



15 May 2013

SPEEDY HIRE Plc

("Speedy" or "the Group")

Annual results for the year ended 31 March 2013 – Delivering on a consistent strategy

Financial Highlights

- 35.5% increase in adjusted profit before tax[#] to £16.8m (2012: £12.4m)
- Second half-year adjusted profit before tax[#] of £10.2m, increased from £6.6m in the first-half
- Underlying* revenue increased by 4.3% to £340.4m (2012: £326.4m)
- EBITA[#] up 24.5% to £24.4m (2012: £19.6m); EBITA margin improving to 7.2% (2012: 6.0%)
- Profit before tax (post amortisation and exceptional items) of £12.8m (2012: £3.2m)
- Continued steady progress on ROCE; increased to 7.9% (2012: 6.0%)
- Net debt reduced to £72.4m (2012: £76.3m); net debt/EBITDA improved to 0.99x (2012: 1.21x)
- Investment in the hire fleet continues with net book value increasing to £214.5m (2012: £210.3m), whilst continuing to reduce net debt
- Final dividend proposed of 0.31 pence per share (2012: 0.26 pence per share) resulting in an increase of 15.2% in the total dividend per share

* Excluding the accommodation operation disposed of in April 2011.

[#] Before amortisation and exceptional items.

Trading and Operational Highlights

- Revenues from non-construction activity now account for over 50% of group income
- Well positioned and growing revenue in our target infrastructure and industrial markets
- Focus on key clients and significant contracts delivering outperformance of UK construction market
- Further strong growth and profitable trading in International Asset Services – progress with ZADCO underpins visibility of future revenue
- Focused drive to control costs, strengthen the revenue base and maximise cash generation instrumental in the return to profitability
- Consolidation of the UK's property network continues with 6 additional superstores opened in the year

Commenting on the results, Ishbel Macpherson, Chairman, said:

"These results illustrate the impact that proactive management action over the last few years has had on Speedy's business. Our focus on the right customers, in the right markets and on the right type of work has enabled the Group not only to grow revenue, but to do so at improved margins and levels of profitability, whilst improving cash flow and our ROCE.

Although there is still more to do, the continuing focus on quality and service throughout the Group through a range of self-help measures is differentiating our business in both the UK and international markets and underpins the transformation of Speedy from a hire to a service company.

We are confident that, in an environment of on-going economic headwinds, the actions that we have taken have increased our resilience and given us a solid platform upon which to build in the future, particularly when market conditions begin to improve."

For further information:

Speedy Hire Plc

Steve Corcoran, Chief Executive
Lynn Krige, Group Finance Director
Tel: 020 7796 4133 on Wednesday 15 May
(thereafter Tel: 01942 720000)

Hudson Sandler

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Tel: 020 7796 4133

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There will be an analysts' meeting and conference call at 9.30am today. The presentation slides to accompany the conference call will be available at www.speedyhire.plc.uk from 9.30am this morning. For conference call and replay facility details please contact Shannon Wood, Hudson Sandler on 020 7796 4133 or swood@hudsonsandler.com

Note – Forward looking statements

The information in this release is based on management information.

This 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 and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to Editors:

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

Operating from 264 fixed sites - together with a number of on-site facilities at client locations throughout the UK, Ireland and from an international hub based in the Middle East - the Group supplies a range of services including:

- *the provision of small tools and equipment*
- *surveying and measurement instrumentation*
- *lifting and materials handling equipment*
- *low level access equipment*
- *compressed air*
- *lighting equipment*
- *temporary power generation*
- *mechanical pumps*
- *temporary site communications*

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

Speedy is accredited nationally to ISO9001, ISO14001 and OHSAS18001. In addition we nationally hold HAE SAFE Hire accreditation, as well as Achilles Link-up, UVDB, Building Confidence and F-Pal. Further accreditations include Constructionline, SAFEcontractor, CHAS, LEEA and BITC Gold Award for CR Index 2012.

Chairman's Statement

Strategy and performance

Following our return to profit in FY2012, we are encouraged that we have been able to build on this result and report a strong improvement in adjusted profit before tax for FY2013. We have maintained tight control over cash and the cost base and remain committed to our strategy of building profitability despite the continued challenging economic conditions.

Our results are a reflection of our self-help measures and focus on strengthening and differentiating our business. We have continued to move into a wider range of customer segments and to target those market sectors where we see opportunities for growth. We have broadened customer offerings by developing our support services to complement our hire of assets and we have grown our International operations.

We have undertaken an extensive exercise to communicate our strategy to all employees. We have steadily and selectively refreshed our fleet, judiciously invested to improve our IT infrastructure and refined our property portfolio. During the year we also extended the Group's £220m asset-based revolving credit agreement with our syndicate of six banks by a further seven months through to August 2015. We are pleased to receive this extended support from our syndicate members.

The Group's profit before taxation, amortisation and exceptional items was £16.8m (2012: £12.4m). The profit after taxation, amortisation and exceptional items was £8.7m (2012: £1.7m). Revenue for the year to 31 March 2013 was £340.4m (2012: £329.3m). Underlying* revenue for the year to 31 March 2013 of £340.4m was 4.3% above the prior year period (2012: £326.4m).

Our gross margin declined to 65.8% (2012: 67.1%), reflecting the increase in our managed services activities. EBITA (before exceptional costs) increased to £24.4m (2012: £19.6m) with net cash flow generated from operating activities amounting to £17.9m in the year (2012: £17.7m). Return on capital was 7.9% in the year ended 31 March 2013 and compares to 6.0% in the prior year period. We have reduced net debt from £76.3m at the beginning of the year to £72.4m at 31 March 2013, a 5.1% decrease.

Dividend

We remain committed to a progressive dividend policy as markets recover, but are careful in our approach to cash. The Company paid an interim dividend of 0.22 pence per ordinary share on 25 January 2013, an increase of 10% over the interim dividend of 0.20 pence per ordinary share paid in January 2012.

The Board is recommending an increased final dividend of 0.31 pence per ordinary share (2012: 0.26 pence), reflecting confidence in our continuing progress. If approved by shareholders at the forthcoming AGM, the final dividend will be paid on 14 August 2013 to all shareholders on the register on 14 June 2013 and will bring the total dividend for the year to 0.53 pence per ordinary share.

Governance and the Board

We remain committed to the highest standards of corporate governance. During the year we enjoyed a stable Board. This follows a period during FY2012 when two new Directors joined our Board of seven and we appointed a new General Counsel and Company Secretary. We believe that this period of stability and continuity, together with our determination to improve our effectiveness, has been beneficial.

Our people

This has been a challenging year for our people and the results achieved and confidence we have in the future would not have been possible without them. During the year they have delivered both improved results and implemented strategic projects. On behalf of the Board I would like to recognise their pivotal role in our progress and personally thank Steve Corcoran and all of our people for their contributions, hard work and commitment.

Outlook

Our strategy and actions have been instrumental in generating this year's momentum and have laid the foundations for future growth. Given the uncertainty in the economy we will continue with our disciplined approach to investment and the cost base 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 any market upturn and although there is still uncertainty in the economy, and the UK construction sector in particular, we are confident that the actions we have taken have increased our resilience and given us a solid platform upon which to build.

Annual General Meeting

The AGM will be held at the offices of Addleshaw Goddard LLP at 100 Barbirolli Square, Manchester M2 3AB on 18 July 2013 at 10.00am. I look forward to seeing you there.

Ishbel Macpherson
Non-Executive Chairman

** excluding the accommodation operation disposed of in April 2011, revenue £2.9m and EBITDA loss of £1.0m*

Chief Executive's Review

Overview

I am pleased to report another year of good progress for the Group. Underlying* Group revenue for the year to 31 March 2013 increased by 4.3% to £340.4m whilst the corresponding adjusted[#] profit before tax increased by 35% to £16.8m. The performance is all the more encouraging when considering that prevailing market conditions continued to be difficult. UK GDP was relatively flat at +0.2% and output in UK construction, our largest market, fell by 8.8% in the year to December 2012.

Despite these challenges we improved operating margins across the business. The Group's operating[#] margin increased to 7.2% from 6.0% in FY2012; in the UK and Ireland it increased to 9.7% from 8.7% and in our International division, which is in only its third year of existence, it rose to 4.2% from an operating loss in FY2012. These improvements, along with the continued progress in ROCE up to 7.9% from 6.0% in FY2012, provide us with encouragement that we are on track to attain our interim targets of 10% EBITA margin and a 10% ROCE run rate by the end of calendar year 2014. However we acknowledge that, whilst we have made good progress, there is still work to do.

A key component of our success has been the continuing focus on the more sustainable infrastructure and industrial markets. At year end we had a revenue split of 49% from construction, 28% from infrastructure and 14% from industrial (the 9% balance being across a number of different activities). This maintains the progress from FY2012 when we had 52%, 27% and 13% respectively. As a business we are now significantly less dependent upon general construction than we were in FY2010, when construction represented 65% of our revenue.

Not only are we better positioned in our end markets in the UK but also, through the continuation of the strategy started in 2010 to extend our business internationally, we are less dependent on the UK market place with 7.1% of our business now derived from non-UK activity, up from 5.1% in FY2012. The drive towards secured revenues has also seen positive progress and the business now has £87m of contracted revenues and derives 28% of its turnover from service-based activities.

Trading conditions in the UK have remained challenging. In response to this difficult economic environment, we have further reduced our cost base, with a further decrease in headcount of 3.9% and in our transport fleet of 5.6% year-on-year, whilst delivering a 1.9% increase in underlying* UK revenue. We have continued the remodelling of our estate reducing UK depot locations by 19 as we have continued our move towards a three-tiered distribution model of MSCs (multi-service centres), superstores and express stores. At the year end we had two MSCs, 22 superstores, and express stores available throughout the UK.

This year we have also been successful in securing a number of managed services contracts, vindicating our position of developing a service-based offering. These contracts incorporate a number of additional services e.g. training, TRIM (test, repair, inspect and maintain) and partnered services, which enhance our overall asset management capabilities whilst providing our clients with better risk management. A major highlight was the award of a three-year (with options to extend) managed services contract from the National Grid. This followed the managed services contract awarded to our International division of a five-year, \$50m contract to support ZADCO's UZ 750 project at Abu Dhabi's Upper Zakum Oilfield. Other significant awards received during the year include a three-year agreement (with options to extend) with Peel Ports in support of Liverpool docks and their Liverpool Two deepwater harbour project; the renewal of our contract with BAE Systems at HM Dockyard, Portsmouth; a five-year trading agreement with BAM Nuttall and a two-year agreement with J Murphy & Sons, all of which demonstrate our differentiated proposition.

Strategy and key priorities for FY2014

Our growth strategy is to transform Speedy from a supplier-based 'hire company' into an integrated services company. Our research has identified that high-volume users and large clients choose to hire, as opposed to own, assets in order to reduce their risks including capital, operating and legislative and compliance risks.

Based on the premise that hire alone does not fully eliminate or solve these risks for our clients, we aligned our offering with additional services of training and TRIM. Training can reduce 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 from this 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 differentiates our business from a standard hire offering and establishes Speedy as a recognised services company.

Pure hire companies also tend to be asset-specific, requiring clients to manage multiple suppliers, which fragments their purchasing power, incurs additional administration and processing costs and dilutes their capability to establish consistent service standards. In response we devised our partnered services offering where, in addition to providing our own assets, we can manage the client's own assets and source whatever else the client needs, thus reducing administration, consolidating purchasing power and providing the framework for consistent service standards.

This fully integrated services model is best suited to the high-volume users, who have consciously decided to hire rather than own and who more fully understand risk profile. It is therefore more attractive to the major contracting and engineering groups and the large manufacturing and industrial organisations. That is why we have consistently stated since 2010 that we will target deeper relationships with major users and position ourselves as a client and market-facing organisation; one no longer structured by specific asset type or geographic region.

The successful implementation of this strategy is dependent upon it being understood and embedded within our organisation. To assist in this we have developed, in association with our advisers, The Georgia Group, a leadership message which has been consistently communicated across the business. Evidence of our success in this objective is provided by our most recent internal 'People Matters' survey which has produced a 75% engagement score, and more impressively, a 90% strategy recognition score.

Sustainability

With sustainability an ever-increasing issue, Speedy has developed its One Plan programme. One Plan integrates all operational issues to seek and source more sustainable solutions. This has included the creation of over 100 GO (green option) products which provide clients with the option to choose products that offer an environmental benefit, such as more energy-efficient/less pollutant products. I am pleased to announce that Speedy was recently awarded Platinum status in the Business in the Community (BITC) CR Index and in recognition of our commitment to sustainability we were recipients of the Jaguar Land Rover/BITC 'Big Tick' award for Marketplace Sustainability Leadership and short listed for the national awards to be held on 2 July 2013 at the Royal Albert Hall.

Of course sustainability includes safe practices and at Speedy we recognise that both our clients and ourselves operate in potentially hazardous environments. As such our commitment to health and safety is total and driven by a culture of continuous improvement; this is evidenced by Speedy's five calendar year safety record, where we have seen MAFR improved by 64% from 0.14 to 0.05, our RAFR improving 16% from 0.71 to 0.60 and our AAFR improving by 31% from 6.30 to 4.36. All frequency rates are calculated in a consistent manner, using a stringent measurement of number of accidents x 100,000/(number of hours worked). We consider this to be an encouraging performance when considering the broad breadth of industries and activities in which Speedy is engaged e.g. construction, process engineering and industrial services. However work can and must be done to improve them further.

Our people

All organisations are dependent upon their people. They need to attract, retain and develop quality individuals. There must therefore be an environment where people feel valued and safe irrespective of race, religion, colour, gender or sexual orientation.

Speedy is proud of its people, they are one of our 'pillars' and are an integral part of our differentiation; they represent our 'Spirit', the way we do business. We could not have achieved the success in transforming our business without their dedication, hard work and commitment and on behalf the Board, our shareholders and our management I thank them.

We measure the engagement of our people and have done every year since 2007. We do this through a comprehensive, company-wide and independently audited People Matters survey. I am pleased to report that every year since its inception that report has shown continual progress and our performance this year is no different. Key scores in engagement, living our values (spirit) and leadership, particularly around our updated strategy, have all shown positive improvement. Our people particularly like the work they do at Speedy and see real evidence in us operating in a Safe environment. This provides confidence that 'Speedy is a good place to work', and although we cannot yet claim to be 'a great place to work', we are working on it.

Our succession planning has provided greater transparency and confidence in our talent pool. This has been advanced through our internal talent management and personal development programme. Despite the economic challenges investment in training has been maintained reflecting our drive to ensure we continue the progress in developing our people to become the best in our industry.

Outlook

We continue to trade in uncertain times. However, whilst the expectation for UK construction is for another year of declining activity, we are increasingly confident in our ability to secure business in our target markets of social and economic infrastructure where growth is more predictable.

Our strategy of developing deeper positions with the major users of hired equipment not just in construction but particularly in the industrial and infrastructure markets, is proving successful and especially through our managed services proposition; the success of this differentiated model is evidenced by our recent awards from the National Grid, ZADCO and Peel Ports.

Our International division, which has only existed for three years, continues to build scale in supporting international oil and gas and infrastructure projects. It will become an increasing net contributor to Group earnings over the years ahead, as will our non-hire, service-based operations in the UK.

Therefore, whilst the short-term outlook for UK construction remains challenged and overall UK economic activity subdued, our market-leading position, differentiated proposition and diversified model, underpinned by a strong balance sheet and secure finances, provides confidence that we will deliver another year of progress.

Steve Corcoran
Chief Executive

** Excluding the accommodation operation disposed of in April 2011, revenue £2.9m and EBITDA loss of £1.0m*

Before amortisation and exceptional items

Group Financial Review

Group financial performance

Revenue for the year to 31 March 2013 was £340.4m (2012: £329.3m). Underlying* revenue for the year to 31 March 2013 of £340.4m was 4.3% above the prior year period (2012: £326.4m). Included in turnover were planned fleet equipment sales of £7.2m (2012: £5.1m); excluding these disposals, underlying* revenue was up 3.7%.

The Group reported EBITA of £24.4m (2012: £19.6m before exceptional costs) and there were no exceptional items in FY2013.

The Group's profit before taxation, amortisation and exceptional items was £16.8m (2012: £12.4m). The profit after taxation, amortisation and exceptional items was £8.7m (2012: £1.7m).

On a segmental basis, UK & Ireland revenue* increased 1.9% on the prior year with a corresponding increase in EBITA* of 11.8%. Key project wins in the International division led to an increase of 71.2% in revenue and £1.5m in EBITA. These figures for the segments are stated before corporate costs which are equivalent to 2.2% of gross revenue (2012: 2.3%).

	Revenue		EBITA	
	2013	2012	2013	2012
	£m	£m	£m	£m
UK & Ireland*	321.4	315.3	31.2	27.9
International	19.0	11.1	0.8	(0.7)
Corporate costs	-	-	(7.6)	(7.5)
Total underlying*	340.4	326.4	24.4	19.7
Disposed accommodation operations	-	2.9	-	(0.1)
	340.4	329.3	24.4	19.6

First half/second half-year financial performance

In the six months to 30 September 2012, the Group's profit before taxation, amortisation and exceptional items was £6.6m (2012: £4.8m). The equivalent figure for the second half-year was a profit of £10.2m (2012: £7.6m).

The overall Group EBITA margin (before exceptional items) in the second half-year rose to 8.2% from 6.2% in the first half-year and was comparable to 6.0% in the prior year period.

Interest and hedging

Net interest expense totalled £7.6m (2012: £7.2m before exceptional interest costs), of which £3.8m was incurred in the second half of the year.

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a variable margin, while the unutilised commitment is charged at 50% of the applicable margin. During the year, the margin payable on the majority of outstanding debt fluctuated between 2.25% and 3.25% depending on the Group's performance with respect to thresholds contained within the facility agreement's leverage covenant and the weighting of lending between receivables and plant and machinery loans. The effective average margin in the year was 2.84%. The current applicable margins are 2.25% on receivables and 3.00% 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 £55.0m (2012: £65.0m) were in place, equivalent to approximately 76.0% of net debt outstanding. The fair value of these hedges was a liability of £0.6m at year-end and they have varying maturity dates to July 2015. The incremental interest cost arising from these hedges amounted to £0.5m during the year (2012: £0.7m).

Taxation

The Group's income statement shows a tax charge for the year of £4.1m (2012: £1.5m). This corresponds to an effective rate of tax of 32.0% (2012: 31.3% pre-exceptional charges).

Tax paid in the year ending 31 March 2013 amounted to £0.3m (2012: £nil).

Shares, earnings per share and dividends

At 31 March 2013, 517.9m shares were outstanding, of which 10.3m were held in the Employee Benefits Trust.

The basic earnings per share before amortisation and exceptional items was 2.39 pence (2012: 1.72 pence). After amortisation and exceptional costs, it was 1.72 pence (2012: 0.33 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 0.31 pence per share (2012: 0.26 pence) which represents a total cash cost of approximately £1.6m. If approved by shareholders, this gives a total dividend for the year of 0.53 pence per share (2012: 0.46 pence).

Capital expenditure and disposals

Total capital expenditure during the year amounted to £69.8m, of which £59.0m (2012: £64.2m) related to equipment for hire (including £16.6m in the International division) and the balance principally to the evolution of the Group's depot network (six new superstores were opened in the year) and investment in IT.

Hire fleet holding is continually reviewed to support judicious investment in assets for the target markets and to recycle capital in low-utilisation assets from disposals. These generated disposal proceeds of £19.5m (2012: £19.4m), a profit of £3.9m (2012: £4.8m), underlining the appropriateness of the carrying value of the Group's fixed assets. The overall net capital expenditure was £49.5m (2012: £51.4m). At 31 March 2013, the average age of the fleet was estimated at 3.9 years (2012: 4.2 years).

Cash flow and net debt

Cash generation has remained positive, with net cash flow generated from operating activities amounting to £17.9m in the year (2012: £17.7m). Free cash flow (i.e. before dividends and financing activities) decreased to £7.5m (2012: £39.3m). FY2012 benefited from £33.4m net proceeds from the disposal of the accommodation hire operation. Dividend payments in the year amounted to £2.5m (2012: £2.1m).

Accordingly, net debt has fallen from £76.3m at the beginning of the year to £72.4m at 31 March 2013, a £3.9m decrease.

Gearing (net debt divided by shareholders' funds) has improved as the business continues to reduce net debt and at 31 March 2013 had fallen to 30.6% (33.2% at 31 March 2012). Similarly, net debt to EBITDA (before exceptional items) has also reduced to 0.99x (2012: 1.21x). Net debt as a percentage of hire fleet NBV has decreased to 33.8% from 36.3% as at 31 March 2012.

Balance sheet

Net assets at 31 March 2013 totalled £237.0m, a £7.5m increase on the £229.5m reported at 31 March 2012.

Net assets per share amount to 45.8 pence (35.3 pence based on tangible assets). Net property, plant and equipment was £242.0m at 31 March 2013, of which equipment for hire represents approximately 88.6%. Net debt/net property, plant and equipment of 0.30x at 31 March 2013 (2012: 0.32x) underlines the strong asset backing within the business.

Gross trade debtors totalled £83.2m at 31 March 2013 (2012: £86.0m). Bad debt and credit note provisions totalled £4.6m at 31 March 2013 (2012: £5.4m), equivalent to 5.5% of the debtor book (2012: 6.3%). The reduction reflects the improvement in debtor weeks (calculated on a count-back basis) to 8.9 weeks at year-end compared to 9.0 weeks at 31 March 2012.

Capital structure and treasury

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

In September 2012, the Group's £220m asset-based revolving credit agreement was extended by seven months to August 2015. At 31 March 2013 the gross amount utilised under the facility was £83.3m and available headroom under the facility amounted to £75.8m. Average gross borrowings against the facility during financial year ending March 2013 was £102.8m. 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) of 7.9% in the year ended 31 March 2013 compares to 6.0% 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 £17.0m lower at £307.6m (2012: £324.6m).

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 FY2014.

Lynn Krige

Group Finance Director

** Excluding the accommodation operation disposed of in April 2011, revenue £2.9m and EBITDA loss of £1.0m*

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

(ii) 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:

Name	Function
Ishbel Macpherson	Non-Executive Chairman
Steve Corcoran	Chief Executive
Lynn Krige	Group Finance Director
Mike McGrath	Managing Director, International Asset Services
Michael Averill	Senior Independent Director
Chris Masters	Non-Executive Director
James Morley	Non-Executive Director

Principal Risks and Uncertainties

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

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

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

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

Risk description	Potential impact	Strategy for mitigation
Business continuity	Any interruption to the Group's IT systems or physical infrastructure could have a material adverse effect on the Group's business, communication, capabilities, management of projects and overall financial performance and reporting.	<p>Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible.</p> <p>The Group has critical incident plans in place for all its central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.</p>
Competition	The equipment rental industry is extremely competitive and highly fragmented. Many of the markets in which the Group operates are served by numerous competitors, ranging from national equipment rental companies to local independents. Some of the Group's principal competitors may have greater financial resources, be more geographically diversified in particular regions, have greater brand recognition in certain market sectors and may be better able to withstand adverse market conditions within the industry.	<p>The Group monitors its competitive position closely, with a view to ensuring that it is able to offer its customers the best solution for their requirements. This is underpinned by a long-standing and ongoing commitment to service, safety and innovation across all product categories. Capital expenditure requirements are assessed as part of the budgeting process, and throughout the year via regular forecasts, to ensure strategic product and service initiatives can be delivered. Day-to-day capital expenditure requirements are assessed on a needs basis, with limited long-term future ordering commitments. The Group monitors the performance of its major accounts against market forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and reacted to where appropriate.</p> <p>The Group's strategy of moving towards becoming a fully integrated services company further mitigates against this risk.</p>

Risk description	Potential impact	Strategy for mitigation
Customer pricing	Market competition may lead to downward pressure on pricing and therefore margins.	<p>The Group believes that high levels of customer service, product quality and reliability can significantly offset pricing discounts offered by competitors.</p> <p>Our strategic direction to focus on being an integrated services provider rather than purely asset hire demonstrates value to our customers and that sets us apart from price-driven competition.</p> <p>Authorisation protocols are in place to prevent unfavourable customer agreements being entered into and regular management reviews are established to improve visibility of pricing decisions.</p>
Economy	<p>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.</p> <p>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>	<p>The Group 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 differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast. This is underpinned by our core hire business where customers will continue to find hiring assets during a downturn more desirable than buying them.</p> <p>The Group has established an International business, which enables it to diversify into markets away from the UK.</p>
Funding	Should the Group be unable to obtain sufficient capital in the future it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay capital expenditure, resulting in the ageing of the fleet and/or availability issues. This could disadvantage the Group relative to its competitors and might adversely impact on its ability to command acceptable levels of pricing.	<p>The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.</p> <p>In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of 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.</p>

Risk description	Potential impact	Strategy for mitigation
International	The International business is growing, which introduces a number of risks that are new to the Group.	<p>The business plan focuses on measured growth at a steady rate, enabling a cautious approach to new challenges.</p> <p>The International business is led by a small expat team carefully selected for the task for their experience within the UK business, supplemented by quality external resource with experience in local tax and legislative requirements.</p> <p>Our expansion into each new territory is based on close relations with local partners that bring experience of working with different cultural practices and customs.</p>
Major customer failure	No single customer currently accounts for more than 10% of revenue or receivables. However, in the event of the loss of a major customer the revenue generated by the Group could be reduced with a corresponding impact on the Group's market position and the Group could experience bad debts in respect of business already transacted.	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.
Operating costs	Failure to control potential price inflation or to make more effective use of existing resources could have a potential negative effect on financial performance.	<p>The Group has a policy in place to negotiate supply contracts that wherever possible determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment.</p> <p>Increasingly, agreements are structured to reduce the risk of cost increases such as maintenance elements during lease or pre-determined ownership periods.</p>
People	Failing to recruit, retain and motivate the right people could have a significant impact on the business's ability to reach strategic objectives.	Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Programmes for employee retention and career development are tailored to the needs of the Group. Talent is nurtured through specific programmes 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.
Safety	Safety is critical to the Group's operations. Failure to meet customers' safety expectations or regulatory requirements increases the risk of legal, financial and brand damage.	The Group is recognised for its industry-leading position on promoting enhanced health and safety compliance, together with a commitment to product innovation. The Group's systems, health and safety and environment teams measure and promote employee understanding of, and compliance with, procedures that affect safety. Also, customer account managers address any service and safety issues arising in respect of those customers.

Consolidated Income Statement

For the year ended 31 March 2013

		Year ended 31 March 2013	Year ended 31 March 2012		
	Note	£m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	2	340.4	329.3	-	329.3
Cost of sales		(116.4)	(108.4)	-	(108.4)
Gross profit		224.0	220.9	-	220.9
Distribution costs		(35.4)	(36.3)	-	(36.3)
Administrative expenses		(168.2)	(169.1)	(2.9)	(172.0)
Analysis of operating profit					
Operating profit before amortisation and exceptional items		24.4	19.6	-	19.6
Amortisation		(4.0)	(4.1)	-	(4.1)
Exceptional costs	3	-	-	(2.9)	(2.9)
Operating profit		20.4	15.5	(2.9)	12.6
Financial expense	3,4	(7.6)	(7.2)	(2.2)	(9.4)
Profit before taxation		12.8	8.3	(5.1)	3.2
Taxation	3,5	(4.1)	(2.6)	1.1	(1.5)
Profit for the financial year		8.7	5.7	(4.0)	1.7
Attributable to:					
Equity holders of the Company		8.7			1.7
Earnings per share					
- Basic (pence)	6	1.72			0.33
- Diluted (pence)	6	1.70			0.33
Non-GAAP performance measures					
EBITDA before exceptional costs	8	73.5	63.2		
Profit before tax, amortisation and exceptional costs	8	16.8	12.4		
Adjusted earnings per share (pence)	6	2.39	1.72		

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	2013 £m	2012 £m
Profit for the financial year	8.7	1.7
Other comprehensive income/(loss):		
- Effective portion of change in fair value of cash flow hedges	0.1	(0.1)
- Tax on items taken directly to equity	0.3	0.1
- Exchange difference on translation of foreign operations	(0.3)	(0.4)
Other comprehensive income/(loss), net of tax	0.1	(0.4)
Total comprehensive income for the financial year	8.8	1.3
Attributable to equity holders of the Company	8.8	1.3

Consolidated Balance Sheet

At 31 March 2013

	Note	2013 £m	2012 £m
ASSETS			
Non-current assets			
Intangible assets	9	54.2	58.0
Property, plant and equipment			
Hire equipment	10	214.5	210.3
Non-hire equipment	10	27.5	30.7
		296.2	299.0
Current assets			
Inventories	11	13.5	12.8
Trade and other receivables	12	84.3	87.7
Cash	15	0.2	0.2
		98.0	100.7
Total assets		394.2	399.7
LIABILITIES			
Current liabilities			
Borrowings	15	(0.1)	(0.2)
Other financial liabilities	14	(0.6)	(0.7)
Trade and other payables	13	(67.8)	(77.6)
Provisions	16	(1.2)	(2.3)
Current tax liabilities		(3.8)	(0.3)
		(73.5)	(81.1)
Non-current liabilities			
Borrowings	15	(72.5)	(76.3)
Provisions	16	(0.6)	(2.2)
Deferred tax liabilities	17	(10.6)	(10.6)
		(83.7)	(89.1)
Total liabilities		(157.2)	(170.2)
Net assets		237.0	229.5
EQUITY			
Share capital	18	25.9	25.9
Share premium		190.5	190.2
Merger reserve		1.0	1.0
Hedging reserve		(0.9)	(1.0)
Translation reserve		(0.6)	(0.3)
Retained earnings		21.1	13.7
Total equity attributable to equity holders of the Company		237.0	229.5

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2011	25.9	190.2	1.0	(0.9)	0.1	13.1	229.4
Total comprehensive 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
Total comprehensive income*	-	-	-	0.1	(0.3)	9.0	8.8
Dividends	-	-	-	-	-	(2.5)	(2.5)
Equity-settled share-based payments	-	-	-	-	-	0.9	0.9
Issue of shares under the Sharesave Scheme	-	0.3	-	-	-	-	0.3
At 31 March 2013	25.9	190.5	1.0	(0.9)	(0.6)	21.1	237.0

*from consolidated statement of comprehensive income

Consolidated Cash Flow Statement

For the year ended 31 March 2013

	Note	2013 £m	2012 £m
Cash generated from operations before changes in hire fleet	20	64.0	69.7
Purchase of hire equipment		(59.0)	(64.2)
Proceeds from sale of hire equipment		19.5	19.4
Cash generated from operations		24.5	24.9
Interest paid		(6.3)	(7.2)
Tax paid		(0.3)	-
Net cash flow from operating activities		17.9	17.7
Cash flow from investing activities			
Proceeds from disposal of accommodation hire assets, net		-	33.4
Purchase of non-hire property, plant and equipment		(10.8)	(6.6)
Disposal of other property, plant and equipment		0.8	-
Acquisition of business	21	(0.4)	(5.2)
Net cash flow (to)/from investing activities		(10.4)	21.6
Net cash flow before financing activities		7.5	39.3
Cash flow to financing activities			
Repayment of bank loans		-	(33.9)
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		(5.2)	(4.0)
Proceeds from the issue of Sharesave Scheme shares		0.3	-
Dividends paid		(2.5)	(2.1)
Net cash flow to financing activities		(7.4)	(38.6)
Increase in cash		0.1	0.7
Cash/(overdraft) at the start of the financial year		-	(0.7)
Cash at the end of the financial year		0.1	-
Analysis of cash			
Cash		0.2	0.2
Bank overdraft		(0.1)	(0.2)
		0.1	-

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 2013 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 14 May 2013.

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. 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 14 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and market risk.

The Group signed a £220m asset-based revolving credit facility ('the Facility') on 30 June 2011, which, following an extension agreed during the year ended 31 March 2013, matures in August 2015 and has no prior scheduled repayment requirements.

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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

New accounting standards and accounting standards not yet effective

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

- Amendments to IFRS7 Financial Instruments: Disclosures
- Improvements to IFRS 2011

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations which have been endorsed by the EU at 31 March 2013 with an effective date of implementation after the date of these Financial Statements:

International Accounting Standards (IAS/IFRSs)		Effective date (periods beginning on or after)
Amendments to IAS1 IFRS13	Presentation of Items of Other Comprehensive Income Fair Value Measurement	1 July 2012 1 January 2013
Amendment to IFRS7 IFRS10 (revised)	Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements	1 January 2013 1 January 2014
IFRS11 (revised)	Joint Arrangements	1 January 2014
IFRS12 (revised)	Disclosure of Interests in Other Entities	1 January 2014
IAS27 (revised)	Separate Financial Statements (2011)	1 January 2014
IAS28 (revised)	Investments in Associates and Joint Ventures (2011)	1 January 2014
Amendments to IAS32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

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

Notes to the Financial Statements (continued)

2 Segmental analysis

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

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.

For the year ended 31 March 2013

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Segmental revenue	323.5	27.4	-	350.9
Intra-Group revenue	(2.1)	(8.4)	-	(10.5)
Revenue	321.4	19.0	-	340.4
Segment result:				
EBITDA before exceptional costs	73.8	5.5	(5.8)	73.5
Amortisation	(4.0)	-	-	(4.0)
Depreciation	(42.6)	(4.7)	(1.8)	(49.1)
Operating profit/(loss)	27.2	0.8	(7.6)	20.4
Financial expense				(7.6)
Profit before tax				12.8
Taxation				(4.1)
Profit for the financial year				8.7
Intangible assets	54.2	-	-	54.2
Hire equipment	183.3	31.2	-	214.5
Non-hire equipment	27.3	0.2	-	27.5
Current assets	84.3	11.0	2.5	97.8
Cash	-	-	0.2	0.2
Total assets	349.1	42.4	2.7	394.2
Liabilities	(57.8)	(4.7)	(7.7)	(70.2)
Bank overdraft	-	-	(0.1)	(0.1)
Borrowings	-	-	(72.5)	(72.5)
Taxation liabilities	-	-	(14.4)	(14.4)
Total liabilities	(57.8)	(4.7)	(94.7)	(157.2)
Capital expenditure	53.2	16.6	-	69.8

Notes to the Financial Statements (continued)

2 Segmental analysis (continued)

For the year ended 31 March 2012

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
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

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 which are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

Notes to the Financial Statements (continued)

2 Segmental analysis (continued)

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 2013		Year ended 31 March 2012	
	Revenues £m	Non-current assets £m	Revenues £m	Non-current assets £m
UK	316.2	259.4	312.4	268.6
Ireland	5.2	5.4	5.8	5.7
Other countries	19.0	31.4	11.1	24.7
	<u>340.4</u>	<u>296.2</u>	<u>329.3</u>	<u>299.0</u>

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 2013

There were no exceptional items incurred in the year.

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 were 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.

Notes to the Financial Statements (continued)

4 Financial expense

	2013 £m	2012 £m
Financial expense		
Interest on bank loans and overdrafts	5.2	5.2
Amortisation of issue costs	1.4	1.0
	<hr/>	<hr/>
Total interest on bank loans and overdrafts	6.6	6.2
Hedge interest payable	0.5	0.7
Other finance costs	0.5	0.3
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
	<hr/>	<hr/>
	7.6	9.4
	<hr/> <hr/>	<hr/> <hr/>

5 Taxation

	2013 £m	2012 £m
Tax charged in the income statement		
Current tax		
UK corporation tax on profits for the period at 24% (2012: 26%)	3.7	-
Withholding tax	0.1	-
	<hr/>	<hr/>
Total current tax	3.8	-
Deferred tax		
UK deferred tax at 23% (2012: 24%) (note 17)	0.8	3.2
Adjustment in respect of prior years	-	(0.8)
Impact of rate change	(0.5)	(0.9)
	<hr/>	<hr/>
Total deferred tax	0.3	1.5
	<hr/>	<hr/>
Total tax charge	4.1	1.5
	<hr/> <hr/>	<hr/> <hr/>
Tax credited in equity		
Deferred tax		
Net loss on revaluation of cash flow hedges	-	(0.1)
Deferred tax on equity-settled share-based payments	(0.3)	-
	<hr/>	<hr/>
Total deferred tax credited in equity	(0.3)	(0.1)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued)

5 Taxation (continued)

The tax charge in the income statement for the year is higher than the standard rate of corporation tax in the UK of 24% (2012: 26%) and is explained as follows:

	2013 £m	2012 £m
Profit before tax	12.8	3.2
Accounting profit multiplied by the standard rate of corporation tax at 24% (2012: 26%)	3.1	0.8
Expenses not deductible for tax purposes	1.5	1.7
Non-taxable income	(0.6)	(0.4)
Share-based payments	(0.2)	0.1
Unrecognised tax losses	0.3	0.5
Overseas tax losses arising not subject to tax	0.5	0.5
Overseas withholding tax potentially not recoverable	0.1	-
Adjustment to deferred taxation relating to future changes in corporation tax rates	(0.5)	(0.9)
Adjustment to tax in respect of prior years	(0.1)	(0.8)
Tax charge for the year reported in the income statement	4.1	1.5
Tax credited in equity (note 17)		
Deferred tax charge	(0.3)	(0.1)

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax liability accordingly.

Notes to the Financial Statements (continued)

6 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of £8.7m (2012: £1.7m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2013	2012
Profit (£m)		
Profit for the year after tax – basic earnings	8.7	1.7
Intangible amortisation charge (after tax)	3.4	3.1
Exceptional items (after tax)	-	4.0
	<u>12.1</u>	<u>8.8</u>
Adjusted earnings (after tax)	12.1	8.8
Weighted average number of shares in issue (m)		
At the beginning of the year	506.9	506.9
Exercise of share options	0.3	-
	<u>507.2</u>	<u>506.9</u>
At the end of the year – basic number of shares	507.2	506.9
Share options	0.5	0.3
Employee share scheme	5.6	4.5
	<u>513.3</u>	<u>511.7</u>
At the end of the year – diluted number of shares	513.3	511.7
Earnings per share (pence)		
Basic earnings per share	1.72	0.33
Amortisation	0.67	0.60
Exceptional costs	-	0.79
	<u>2.39</u>	<u>1.72</u>
Adjusted earnings per share	2.39	1.72
Basic earnings per share	1.72	0.33
Employee share scheme	(0.02)	-
	<u>1.70</u>	<u>0.33</u>
Diluted profit per share	1.70	0.33
Adjusted earnings per share	2.39	1.72
Employee share schemes	(0.03)	(0.01)
	<u>2.36</u>	<u>1.71</u>
Adjusted diluted earnings per share	2.36	1.71

Total number of shares outstanding at 31 March 2013 amounted to 517,925,049, including 10,206,080 shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

Notes to the Financial Statements (continued)

7 Dividends

The aggregate amount of dividend comprises:

	2013	2012
	£m	£m
2011 final dividend (0.2 pence on 517.2m shares)	-	1.0
2012 interim dividend (0.2 pence on 517.2m shares)	-	1.1
2012 final dividend (0.26 pence on 517.2m shares)	1.4	-
2013 interim dividend (0.22 pence on 517.2m shares)	1.1	-
	<u>2.5</u>	<u>2.1</u>

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.31 pence (2012: 0.26 pence) per share, bringing the total amount payable in respect of the 2013 year to 0.53 pence (2012: 0.46 pence), to be paid on 14 August 2013 to shareholders on the register on 14 June 2013.

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 2013, the Trust held 10,206,080 ordinary shares (2012: 10,260,251).

8 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.

	2013	2012
	£m	£m
Operating profit	20.4	12.6
Add back: amortisation	4.0	4.1
Add back: exceptional costs	-	2.9
	<u>24.4</u>	<u>19.6</u>
Operating profit before amortisation and exceptional costs	24.4	19.6
Add back: depreciation	49.1	43.6
	<u>73.5</u>	<u>63.2</u>
EBITDA before exceptional costs	73.5	63.2
Profit before tax	12.8	3.2
Add back: amortisation	4.0	4.1
Add back: exceptional costs	-	2.9
Add back: exceptional finance costs	-	2.2
	<u>16.8</u>	<u>12.4</u>
Profit before tax, amortisation and exceptional costs	16.8	12.4

Notes to the Financial Statements (continued)

9 Intangible fixed assets

	Goodwill £m	Customer lists £m	Non-competes agreements £m	Brand £m	Supply agreements £m	Total £m
Cost						
At 1 April 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
Additions	-	0.2	-	-	-	0.2
At 31 March 2013	93.5	36.4	4.9	4.1	19.8	158.7
Amortisation						
At 1 April 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
Charged in year	-	3.2	-	-	0.8	4.0
At 31 March 2013	49.2	28.0	4.9	4.1	18.3	104.5
Net book value						
At 31 March 2013	44.3	8.4	-	-	1.5	54.2
At 31 March 2012	44.3	11.4	-	-	2.3	58.0
At 31 March 2011	44.3	14.4	-	-	1.5	60.2

The amount of goodwill that is tax-deductible is £19.2m (2012: £19.2m).

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

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

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 FY2014 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.

Notes to the Financial Statements (continued)

9 Intangible fixed assets (continued)

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

	31 March 2013		31 March 2012	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK Asset Services	11.7%	2.5%	11.7%	2.5%

For UK Asset Services, the recoverable amount at 31 March 2013, calculated using the discounted forecast cash flows, results in a surplus over carrying value of £122.5m (2012: £41.7m). 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 £28.5m, leaving headroom against carrying value at £94.0m (2012: £19.1m). A decrease of 1% in the forecast revenue growth, with all the other assumptions held constant, would reduce discounted cash flows by £10.2m, leaving headroom against carrying value of £112.3m (2012: £34.0m).

For Ireland Asset Services, the carrying value of the property, plant and equipment and other net assets at 31 March 2013 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 2013. An increase of 1% in the pre-tax discount rate or a decrease of 1% in the forecast revenue growth does not result in a shortfall of recoverable amount over carrying value of the property, plant and equipment and other net assets.

Notes to the Financial Statements (continued)

10 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 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
Foreign exchange	-	(0.3)	-	(0.3)
Additions	6.1	55.9	4.7	66.7
Acquisitions	-	0.2	-	0.2
Disposals	(2.1)	(38.4)	(2.2)	(42.7)
Transfers to inventory	-	(25.0)	-	(25.0)
At 31 March 2013	33.8	376.0	63.5	473.3
Depreciation				
At 1 April 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
Foreign exchange	-	-	-	-
Charged in year	3.1	36.0	10.0	49.1
Disposals	(1.7)	(27.7)	(1.7)	(31.1)
Transfers to inventory	-	(20.1)	-	(20.1)
At 31 March 2013	19.8	161.5	50.0	231.3
Net book value				
At 31 March 2013	14.0	214.5	13.5	242.0
At 31 March 2012	11.4	210.3	19.3	241.0
At 31 March 2011	11.4	185.7	22.8	219.9

The net book value of land and buildings comprises freehold properties of £nil (2012: £0.1m), and short leasehold properties of £14.0m (2012: £11.3m).

At 31 March 2013, the net carrying amount of leased hire equipment was £nil (2012: £nil).

An impairment review has been completed during the year on the basis set out in note 9.

Notes to the Financial Statements (continued)

11 Inventories

	2013	2012
	£m	£m
Finished goods and goods for resale	13.5	12.8

The amount of inventory expensed in the year amounted to £41.5m (2012: £43.0m), included within cost of sales. No provision in respect of writedown in inventory is held at the year-end or prior year-end.

12 Trade and other receivables

	2013	2012
	£m	£m
Trade receivables	78.6	80.6
Other receivables	3.2	5.1
Prepayments and accrued income	2.5	2.0
	84.3	87.7

There are £36.7m (2012: £31.6m) 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 2013 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:

	2013	2012
	£m	£m
Not past due	43.8	49.0
Past due 0–30 days	20.4	21.0
Past due 31–120 days	11.6	9.8
More than 120 days past due	2.8	0.8
	78.6	80.6

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

	2013	2012
	£m	£m
At 1 April	2.4	4.1
Impairment provision charged to the income statement	4.6	5.5
Written off in the year	(4.5)	(7.2)
At 31 March	2.5	2.4

Notes to the Financial Statements (continued)

13 Trade and other payables

	2013 £m	2012 £m
Trade payables	32.6	37.5
Other payables	8.1	7.0
Accruals	27.1	33.1
	<u>67.8</u>	<u>77.6</u>

14 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 2013		31 March 2012	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	81.8	81.8	85.7	85.7
Cash	0.2	0.2	0.2	0.2
Bank overdraft	(0.1)	(0.1)	(0.2)	(0.2)
Secured bank borrowings	(72.5)	(72.5)	(76.3)	(76.3)
Interest rate swaps and caps, used for hedging	(0.6)	(0.6)	(0.7)	(0.7)
Trade and other payables	(40.7)	(40.7)	(44.5)	(44.5)
	<u>(31.9)</u>	<u>(31.9)</u>	<u>(35.8)</u>	<u>(35.8)</u>
Unrecognised gain/(loss)		-		-

Notes to the Financial Statements *(continued)*

14 Financial instruments *(continued)*

Basis for determining fair values

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

(a) Derivatives

Broker quotes are used for all interest rate swaps.

(b) Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

(c) Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rates used for determining fair value

The interest rate used to discount estimated cash flows, where applicable, has been estimated at 11.7% (2012: 11.7%).

Fair value hierarchy

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

Credit risk

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

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

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

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

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

Notes to the Financial Statements (continued)

14 Financial instruments (continued)

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 2013, the Group had available loan facilities amounting to £220m (2012: £220m), as detailed in note 15. Of these facilities £136.7m remained unutilised at 31 March 2013 (2012: £136.6m). Details of the repayment profile of the drawn facilities at the year-end is included in note 15.

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

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

At 31 March 2013

	Undiscounted cash flows – 31 March 2013			
	2014	2015	2016	Total
	£m	£m	£m	£m
Revolving credit	-	-	72.4	72.4
Interest payments	4.6	4.6	1.9	11.1
	<u>4.6</u>	<u>4.6</u>	<u>74.3</u>	<u>83.5</u>

At 31 March 2012

	Undiscounted cash flows – 31 March 2012			
	2013	2014	2015	Total
	£m	£m	£m	£m
Revolving credit	-	-	76.3	76.3
Interest payments	5.8	5.8	4.4	16.0
	<u>5.8</u>	<u>5.8</u>	<u>80.7</u>	<u>92.3</u>

Notes to the Financial Statements (continued)

14 Financial instruments (continued)

Market risk

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

- Foreign exchange risk

The Group is exposed to foreign exchange risk on the translation of the results of its subsidiaries which are resident in the Republic of Ireland (Speedy Hire (Ireland) Limited and Waterford Hire Services Limited), United Arab Emirates (Speedy International Asset Services Equipment Rental LLC), Egypt (Speedy International Asset Services LLC Limited), Oman (Speedy International Asset Services LLC Limited) and Qatar (Speedy International Asset Services LLC Limited). It is the Group's policy to review the net investment in all companies on a regular basis, and to hedge against potential foreign exchange exposures where considered appropriate. At 31 March 2013, Speedy Hire (Ireland) Limited had net liabilities of £8.5m (2012: £7.0m), Waterford Hire Services Limited had net assets of £1.5m (2012: £1.5m), Speedy International Asset Services Equipment Rental LLC (United Arab Emirates) had net liabilities of £7.0m (2012: £4.3m), Speedy International Asset Services Equipment Rental LLC (Egypt) had net liabilities of £0.5m (2012: £0.2m), Speedy International Asset Services Equipment Rental LLC (Oman) had net assets of £0.5m (2012: £0.3m) and Speedy International Asset Services Equipment Rental LLC (Qatar) had net assets of £nil, and no hedging instruments are in place to cover potential movements in foreign currency.

- Interest rate risk

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

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

	31 March 2013		31 March 2012	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
Group and Company				
Designated as cash flow hedges				
Fixed interest rate swaps	(0.6)	55.0	(0.7)	62.5
Interest rate caps	-	-	-	2.5
	<u>(0.6)</u>	<u>55.0</u>	<u>(0.7)</u>	<u>65.0</u>

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

The weighted average interest rate on the fixed interest rate swaps is 1.495% (2012: 1.690%) and the instruments are for a weighted average period of 14 months (2012: 20 months). The maximum contractual period is 27 months.

Notes to the Financial Statements (continued)

14 Financial instruments (continued)

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 2013 it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.4m. Interest rate swaps have been included in this calculation.

Capital management

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

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

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

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

15 Borrowings

	2013 £m	2012 £m
Current borrowings		
Bank overdraft	0.1	0.2
	<hr/>	<hr/>
Non-current borrowings		
Maturing between two and five years - Asset-based revolving credit facilities	72.5	76.3
	<hr/>	<hr/>
Total non-current borrowings	72.5	76.3
	<hr/>	<hr/>
Total borrowings	72.6	76.5
Less: cash	(0.2)	(0.2)
	<hr/>	<hr/>
Net debt	72.4	76.3
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

15 Borrowings (continued)

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 2013, the undrawn availability was £75.8m (2012: £69.3m).

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

Interest is calculated by reference to the London Interbank Offer Rate applicable to the period drawn, plus a margin of 225 to 400 basis points, depending upon leverage and on the components of the borrowing base. During the year, the effective margin was 2.84% (2012: 2.97%).

The effective interest rate applicable to cash deposits during the year was 0.7% (2012: 0.7%).

Analysis of consolidated net debt

	At 31 March 2012 £m	Non-cash movement £m	Cash flow £m	At 31 March 2013 £m
Cash at bank and in hand	0.2	-	-	0.2
Borrowings	(76.5)	(1.4)	5.3	(72.6)
	<u>(76.3)</u>	<u>(1.4)</u>	<u>5.3</u>	<u>(72.4)</u>

Notes to the Financial Statements (continued)

16 Provisions

	Onerous property contracts £m
At 1 April 2011	4.7
Created in the year	3.6
Provision utilised in the year	(3.9)
Unwinding of discount	0.1
	<hr/>
At 31 March 2012	4.5
Created in the year	1.0
Provision utilised in the year	(3.9)
Unwinding of discount	0.2
	<hr/>
At 31 March 2013	1.8
	<hr/> <hr/>

Of the £1.8m, £1.2m (2012: £2.3m) is due within one year and £0.6m (2012: £2.2m) 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 £0.9m.

17 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items £m	Total £m
At 1 April 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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	12.1	1.5	(0.3)	(2.7)	10.6
Recognised in income	(1.0)	(0.5)	(0.6)	2.4	0.3
Recognised in equity	-	-	(0.3)	-	(0.3)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	11.1	1.0	(1.2)	(0.3)	10.6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There are no unrecognised deferred tax liabilities (2012: £nil).

The Group has gross trading losses carried forward at 31 March 2013 amounting to approximately £5.4m (2012: £16.5m). A deferred tax asset of £nil (2012: £2.0m) 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 2013 amounting to approximately £6.5m (2012: £5.5m). No deferred tax asset has been recognised in respect of these losses.

Notes to the Financial Statements *(continued)*

18 Share capital

	2013	2012
	£m	£m
Allotted, called-up and fully paid		
517.9m (2012: 517.2m) ordinary shares of 5 pence each	25.9	25.9
	<u>25.9</u>	<u>25.9</u>

During the year, 690,847 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Scheme (2012: 18,536).

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 54,171 shares were transferred to employees during the year. At 31 March 2013, the Trust held 10,206,080 (2012: 10,260,251) shares, with no shares in joint ownership following the lapse of the 2009 Performance Plan options which were granted as an ExSOP (2012: 6,405,980 shares in joint ownership).

The movement in issued share capital was as follows:

	Number	£m
At 1 April 2011	517,215,666	25.9
Exercise of Sharesave Scheme options	18,536	-
	<u>517,234,202</u>	<u>25.9</u>
At 31 March 2012	517,234,202	25.9
Exercise of Sharesave Scheme options	690,847	-
	<u>517,925,049</u>	<u>25.9</u>
At 31 March 2013	517,925,049	25.9

Notes to the Financial Statements (continued)

19 Share incentives

At 31 March 2013, options and awards over 17,613,763 shares (2012: 21,961,544) were outstanding under employee share schemes. The Group operates three share incentive schemes. During the year 690,847 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Scheme (2012: 18,536).

As at 31 March 2013 options to acquire 8,256,229 (2012: 7,795,175) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Schemes. These options are exercisable by employees of the Group at prices between 15 and 29 pence (2012: 15 and 29 pence) at dates between April 2013 and July 2016 (2012: October 2012 and January 2015). At 31 March 2013, options to acquire 9,357,534 shares (2012: 7,760,389) under the Performance Plan were outstanding. All 6,405,980 awards over shares which existed at 31 March 2012 under the Co-Investment Plan lapsed during the year. Options under the Performance Plan are exercisable at nil cost between June 2013 and June 2016 (2012: September 2012 and June 2016).

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

	2013		2012	
	WAEP Pence	Number	WAEP Pence	Number
Outstanding at 1 April	8	21,961,544	7	26,883,206
Granted	11	6,217,133	8	4,564,271
Exercised	29	(690,847)	23	(18,536)
Lapsed	3	(9,874,067)	9	(9,467,397)
Outstanding at 31 March	11	17,613,763	8	21,961,544
Exercisable at 31 March	29	1,321,141	-	-

Options and awards outstanding at 31 March 2013 have weighted average remaining contractual lives as follows:

	2013 Years	2012 Years
Exercisable at nil pence	1.3	1.0
Exercisable at 15 pence	1.8	2.8
Exercisable at 21 pence	0.8	1.8
Exercisable at 27 pence	2.8	-
Exercisable at 29 pence	-	0.5

Notes to the Financial Statements (continued)

19 Share incentives (continued)

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

Speedy Hire Sharesave Schemes

	December 2012	December 2011	December 2010	September 2009	December 2007
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	27p	15p	21p	29p	183p
Share price volatility	41%	87.0%	88.2%	85.7%	25.5%
Option life	3.25 years	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	1.23%	2.1%	1.4%	3.1%	2.1%
Risk-free interest rate	0.6%	0.5%	1.4%	2.1%	4.5%

Co-Investment Plan

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

Performance Plan

	July 2012	July 2011	July 2010	September 2009	July 2008
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil	Nil
Share price volatility	46%	91.3%	94.0%	88.0%	29.3%
Option life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	1.3%	1.5%	3.1%	3.7%
Risk-free interest rate	0.4%	1.0%	1.2%	2.1%	5.2%

Notes to the Financial Statements *(continued)*

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

	2013	2012
	£m	£m
Profit before tax	12.8	3.2
Financial expense	7.6	7.2
Exceptional financial expense	-	2.2
Amortisation	4.0	4.1
Depreciation	49.1	43.6
Profit on disposal of hire equipment	(3.9)	(4.8)
Loss on disposal of other property, plant and equipment	0.1	0.7
Increase in inventories	(0.7)	(2.6)
Decrease in trade and other receivables	3.4	10.0
(Decrease)/increase in trade and other payables	(6.6)	5.3
Movement in provisions	(2.7)	(0.2)
Equity-settled share-based payments	0.9	1.0
	<hr/>	<hr/>
Cash from operating activities	64.0	69.7
	<hr/> <hr/>	<hr/> <hr/>

21 Acquisitions

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

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

During the year ended 31 March 2012, the Group entered into a strategic supply agreement with Morgan Sindall Group plc. As part of the agreement the Group acquired one depot together with associated hire equipment. The total consideration was £5.2m and was paid in cash.

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

The fair values of the hire equipment assets relates to the value of the equipment, applying fixed asset lives and residual values in line with the Group's own accounting policy.

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

Notes to the Financial Statements (continued)

22 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.

23 Commitments

The Group had contracted capital commitments amounting to £4.5m (2012: £4.2m) 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	
	2013 £m	2012 £m	2013 £m	2012 £m
Total future minimum lease payments				
- not later than one year	13.3	13.6	7.1	7.2
- later than one year and not later than five years	38.6	43.5	9.1	11.0
- later than five years	25.7	27.7	0.1	-
	<u>77.6</u>	<u>84.8</u>	<u>16.3</u>	<u>18.2</u>

24 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 0.31 pence per share as a final dividend in respect of the year ended 31 March 2013. 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:

	2013 £m	2012 £m
0.31 pence (2012: 0.26 pence) on 517.9m (2012: 517.2m) ordinary shares	<u>1.6</u>	<u>1.3</u>

25 Accounts

The financial information set out above does not constitute the Group's statutory accounts for the year ended 31 March 2013 or 31 March 2012 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2012 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2013 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of full accounts will be available on the Group's corporate website. Additional copies will be available on request from Speedy Hire Plc, Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.