments continued

Credit risk continued

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 2012, the Group had available loan facilities amounting to £220.0m (2011: £210m), as detailed in note 19. Of these facilities £136.6m remained unutilised at 31 March 2012 (2011: £96m). 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.

This 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 2012			
	2013 £m	2014 £m	2015 £m	Total £m
At 31 March 2012				
Revolving credit	–	–	76.3	76.3
Interest payments	5.8	5.8	4.4	16.0
	5.8	5.8	80.7	92.3

	Undiscounted cash flows – 31 March 2011			
	2012 £m	2013 £m	2014 £m	Total £m
At 31 March 2011				
Revolving credit	–	112.7	–	112.7
Finance leases	0.2	0.2	0.1	0.5
	0.2	112.9	0.1	113.2
Interest payments	6.4	1.6	–	8.0
	6.6	114.5	0.1	121.2

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.

→ Currency risk

The Group is exposed to currency 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), and Oman (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 exposures to movements in foreign currency where considered appropriate. At 31 March 2012, Speedy Hire (Ireland) Limited had net liabilities of £7.0m (2011: £4.2m), Waterford Hire Services Limited had net assets of £1.5m (2011: £1.5m), Speedy International Asset Services Equipment Rental LLC (United Arab Emirates) had net liabilities of £4.3m (2011: assets £2.2m), Speedy International Asset Services Equipment Rental LLC (Egypt) had net liabilities of £0.2m and Speedy International Asset Services Equipment Rental LLC (Oman) had net assets of £0.3m, 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:

Group and Company	31 March 2012		31 March 2011	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
Designated as cash flow hedges				
Fixed interest rate swaps	(0.7)	62.5	(0.6)	52.5
Interest rate caps	–	2.5	–	7.5
	(0.7)	65.0	(0.6)	60.0

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 of the fixed interest rate swaps is 1.690% (2011: 2.780%) and the instruments are for a weighted average period of 20 months (2011: 19 months). The maximum contractual period is 30 months.

Capped rate instruments bear a weighted average interest rate of 1.275% (2011: 5.013%) for a period of less than one month (2011: 7 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 2012 it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.2m. Interest rate swaps and caps have been included in this calculation.

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.

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18 Financial instruments continued

Capital management continued

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

	2012 £m	2011 £m
Current borrowings		
Bank overdraft	0.2	0.9
Finance leases	–	0.2
	0.2	1.1
Non-current borrowings		
Maturing between one and two years		
– Revolving credit facilities	–	112.7
Maturing between two and five years		
– Asset-based revolving credit facilities	76.3	–
– Finance leases	–	0.3
Total non-current borrowings	76.3	113.0
Total borrowings	76.5	114.1
Less: cash	(0.2)	(0.2)
Net debt	76.3	113.9

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

In June 2011, the Group entered into a £220m asset-based revolving credit facility to replace the previous £210m cash-flow-based loan facility which was due to mature in June 2012. The 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 2012, the undrawn availability was £69.3m.

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

Interest is calculated by reference to the London Inter Bank 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 period since initial utilisation in July 2011, the effective margin was 2.97%. The comparable effective interest rates (before exceptional finance costs) under the previous cash-flow-based loan facility for the year to 31 March 2011 on bank overdraft and revolving credit facilities were 2.7% and 3.4% respectively.

The effective interest rate applicable to cash deposits during the year was 0.7% (2011: 0.4%).

Analysis of consolidated net debt

	At 31 March 2011 £m	Non-cash movement £m	Cash flow £m	At 31 March 2012 £m
Cash at bank and in hand	0.2	–	–	0.2
Borrowings	(114.1)	–	37.6	(76.5)
	(113.9)	–	37.6	(76.3)

20 Provisions

	Onerous property contracts £m
At 1 April 2010	7.3
Created in the year	2.5
Provision utilised in the year	(5.0)
Unwinding of discount	(0.1)
At 31 March 2011	4.7
Created in the year	3.6
Provision utilised in the year	(3.9)
Unwinding of discount	0.1
At 31 March 2012	4.5

Of the £4.5m, £2.3m (2011: £3.5m) is due within one year and £2.2m (2011: £1.2m) 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 £1.3m.

21 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items £m	Total £m
At 1 April 2010	17.1	1.9	–	(2.0)	17.0
Recognised in income	(8.5)	(0.4)	(0.1)	1.4	(7.6)
Recognised in equity	–	–	–	(0.2)	(0.2)
At 31 March 2011	8.6	1.5	(0.1)	(0.8)	9.2
Recognised in income	3.5	–	(0.1)	(1.9)	1.5
Recognised in equity	–	–	(0.1)	–	(0.1)
At 31 March 2012	12.1	1.5	(0.3)	(2.7)	10.6

There are no unrecognised deferred tax liabilities (2011: £nil).

The Group has gross trading losses carried forward at 31 March 2012 amounting to approximately £16.5m (2011: £4.9m). A deferred tax asset of £2.0m (2011: £nil) has been recognised in respect of those losses which is included in other items above.

The Group also has gross capital losses carried forward at 31 March 2012 amounting to approximately £5.5m (2011: £5.8m). No deferred tax asset has been recognised in respect of these losses.

22 Share capital

	2012 £m	2011 £m
Allotted, called-up and fully paid		
517.2 million (2011: 517.2 million) ordinary shares of 5 pence each	25.9	25.9

During the year, 18,536 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Scheme. During 2011, there were no changes to share capital.

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 34,375 shares were transferred to employees during the year. At 31 March 2012, the Trust held 10,260,251 (2011: 10,294,626) shares – including 6,405,980 (2011: 7,594,666) jointly owned shares.

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22 Share capital continued

The movement in issued share capital was as follows:

	Number	£m
At 1 April 2010 and 31 March 2011	517,215,666	25.9
Exercise of Sharesave Scheme options	18,536	–
At 31 March 2012	517,234,202	25.9

23 Share incentives

At 31 March 2012, options and awards over 21,961,544 shares (2011: 26,883,206) were outstanding under employee share schemes. The Group operates three share incentive schemes. During the year 18,536 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Scheme (2011: nil).

As at 31 March 2012 options to acquire 7,795,175 (2011: 8,339,678) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Scheme. These options are exercisable by employees of the Group at prices between 15 and 29 pence (2011: 17 and 183 pence) at dates between October 2012 and January 2015 (2011: December 2010 and June 2014). At 31 March 2012, options to acquire 7,760,389 (2011: 11,164,241), and awards over 6,405,980 (2011: 7,379,287) shares were outstanding under the Performance and Co-Investment Plans. These options were exercisable at effectively nil cost between September 2012 and June 2016 (2011: March 2011 and September 2013). Awards granted under the Performance Plan as ExSOP awards involve the acquisition of shares jointly by the participant and the trustee of the Company's employee trust on terms that, to the extent certain performance conditions are satisfied, the participant can benefit from any growth of the shares in excess of a hurdle. Initial Value Awards entitle the holder to a value (in shares or cash) equal to the number of ExSOP shares (if any) in respect of which the performance condition is met multiplied by the share value on the award date or, if lower, the share value when the ExSOP award crystallises.

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

	2012		2011	
	WAEP pence	Number	WAEP pence	Number
Outstanding at 1 April	7	26,883,206	10	19,036,681
Granted	8	4,564,271	8	10,606,221
Exercised	23	(18,536)	–	–
Lapsed	9	(9,467,397)	28	(2,759,696)
Outstanding at 31 March	8	21,961,544	7	26,883,206
Exercisable at 31 March	–	–	183	85,094

Options and awards outstanding at 31 March 2012 have weighted average remaining contractual lives as follows:

	2012 years	2011 years
Exercisable at nil pence	1.0	1.8
Exercisable at 15 pence	2.8	–
Exercisable at 21 pence	1.8	2.8
Exercisable at 29 pence	0.5	1.5

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 Scheme

	December 2011	December 2010	September 2009	December 2007	September 2007
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	15p	21p	29p	183p	255p
Share price volatility	87.0%	88.2%	85.7%	25.5%	22.9%
Option life	3.25 years	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	2.1%	1.4%	3.1%	2.1%	1.5%
Risk-free interest rate	0.5%	1.4%	2.1%	4.5%	5.3%

Co-Investment Plan

	July 2008	July 2007
Pricing model used	Stochastic	Stochastic
Exercise price	Nil	Nil
Share price volatility	—	—
Option life	3 years	3 years
Expected dividend yield	3.7%	1.4%
Risk-free interest rate	5.2%	5.8%

Performance Plan

	July 2011	July 2010	September 2009	July 2008	July 2007
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil	Nil
Share price volatility	91.3%	94.0%	88.0%	29.3%	23.6%
Option life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	1.3%	1.5%	3.1%	3.7%	1.4%
Risk-free interest rate	1.0%	1.2%	2.1%	5.2%	5.8%

Notes to the financial statements

continued

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

	2012 £m	2011 £m
Profit/(loss) before tax	3.2	(27.0)
Financial expense	7.2	9.0
Exceptional financial expense	2.2	1.5
Exceptional write down of accommodation assets	–	13.8
Amortisation	4.1	5.5
Depreciation	43.6	55.1
Profit on disposal of hire equipment	(4.8)	(5.0)
Loss on disposal of other property, plant and equipment	0.7	–
Exceptional writedown of non-hire property, plant and equipment	–	0.1
(Increase)/decrease in inventories	(2.6)	1.1
Decrease in trade and other receivables	10.0	6.4
Increase/(decrease) in trade and other payables	5.3	(9.1)
Movement in provisions	(0.2)	(2.6)
Equity-settled share-based payments	1.0	0.9
Cash from operating activities	69.7	49.7

25 Acquisitions

The Group entered into a strategic supply agreement with Morgan Sindall Group plc on 31 October 2011. As part of the agreement the Group acquired one depot together with associated hire equipment. The total consideration was £5.2m cash which was paid in the year.

	Fair value £m
Intangible assets	1.9
Hire equipment assets	3.3
Total consideration	5.2
Satisfied by:	
Cash consideration	5.2

The fair value adjustment to hire equipment assets relates to the adjustment of fixed asset lives and residual values to bring the basis into line with the Group's own accounting policy.

Disclosure of revenue and profit for the acquisition that is included in the income statement for the period, together with disclosure of revenue and profit for the acquisition as if it had been completed at the beginning of the year, is impractical, due to the acquisition being fully integrated into the business.

26 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.

27 Commitments

The Group had contracted capital commitments amounting to £4.2m (2011: £2.0m) 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	
	2012 £m	2011 £m	2012 £m	2011 £m
Total future minimum lease payments				
– not later than one year	13.6	16.4	7.2	9.4
– later than one year and not later than five years	43.5	51.7	11.0	10.3
– later than five years	27.7	35.7	–	–
	84.8	103.8	18.2	19.7

28 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 0.26 pence per share as a final dividend in respect of the year ended 31 March 2012. 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:

	2012 £m	2011 £m
0.26 pence (2011: 0.2 pence) on 517.2m (2011: 517.2m) ordinary shares	1.3	1.0

29 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 2012 are given in the Remuneration Report.

Company balance sheet

At 31 March 2012

	Note	2012 £m	2011 £m
ASSETS			
Non-current assets			
Investments	31	93.5	94.5
Deferred tax asset	36	0.6	0.3
		94.1	94.8
Current assets			
Trade and other receivables	32	361.2	412.0
Total assets		455.3	506.8
LIABILITIES			
Current liabilities			
Borrowings	35	(1.2)	(6.6)
Trade and other payables	33	(134.5)	(150.1)
Other financial liabilities	34	(0.7)	(0.6)
Income tax		(1.7)	(0.2)
		(138.1)	(157.5)
Non-current liabilities			
Borrowings	35	(79.3)	(112.7)
Total liabilities		(217.4)	(270.2)
Net assets		237.9	236.6
EQUITY			
Share capital	37	25.9	25.9
Share premium		190.2	190.2
Merger reserve		2.3	2.3
Hedging reserve		(1.0)	(0.9)
Retained earnings		20.5	19.1
Total equity		237.9	236.6

The Company financial statements on pages 84 to 89 were approved by the Board of Directors on 15 May 2012 and were signed on its behalf by:

Steve Corcoran
Director

Lynn Krige
Director

Company registered number: 927680

Company statement of changes in equity

For the year ended 31 March 2012

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2010	25.9	190.2	8.6	(3.4)	7.1	228.4
Profit for the financial year	–	–	–	–	6.7	6.7
Effective portion of change in fair value of cash flow hedges	–	–	–	2.5	–	2.5
Tax on items taken directly to equity	–	–	–	–	0.2	0.2
Total comprehensive income for the year	–	–	–	2.5	6.9	9.4
Dividends	–	–	–	–	(2.1)	(2.1)
Equity-settled share-based payments	–	–	–	–	0.9	0.9
Transfer to retained earnings*	–	–	(6.3)	–	6.3	–
At 31 March 2011	25.9	190.2	2.3	(0.9)	19.1	236.6
Profit for the financial year	–	–	–	–	2.4	2.4
Effective portion of change in fair value of cash flow hedges	–	–	–	(0.1)	–	(0.1)
Tax on items taken directly to equity	–	–	–	–	0.1	0.1
Total comprehensive income for the year	–	–	–	(0.1)	2.5	2.4
Dividends	–	–	–	–	(2.1)	(2.1)
Equity-settled share-based payments	–	–	–	–	1.0	1.0
At 31 March 2012	25.9	190.2	2.3	(1.0)	20.5	237.9

* transfer to retained earnings during the year ended 31 March 2011 related to the known realised element of the merger reserve. The transfer was made retrospectively in relation to the disposal of a business which occurred a number of years ago

Company cash flow statement

For the year ended 31 March 2012

	Note	2012 £m	2011 £m
Cash generated from operations	41	33.3	16.2
Interest received		15.2	11.7
Interest paid		(7.6)	(10.6)
Tax paid		–	(1.3)
Net cash flow from operating activities		40.9	16.0
Net cash flow before financing activities		40.9	16.0
Cash flow to financing activities			
Repayment of bank loans		(33.4)	(18.4)
Dividends paid		(2.1)	(2.1)
Net cash flow to financing activities		(35.5)	(20.5)
Increase/(decrease) in cash		5.4	(4.5)
Overdraft at the start of the financial year		(6.6)	(2.1)
Overdraft at the end of the financial year		(1.2)	(6.6)
Analysis of cash			
Cash		(1.2)	(6.6)
Bank overdraft		(1.2)	(6.6)

Notes to the Company financial statements

30 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.

31 Investments

	Investments in subsidiary undertakings £m
Cost	
At 31 March 2010, 31 March 2011 and 31 March 2012	113.3
Provisions	
At 31 March 2010 and 31 March 2011	(18.8)
Impairment	(1.0)
At 31 March 2012	(19.8)
Net book value	
At 31 March 2012	93.5
At 31 March 2010 and 31 March 2011	94.5

The impairment during the year ended 31 March 2012 relates to an investment in Speedy Asset Leasing Ltd, a subsidiary company that did not trade during the year.

Following the impairment testing performed in accordance with IAS 36 (see note 12), the Company's carrying value of investment in subsidiary undertakings has been reviewed and no impairment has been made (2011: £nil).

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 Engineering Services Limited	UK	Hire services	100%
Speedy Support Services Limited	UK	Provision of group services	100%
Speedy Transport Limited	UK	Provision of group services	100%
Allen Investments Limited	UK	Property management	100%
Speedy International Asset Services (Holdings) Limited	UK	Hire services	100%
Speedy International Asset Services Equipment Rental LLC 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	Egypt	Hire services	99%

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.

Notes to the Company financial statements

continued

32 Trade and other receivables

	2012 £m	2011 £m
Amounts owed by Group undertakings	359.3	409.5
Other receivables	1.9	2.5
	361.2	412.0

33 Trade and other payables

	2012 £m	2011 £m
Amounts owed to Group undertakings	133.6	149.0
Accruals	0.9	1.1
	134.5	150.1

34 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 2012		31 March 2011	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	361.2	361.2	412.0	412.0
Overdraft	(1.2)	(1.2)	(6.6)	(6.6)
Secured bank borrowings	(79.3)	(79.3)	(112.7)	(112.7)
Interest rate swaps and caps, used for hedging	(0.7)	(0.7)	(0.6)	(0.6)
Trade and other payables	(133.6)	(133.6)	(149.0)	(149.0)
	146.4	146.4	143.1	143.1
Unrecognised gain/(loss)		–		–

35 Borrowings

	2012 £m	2011 £m
Current borrowings		
Bank overdraft	1.2	6.6
	1.2	6.6
Non-current borrowings		
Maturing between one and two years		
– Revolving credit facility	–	112.7
Maturing between two and five years		
– Asset-based revolving credit facility	79.3	–
Total non-current borrowings	79.3	112.7
Net debt	80.5	119.3

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.

36 Deferred tax

Company (asset)/liability	Total £m
At 1 April 2010	(0.2)
Recognised in income	0.1
Recognised in equity	(0.2)
At 31 March 2011	(0.3)
Recognised in income	(0.2)
Recognised in equity	(0.1)
At 31 March 2012	(0.6)

37 Share capital and share incentives

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

38 Contingent liabilities and commitments

The Company contingent liabilities and commitments are stated in accordance with notes 26 and 27.

39 Post-balance sheet events

The Company post-balance sheet events are stated in accordance with note 28.

40 Related party disclosures

The Company related party disclosures are stated in accordance with note 29.

41 Note to the Company cash flow statement

	2012 £m	2011 £m
Cash flow from operating activities		
Profit before tax	3.7	6.5
Financial income	(15.2)	(11.7)
Financial expense	9.3	10.6
Impairment of investments	1.0	–
Decrease/(increase) in trade and other receivables	50.8	(58.3)
(Decrease)/increase in trade and other payables	(17.3)	68.2
Equity-settled share-based payments	1.0	0.9
	33.3	16.2

Five-year summary

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Income statement					
Revenue	329.3	354.2	351.1	482.7	465.9
Gross profit	220.9	217.3	208.4	288.0	298.4
Analysis of operating profit/(loss)					
Operating profit before amortisation and exceptional costs	19.6	8.3	8.0	49.2	64.0
Amortisation	(4.1)	(5.5)	(5.5)	(9.2)	(7.2)
Exceptional costs	(2.9)	(19.3)	(11.1)	(90.7)	(10.0)
Operating profit/(loss)	12.6	(16.5)	(8.6)	(50.7)	46.8
Net financial expense	(7.2)	(9.0)	(14.2)	(15.8)	(15.9)
Net financial expense – exceptional	(2.2)	(1.5)	–	(4.6)	(0.4)
Total net financial expense	(9.4)	(10.5)	(14.2)	(20.4)	(16.3)
Profit/(loss) before taxation	3.2	(27.0)	(22.8)	(71.1)	30.5
Non-GAAP performance measures					
EBITDA before exceptional items	63.2	63.4	68.2	125.1	131.6
Adjusted profit before tax, exceptional costs and amortisation	12.4	(0.7)	(6.2)	33.4	48.1
Balance sheet					
Hire equipment – original cost	383.6	363.3	471.2	514.3	571.7
Hire equipment – net book value	210.3	185.7	246.9	283.4	336.1
Total equity	229.5	229.4	246.6	167.5	240.1
Cash flow					
Cash flow generated from operations ³	69.7	49.7	62.9	98.1	159.7
Free cash flow	39.3	7.4	33.7	31.4	13.3
Purchase of hire equipment	64.2	41.8	33.6	58.6	85.9
Profit on disposal of hire equipment	4.8	5.0	2.7	6.0	9.7
In pence					
Dividend per share ² (interim and final dividend in year)	0.46	0.40	0.40	3.50	5.40
Adjusted earnings per share ^{1,2}	1.7	(0.0)	(1.4)	13.0	19.9
Net assets per share	0.4	0.4	0.5	0.9	1.3
In percent					
Gearing	33.2	49.7	48.4	148.3	106.5
Return on capital (operating) ¹	6.0	2.3	2.0	10.9	15.2
EBITDA margin ¹	19.2	17.9	19.4	25.9	28.2
In ratios					
Net debt/EBITDA ¹	1.2	1.8	1.7	2.0	1.9
Net debt/net tangible fixed assets	0.3	0.5	0.4	0.8	0.7
In numbers					
Employee numbers	3,844	4,124	4,267	5,109	4,692
Depot numbers	283	327	324	399	488

¹ before amortisation and exceptional items² adjusted for rights issue³ before changes in hire fleet

Shareholder information

Annual General Meeting

The Annual General Meeting will be held on Wednesday 18 July 2012 at 11.00am at Etrop Grange Hotel, Thorley Lane, Manchester Airport M90 4EG.

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 Lynn Krige and Chris Masters to the Board and the re-election of Steve Corcoran, Mike McGrath and James Morley to the Board.

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-pre-emptive 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 'Our Shares' 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 from a BT landline, other providers' costs may vary. 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 writing to our registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. 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. For further details of the shareholder services offered by our registrars, visit www.shareview.co.uk.

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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Email plc.admin@speedyhire.com
Website www.speedyhire.plc.uk

Registered office and advisers

Registered office

Speedy Hire Plc

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Email plc.admin@speedyhire.com
Website www.speedyhire.plc.uk

Registered number: 927680

Company Secretary

James Blair

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EC4N 7AR

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EC2V 7AN

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The Royal Bank of Scotland PLC

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GE Commercial Finance

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RH2 7RT

Public relations – financial

Hudson Sandler

29 Cloth Fair
London
EC1A 7NN

Public relations – trade

Citypress

2nd Floor
Bank House
Faulkner Street
Manchester
M1 4EH

Registrars and transfer office

Equiniti Limited

Aspect House
Spencer House
Lancing
West Sussex
BN99 8DA

Insurance brokers

Jardine Lloyd Thompson Ltd

St James House
7 Charlotte Street
Manchester
M1 4DZ

Awards

2012

NOEA – Event Innovation of the Year Award
 IFSEC International Security industry Awards – Finalist
 Construction News Awards – Finalist
 RIFD Journal Awards – Finalist
 Business in the Community – CR Index – Gold accreditation
 Specialist in Construction – Training – Finalist

2011

Green Organisation – Green Hero
 Business in the Community CR Index – Silver accreditation
 North West Finance Awards – Credit Star Of The Year
 Green Organisation – Green Apple Award
 HAE – Excellence in Training – Winner
 Construction News Awards – Best Use Of Technology – Finalist
 European Rental Awards – Best Rental IT Project – Finalist
 LDP Regional Business Awards – Green Award – Finalist
 HAE – Hire Achiever of the Year – Highly commended
 Construction News Awards – Rising Star Award – Finalist
 RoSPA – Silver Award for Occupational Health and Safety
 Business in the Community – ‘Big Tick Award’ in the Responsible Supply Chain category
 Builder and Engineer Awards – Corporate Social Responsibility – Finalist
 Builder and Engineer Awards – Health and Safety – Finalist

2010

Hire Association Europe – Environmental Initiative – Winner
 Hire Association Europe – Excellence in Training – Highly commended
 Environment and Energy Awards – The Environment Product/Service Award – Highly commended
 Environment and Energy Awards – Best Sustainability Communications Campaign Award – Highly commended
 Green Organisation – Green Apple Award and Green Hero
 Investor Relations Society Best Practice Awards – Best Corporate Website (Small Cap & AIM)
 COINS – Innovator of the Year
 Builder and Engineer Awards – Energy Efficient Project of the Year
 Builder and Engineer Awards – Supplier of the Year
 National Business Awards – Finalist: The Orange Innovation Award

2009

Green Apple Award for Environmental Best Practice
 Business in the Community – Re-accreditation of ‘Big Tick Award’ for Responsible Marketing
 British Safety Council – International Safety Award
 Hire Association Europe – Catalogue of the Year
 COINS – Supplier of the Year

2008

Hire Association Europe – Hire Company of the Year (over five outlets)
 Hire Association Europe – Best Contribution to Environmental Issues
 BSIF Safety Awards – Service Excellence
 National Business Awards – Finalist: Business of the Year
 Institute of Directors – North West Director of the Year (Steve Corcoran)
 European Rental Association – European Rental Person of the Year (Steve Corcoran)
 Business in the Community – Reaccreditation of ‘Big Tick Award’ for Responsible Marketing
 Business in the Community – CR Index – Silver ranking

Accreditations

ISO accreditations

ISO 9001

Speedy Asset Services Limited (all UK locations accredited)
Speedy Engineering Services Limited

ISO 14001

Speedy Asset Services Limited (partial accreditation only)
Speedy Engineering Services Limited

OHSAS 18001

Speedy Asset Services Limited (all UK locations accredited)
Speedy Engineering Services Limited

ISO 17020

Speedy Asset Services Limited (partial accreditation only)

Industry supplier accreditations

Achilles Building Confidence – construction industry accreditation and verification scheme

Achilles Link Up – rail industry registration and verification scheme

Achilles UVDB – utilities industry pre-qualification scheme

Achilles F-Pal – oil and gas industry pre-qualification scheme

Constructionline – UK register of pre-qualified construction services

SAFEcontractor – contractor accreditation scheme for business

HAE's Safe-HIRE – HAE hire and rental certification scheme (incorporating CHAS: the contractors' health and safety scheme)

LEEA – Lifting Equipment Engineers' Association scheme

Memberships

Professional body and trade association memberships

CPA: Contractors Plant Association

LEEA: Lifting Equipment Engineers' Association

RoSPA: The Royal Society for the Prevention of Accidents

HAE: Hire Association of Europe

FORS: Freight Operator Recognition Scheme

PASMA: Prefabricated Access Suppliers and Manufacturers' Association

ALLMI: The Association of Lorry Loader Manufacturers and Importers

NOF Energy

EIC: Energy Industries Council

The Institute of Water

EHA: Event Hire Association

NOEA: National Outdoor Event Association

ESSA: Event Supplier and Services Association

British Water

HBF: Home Builders Federation

Construction Industry Training Board

FTA: Freight Transport Association

BCAS: British Compressed Air Society

TSA: The Survey Association

FCS: Federation of Communication Suppliers

HVCA: Heating and Ventilation Contractors' Association

AIS: Association of Interior Specialists

OPERC: Off-Highway Plant and Equipment Research Centre

Hand-Arm Vibration Working Group

Working Well Together Coordinating Committee

European Rental Association

Business in the Community

FTSE4Good

BIFM: British Institute of Facilities Management

FMA: Facilities Management Association

CBI: Confederation of British Industry

Federation of Communication Services

COMIT: Construction Opportunities for Mobile IT

Further information



Speedy is committed to engaging with all our stakeholders. We actively encourage feedback on our Annual Report and welcome any views you may have.

For further information about Speedy, please visit our website at:

www.speedyhire.plc.uk



Printing and paper: this report has been printed in the UK by The Colourhouse. Our printers are accredited with the ISO14001 and hold full FSC chain of custody, they are also carbon neutral. All inks used are vegetable-based. The paper used is Heaven 42 which is fully recyclable and biodegradable and is an FSC mixed sources accredited material, using an Elemental Chlorine Free (ECF) process and partly bleached using a Totally Chlorine Free (TCF) process.

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