Speedy Hire Plc

("Speedy", "the Company" or "the Group")

Results for the year ended 31 March 2021

Strong performance; well positioned for sustainable growth

Speedy, the UK's leading tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces results for the year ended 31 March 2021.

Commenting on the results Russell Down, Chief Executive, said:

"I am pleased to report results that are ahead of our expectations in what has been an exceptionally challenging year for customers and colleagues alike. The resilient performance of our business during this unprecedented period is testament to the strength of our model, hard work of all my colleagues and strong operational delivery. Our excellent customer service, including our four-hour delivery commitment, has facilitated a strong recovery in the second half.

"We have had an encouraging start to FY2022 with revenue in April and May c.2% ahead of the equivalent period in 2019. Our strong balance sheet and the actions we have taken to develop our digital and ESG offerings give us confidence for the future."

Underlying results

	Year ended 31 March 2021 (£m)	Year ended 31 March 2020 (£m)	Change %
Revenue (excluding disposals)	**359.4**	402.5	*(10.7)*
Adjusted operating profit[1]	**25.4**	39.1	*(35.0)*
Adjusted profit before tax[1]	**20.7**	34.9	*(40.7)*
Adjusted earnings per share (pence)[2]	**3.22**	5.54	*(41.9)*

Statutory results

	Year ended 31 March 2021 (£m)	Year ended 31 March 2020 (£m)	Change %
Revenue	**363.6**	406.7	*(10.6)*
Operating profit	**17.0**	14.0	*21.4*
Profit before tax	**12.3**	20.7	*(40.6)*
Basic earnings per share	**1.82**	3.23	*(43.7)*

Other measures

	Year ended 31 March 2021 (£m)	Year ended 31 March 2020 (£m)	Change %
Net debt[3]	**33.2**	79.3	*(58.1)*
Return on Capital Employed[4]	**7.6%**	12.0%	*(4.4)pp*
Dividend (pence per share)	**1.40**	0.70	*100*

Group highlights

- Progressive revenue recovery throughout the year:
  - Hire revenue up 4% on a like for like basis in Q4
  - Improved utilisation in the second half at 58.8% (2020: 55.9%)
  - Increased market share following significant new contract wins including Network Plus and MWH
  - SME revenue has continued to grow, up 10% on the prior year in the second half

- Decisive and swift action taken to manage costs and preserve cash in response to COVID-19:
  - Prioritised customer and colleague wellbeing
  - Utilised Government support schemes in the first half
  - Capex managed tightly in the first half; fleet age remains young at 3.6 years (2020: 3.4 years)
  - 13 depots closed and a further 22 being consolidated into six improved locations
  - Following restructure headcount in UK and Ireland reduced to 3,303 (2020: 3,464)

- Disposal of Middle East assets to the principal customer on 1 March 2021 for $18m

- Strong balance sheet and cash generation:
  - Business model provided strong cash generation and improved liquidity during the pandemic
  - Middle East disposal generated $30m including working capital settled on 31 March 2021
  - Net debt materially reduced to £33.2m (2020: £79.3m); leverage[5] of 0.5x (2020: 1.0x)
  - Cash and facility headroom of £142.3m (2020: £99.0m)
  - UK and Ireland debtor days reduced to 59 from 66

- Continued strategic and operational progress:
  - Extended our industry leading four-hour delivery promise to the top 350 products
  - Entered B2C market through trial with B&Q
  - Continuous improvements to the digital customer journey
  - Commitment to reaching net zero emissions before 2050, setting science-based targets in FY2022 to provide a clearly defined pathway on how we will achieve this
  - Significant investment in sustainable hybrid and electric equipment in support of our ESG strategy "Energise"

- Dividend payments resumed with final dividend of 1.40p per share proposed which recognises the strong recovery in the second half

- Board strengthened and diversity enhanced following recent changes

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Notes:

Explanatory notes:
[1] See note 9
[2] See note 7
[3] See note 13
[4] Return on Capital Employed: Profit before tax, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt[3]), for the last 12 months.
[5] Leverage: Net debt[3] covered by EBITDA[1]. This metric excludes the impact of IFRS 16.

Inside Information: This announcement contains inside information.

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 UK's leading provider of tools, equipment and plant hire services to a wide range of customers in the construction, infrastructure and industrial markets, as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is certified nationally to ISO50001, ISO9001, ISO14001, ISO17020, ISO27001 and OHSAS18001. The Group operates from c.200 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations and through a joint venture in Kazakhstan.

Chairman's statement

Overview

I am pleased with these results which demonstrate a strong performance in the second half of the year following the challenges in the first half dealing with the impact of the pandemic. The Group has adapted well this year continuing to support customers and colleagues in what have been very challenging conditions. We close the year with both revenue and asset utilisation ahead of the corresponding period in 2019 and positioned strongly in both financial and operational terms to meet the needs of our customers as we move into a post COVID world.

COVID-19

The Group managed its cost base and cash resources throughout the COVID-19 pandemic, reducing staff costs through the use of Government support schemes. We froze all capital expenditure unless specifically needed to meet customer requirements and managed working capital tightly. As customers returned to work we resumed our capital expenditure to meet increasing customer demand, taking the opportunity to make significant investments in new sustainable hybrid and electric equipment. We initially closed two thirds of our network in April 2020, by September the network was operating once again at full capacity following a review of our depot footprint. This resulted in the permanent closure of 13 depots and the consolidation of a further 22 depots into larger scale units to meet our customer requirements.

Results

Group revenue, excluding disposals, fell to £359.4m (2020: £402.5m). Whilst revenue declined in the first half of the year, it recovered strongly in the second half as customers returned to work. We have secured new work and contract renewals from larger customers and are growing revenue in the SME market. We are trialling outlets in B&Q stores around the UK with the objective of increasing our exposure to the B2C market.

The Group sold its Middle East assets to our major customer ADNOC Logistics and Services LLC (ADNOC), for a consideration of $18m in March 2021, after successfully turning round that business over the last few years during which time it has been a positive contributor to Group profits. On conclusion of a Transitional Services Agreement (TSA) with ADNOC the Group's operations in the Middle East will be terminated. The Group continues to operate internationally through the Kazakhstan JV.

Our net debt position remains historically low with significant headroom against our committed banking facilities. The strength of our balance sheet and available financial resources will allow us to invest to meet increasing demand and capitalise on growth opportunities as activity levels continue to recover.

Dividend

As a result of the COVID-19 pandemic the Group utilised Government support schemes and implemented cost reduction measures across the business that affected colleagues and other stakeholders. As a consequence the Board resolved not to pay a final dividend for FY2020 nor an interim dividend for FY2021. Following the strong performance in the second half of the year and the robust balance sheet, the Board is recommending a final dividend of 1.40 pence per share for the year ended 31 March 2021. If approved at the forthcoming Annual General Meeting the dividend will be paid on 24 September 2021 to shareholders on the register at close of business on 13 August 2021.

Board and people

During the course of the last year we have made a number of changes to the Board which have enhanced its diversity, broadened its skill base and improved the average tenure of the Board to manage future succession.

Chris Morgan resigned from the Board on 31 July 2020 and we welcomed James Bunn as Chief Financial Officer with effect from 14 September 2020. James has extensive experience in senior finance positions with a particular focus on digital business.

Bob Contreras stepped down from the Board on 17 February 2021, to allow him to exclusively pursue his full-time executive role. On behalf of the Board I would like to express my thanks to both Chris and Bob for their contributions over the last few years and wish them every success in the future.

Shatish Dasani was appointed as a Non-Executive Director and Chairman of the Audit and Risk Committee and a member of the Nomination Committee on 1 February 2021. Shatish has significant experience in senior

public company finance roles and will add to the Board's skillset as we implement the next stage of our growth strategy.

Carol Kavanagh will join the Board as a Non-Executive Director and member of the Remuneration Committee with effect from 1 June 2021. Carol has extensive experience in business transformation and people related matters across relevant sectors which will further strengthen the expertise of the Board and broaden its diversity. I am delighted to welcome both Shatish and Carol to the Board.

This year has proved challenging for all of my colleagues, including many who were on furlough leave for a period. I would like to take this opportunity to thank each and every one of the Speedy family for their hard work, dedication, support to the business and each other, and positive spirit throughout this challenging time.

Future

I am pleased that the business has responded well to the challenges of the past year. Through strong leadership, effective management, dedication and resilience the business is able to move forward from a position of strength to take advantage of opportunities as the UK emerges from the pandemic and markets continue to recover.

David Shearer

Chairman

Chief Executive's statement

Overview

I am pleased to report results that are ahead of our expectations in what has been an exceptionally challenging year for customers and colleagues alike. These results are testament to the hard work of all our colleagues in supporting us throughout this period whilst maintaining excellent service levels to our customers.

The Group continued to serve customers through the pandemic supporting the NHS and other essential services whilst prioritising the safety and wellbeing of all stakeholders. In April 2020 up to 50% of staff were placed on furlough leave and, whilst we maintained our national coverage, 66% of our depots were initially closed. Following a detailed operational review of trading during the first lockdown, 13 depots were permanently closed and a further 22 depots are being consolidated into six larger improved locations. No colleagues were on furlough beyond 30 September, although c.200 roles were regrettably made redundant during the year.

Our revenues declined initially, falling by 35% in April 2020, but recovered strongly following the first lockdown as existing customers returned to work and we secured work from new customers. In the fourth quarter UK and Ireland core hire revenue was 4% ahead of the prior year. In April and May 2021 core hire revenue was c.2% higher than the comparative period in 2019. The young age profile of the Group's hire fleet allowed us to significantly reduce capital expenditure in the first half year; asset utilisation for the second half year increased to 58.8% (2020: 55.9%).

Infrastructure spending has grown and prospects are strong, particularly on major projects including HS2; our investment in equipment and new colleagues in the rail sector resulted in revenues growing significantly. Our SME revenue has continued to grow, up 10% on the prior year in the second half. We have entered into a trial with B&Q to grow this segment further and are currently trading out of 16 B&Q stores with significant opportunities for growth. Revenue from regional customers has declined slightly, primarily due to pricing pressure in this competitive segment.

The Group sold its Middle East equipment fleet, stock and other fixed assets to its principal customer, ADNOC, on 1 March 2021 for $18m. Outstanding trade receivables of c.$12m were paid in full on 31 March 2021. The Group entered into a Transitional Services Agreement (TSA) with ADNOC, which will expire on 30 June 2021, to support the transfer of the assets, during which time it is anticipated that the Group's c.600 UAE-based employees' contracts will be terminated and all colleagues offered re-employment by ADNOC. The successful exit from the Middle East operations is an important strategic step for the Group leaving us well positioned to take advantage of the market opportunities in the UK and Ireland as activity levels continue to improve.

Financing and liquidity

Our business model provided strong cash generation and improved liquidity during the pandemic; operating cash flow of £72.9m was 13.0% ahead of prior year (2020: £64.5m). Net debt, excluding lease liabilities, as at 31 March 2021 reduced to £33.2m (2020: £79.3m), following the sale of our operations in the Middle East and excellent cash collections. The Group has significant headroom against its committed banking facilities totalling £180m; leverage at 31 March 2021 was 0.5 times.

Results

Group revenue fell by 10.6% to £363.6m (2020: £406.7m) reflecting the impact of the first lockdown in April and May 2020 and the recovery in activity levels thereafter. Group revenues, excluding disposals, fell by 10.7% to £359.4m (2020: £402.5m).

In the UK and Ireland core hire revenue fell by 11.0%, with first half revenues down 20.5%. In the second half core hire revenue was broadly flat. Services revenue fell by 10.2% reflecting a strong performance from our rehire business offset by lower training revenue due to COVID-19 restrictions.

Gross margin decreased to 53.0% (2020: 55.1%), primarily as a result of lower core hire revenues in the first half year and services mix. Overheads remained tightly controlled reducing in the year as a result of lower activity levels and Government support. EBITA decreased by 35.0% to £25.4m (2020: £39.1m). EBITDA decreased by 15.7% to £90.5m (2020: £107.4m).

There were £7.6m of net exceptional expenses incurred during the year (2020: £12.9m) principally in relation to the depot realignment programme and costs associated with Geason Training.

Adjusted profit before tax decreased to £20.7m (2019: £34.9m). Adjusted earnings per share decreased to 3.22 pence (2020: 5.54 pence).

The Group has a 45% share in a joint venture in Kazakhstan serving the oil and gas market. Share of profits fell to £1.2m (2020: £2.8m) reflecting reduced activity levels in the year due to COVID-19.

The net book value of the Group's hire fleet decreased to £207.2m (2020: £ 227.1m). The reduction in the size of the fleet reflects the disposal of the Middle East equipment in March 2021 and lower capital expenditure in the first half year. The average fleet age remains low, increasing slightly to 3.6 years (2020: 3.4 years). Asset utilisation in the second half in the UK and Ireland was 58.8% (2020: 55.9%), reflecting continued use of artificial intelligence to manage stocking levels and lower capital expenditure in the first half year. The Group will continue to invest in sustainable products in line with its strategy to reduce the carbon output of the hire fleet through investment in solar, hybrid, electric and hydrogen technology.

Dividend

The Board is committed to a progressive dividend policy with a pay-out ratio of between 33% and 50% of underlying profit after tax.

The Group utilised Government support during the first half year including use of the Coronavirus Job Retention Scheme and the deferral of tax payments and has benefitted from rates relief. In addition, substantial cost reduction measures were implemented during the first half which affected colleagues, landlords and other stakeholders. The Group has no intention of further utilising Government COVID-19 support schemes, no staff were on furlough post 30 September 2020, and all tax deferrals were paid by 30 September 2020. Nevertheless the Board resolved not to pay a final dividend for FY2020 or an interim dividend for FY2021.

The Board is pleased with the recovery of the business post the initial lockdown and has therefore recommended a final dividend of 1.40 pence per share for the year ended 31 March 2021.

Strategy and operational review

Our vision is to be the best company in our sector to do business with and the best to work for. We have continued to win new customers and renew contracts with our existing customers over the past year which is testament to the excellent customer service we provide. We are constantly striving to improve the customer journey and further differentiate our service offering. We are actively listening and communicating with our people and enhancing the employee value proposition in order to attract and retain the best talent.

UK and Ireland

We serve approximately 50,000 customers in the UK and Ireland, including 86 of the UK's 100 largest contractors. Our customers include major infrastructure contractors, housebuilders, industrials and SMEs. More recently we have entered the B2C market through our partnership with B&Q where we are currently trading through 16 stores across the UK. During the year we have extended our contracts with Murphy, Osborne and Balfour Beatty, and won a number of significant new contracts including with Network Plus and MWH. We have also further grown our SME revenues by over 20% in the fourth quarter compared with the same period last year through continued growth in our Customer Relationship Centre (CRC) in South Wales. We have restructured our sales teams and their ways of working to better address customers' needs following the pandemic.

Our customers' key priority is the prompt availability of products for hire. We offer an industry leading unique four-hour delivery service on our most popular products, 'Capital Commitment'. This four-hour promise was originally launched within the M25 in November 2018, has subsequently been extended nationally and now covers our 350 most popular products. The success of Capital Commitment reflects our customer service culture, and the investment we have made in equipment, systems and processes. We will continue to evolve this service promise to ensure that we remain the best company in our sector to do business with.

Services revenues are less capital intensive, have greater visibility and are more recurring in nature than hire revenues. As a result, they are ROCE enhancing for the Group. Our Services categories consist of: rehire; training; testing, inspection and certification; product and consumable sales; and fuel management services. Services revenue has been less affected by the pandemic than our hire business primarily due to an increase in rehire of accommodation and consumable sales including of PPE. Geason Training has performed below expectations during the year due to lower than expected learner enrolments as a result of the pandemic. During the year we resolved the claim from the funding agency and implemented a number of management changes. We are reviewing further initiatives to improve the Group's financial position.

We have extended the use of artificial intelligence to optimise our asset holdings and now produce a dynamic forecast which is updated monthly. Optimal stocking levels are set to ensure we have the right assets, at the right locations, at the right time to satisfy customer demand in the most efficient way. Utilisation rates have consequently increased to record levels with specialist products yet to be added into the system. Our aim is to optimise all elements of the operational support process through data led intelligence.

During the year significant improvements were made to the digital customer journey including more accurate allocation of orders to locations, better online pricing capability, Hand Arm Vibration (HAV) product selector enhancements, online inspection, and the ability to place digital orders for collection from our B&Q locations (including at weekends). We also launched a new cross platform App which makes development quicker and provides a single code base to maintain. Functionality available on the App now includes a mini "MySpeedy" customer dashboard, the ability to view and download invoices, and pay through the App, off hire by scanning the barcode on the asset, and delivery and collection tracking capability.

We anticipate further increases in digital take up following the implementation of automated on-boarding for pay as you go customers (primarily SME and B2C customers) and order approval workflow for customers requiring transaction approvals (regional and major customers).

Our online capability is supported by an omni-channel approach to servicing customers. During the year we completed the rollout of VOIP telephony across our network which provides additional customer facing capability.

ESG

We are committed to reaching net zero emissions before 2050 and during the current financial year will set science-based targets to provide a clearly defined pathway on how we will achieve this. Our Energise programme, which was launched in October 2019, encompasses our objectives to reduce environmental impacts, improve social responsibility and operate robust governance programmes. A new ESG Director, and an Innovation Director were appointed in April 2021, both of whom are working alongside our HR Director who joined in October 2020 to progress our ESG strategy.

Our principal objective is to reduce the carbon output of our hire and vehicle fleet through the use of solar, hybrid, electric and hydrogen technology. We are working with equipment manufacturers to increase the volume of sustainable products within our hire fleet with this year's capital expenditure budget being weighted towards such products; sustainable products already generate more than 25% of our revenue. Our company car list now consists almost entirely of hybrid and electric vehicles and we are working closely with commercial vehicle manufacturers to introduce hybrid and electric vehicles as soon as practicable. We are already operating a number of electric delivery vehicles on a trial basis including two converted electric London taxis. The carbon output of our equipment fleet is affected by the use of fossil fuels. We are working closely with customers and suppliers to trial the use of hydrogenated vegetable oil (HVO) within our products as a substitute for diesel. Initial trials have shown carbon output to be reduced by up to 90% from the use of HVO and hence we are working with customers to further roll out this product within our network.

We are progressing the people agenda with a focus on wellbeing as well as prioritising equality, diversity and inclusion within the workplace. A significant investment is planned this financial year on graduates and apprentices and we are proud to have joined the 5% club; working towards having 5% of our employees on earn and learn programmes within 5 years.

People

The Group's headcount at 31 March 2021 was 3,843 (2020: 4,065). In the UK and Ireland underlying headcount reduced to 3,253 following c.200 redundancies in the first half year resulting from the operational review undertaken during the first lockdown (2020: 3,464); in addition a further 50 colleagues joined our B&Q instore offering during the year. Modest increases in colleague numbers are expected during the current year as revenue growth continues. The Middle East headcount at 31 March 2021 was 540; it is anticipated that all colleagues will be transferred to ADNOC by the conclusion of the TSA period on 30 June 2021.

We undertook a full survey of all colleagues in March and April 2021. I am pleased to report that once again our response rate (74%) and engagement scores (77%) were strong. Detailed action plans to address the results of the survey are being prepared and will be communicated to colleagues during May. Our web and App based communications tool, 'The Hub', was introduced following previous surveys and has proved invaluable for communicating with staff during the pandemic. Regional employee forums have been held during the year, with the Chairpersons meeting me and the HR Director in order to address any matters raised.

The Board is committed to ensuring there is regular communication with, and support for colleagues who are participating in the long-term success of the business. I would like to take this opportunity to thank all my colleagues for their ongoing support and dedication during this most challenging of years.

Summary and outlook

I am pleased to report results that are ahead of our expectations in what has been an exceptionally challenging year for customers and colleagues alike. The resilient performance of our business during this unprecedented period is testament to the strength of our model, hard work of all my colleagues and strong operational delivery. Our excellent customer service, including our four-hour commitment, has facilitated a strong recovery in the second half.

We have had an encouraging start to FY2022 with revenue in April and May c.2% ahead of the equivalent period in 2019. Our strong balance sheet and the actions we have taken to develop our digital and ESG offerings give us confidence for the future.

Russell Down

Chief Executive

Financial review

Overview

It has been a challenging year for the business as we responded to COVID-19. The financial results have been heavily impacted by the pandemic; however they are testament to the hard work of all our colleagues in supporting the business throughout this period. The start to the new financial year is encouraging; in April and May 2021 revenue is c.2% ahead of the comparative period (April 2019).

Revenues declined initially during the first lockdown, recovering strongly as our customers returned to work. Despite revenue falling by as much as 35% in April 2020, by the fourth quarter like for like core hire revenue was trading ahead of prior year by 4%. Activity recovered across our Major accounts and the mobilisations of recent contract wins including Network Plus, MWH and Horbury increased our market share. Our SME customer base has continued to grow, with revenue up 10% in the second half; we continue to explore further opportunities to grow in this sector which includes a trial with B&Q.

We proactively managed our cost base in the first half with decisive actions including a freeze on discretionary spend, the use of Government support schemes, as well as reducing capital expenditure to the level necessary to meet customer demand. Investment in hire fleet resumed as activity levels recovered during the second half. Following a detailed operational review during the first lockdown 13 depots have been permanently closed and c.200 roles made redundant.

The Group entered FY2021 with conservative debt levels. The cautious action taken to preserve cash, including reduced capex and no dividend payments combined with strong cash collections from customers, the Group has operated throughout the year well within existing banking facilities and without any covenant tests being triggered. The disposal of the Middle East assets on 1 March 2021 has further strengthened the Group's net debt position.

We continue to monitor the COVID-19 situation and will respond accordingly. The Group's strong balance sheet and the encouraging trading at the start of the new financial year allows us to take advantage of strategic opportunities as markets emerge from the pandemic.

Group financial performance

Revenue (excluding disposals) for the year to 31 March 2021 decreased by 10.7% to £359.4m (2020: £402.5m). Revenue from disposals was £4.2m (2020: £4.2m); total revenue for the period decreased by 10.6% to £363.6m (2020: £406.7m).

Gross profit was £192.6m (2020: £224.2m), a decrease of 14.1%. The gross margin fell to 53.0% (2020: 55.1%), reflecting reduced hire revenue with largely fixed depreciation charge, the mix impact from reductions in training revenues, and competitive price pressures.

EBITA[1] decreased by 35.0% to £25.4m (2020: £39.1m) and profit before taxation, amortisation and exceptional costs decreased to £20.7m (2020: £34.9m).

The share of profit from the joint venture in Kazakhstan decreased to £1.2m (2020: £2.8m) as result of COVID-19 related reductions in activity.

The Group incurred net exceptional expenses before taxation of £7.6m (2020: £12.9m). Further details are included below.

After taxation, amortisation and exceptional items, the Group made a profit of £9.5m, compared to a profit of £16.8m in 2020.

Segmental analysis

The Group's segmental reporting is split into continuing operations - UK and Ireland, and discontinued operations - International. The figures in the tables below are presented before corporate costs of £4.6m (2020: £3.9m), which have increased 17.9% due to management compensation payments and additional audit fees.

UK and Ireland	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m	Change %
Revenue (excluding disposals)	**328.1**	367.3	*(10.7)*
EBITDA[1]	**89.5**	102.7	*(12.9)*
EBITA[1]	**26.3**	37.3	*(29.5)*

Excluding disposals, revenue decreased by 10.7% to £328.1m (2020: £367.3m) with a fall across both Hire and Services.

Hire revenue decreased by 11.0%. Hire revenue was significantly impacted by the national lockdown imposed at the end of March 2020, initially falling by 35% in April. Activity levels then progressively recovered as the construction sector reopened with trading ahead of prior year by the fourth quarter. Major and Local sectors both now exceed prior year levels following contract renewals and new contract wins. The Regional sector remains challenging, with competitive pricing.

Services revenues declined by 10.2% in the year as all areas of the business were initially impacted by the first lockdown. A strong performance from the rehire, fuel and consumables businesses throughout the second half resulted in Services revenue for that period being ahead of prior year.

Our training business Geason has continued to perform below expectations during the year due to lower than expected learner enrolments as a result of the pandemic and social distancing impacting course delivery. During the year we resolved the claim from the funding agency and implemented a number of management changes. We are reviewing further initiatives to improve the Group's financial position.

Gross margins reduced from 57.7% to 55.6%. Hire margin decreased to 75.7% (2020: 77.0%) due to reduced activity in the first half with a largely fixed depreciation charge; margin in the first half was 74.8%, increasing to 76.4% in the second half. Expansion of our powered access fleet has improved the national offering to major customers and reduced reliance on lower margin rehire partners. Services margin was impacted by sales mix with strong revenue performance in lower margin services such as rehire and fuel reducing overall margin to 23.2% (2020: 26.0%).

Overheads have reduced due to the mitigating actions taken to manage the cost base in response to the COVID-19 pandemic including the permanent closure of 13 depots and c.200 roles being made redundant, temporary freezing of discretionary spend, alongside Government support received from furlough schemes in the first half (£8.9m) and rates relief (£4.8m). As a result of these actions, there has been an overall 10.0% reduction in overheads compared to the prior year.

Headcount has reduced to 3,303, compared to 3,464 at 31 March 2020 with redundancies from the operational restructure in the first half year and 50 colleagues joining our B&Q instore offering during the year.

Asset utilisation in the second half has increased to 58.8% (2020: 55.9%), as a result of continued use of artificial intelligence to connect customer demand with asset availability and lower capex in the first half. Utilisation rates for the core range of products have improved on prior year as the replenishment and asset rebalancing programme that uses machine learning was launched across the entire network during the first half. Our strategy to simplify and standardise processes within the depot network has enabled utilisation improvement and the expansion of our four-hour customer promise.

The business recovered well in the second half with EBITA for that period of £17.9m, 5.3% down on prior year. It continues to perform well into FY2022 in a competitive market despite the pandemic related disruptions associated with COVID-19.

International	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m	Change %
Revenue	**31.3**	35.2	*(11.1)*
EBITDA[1]	**5.2**	8.2	*(36.6)*
EBITA[1]	**3.7**	5.7	*(35.1)*

The Group sold its equipment fleet, stock and other fixed assets relating to its Middle East business to its principal customer ADNOC Logistics and Services LLC (ADNOC), on 1 March 2021, for consideration of $18m. The consideration was paid in cash in full on completion with trade receivables from ADNOC of c.$12m subsequently paid on 31 March. The net proceeds, after working capital payments, have reduced Group borrowings. The transaction included the Group entering into a Transitional Services Agreement (TSA) with ADNOC to 30 June 2021, to support the transfer of the assets, during which time it is anticipated that the Group's c.600 UAE-based employees' contracts will be terminated and all colleagues offered re-employment by ADNOC. On conclusion of the TSA the Group intends to wind up its operations in the Middle East.

International revenue in the Middle East decreased by 11.1% due to the disposal of the assets, COVID-19 related disruptions and the full year effect of contract negotiations in the prior year. Consequently, EBITA fell by 35.1%.

Exceptional items

There were £7.6m net exceptional items incurred during the year (2020: £12.9m).

	Total £m
Property related costs	**(5.6)**
Restructuring costs	**(1.9)**
Disposal of Middle East assets	**0.8**
Training provision	**(0.9)**
	(7.6)

Action has been taken to manage the Group's cost base following the COVID-19 pandemic, and consequently the network has been restructured; 13 depots have been closed and further consolidation of 22 depots is underway to create six larger, customer focused service centres. As a result, £5.6m of property related costs and £1.9m redundancy costs have been incurred during the year.

As noted above, the Group sold its equipment fleet, stock and other fixed assets relating to its Middle East business to its principal customer ADNOC, for a consideration of $18m (£13.0m). The transaction resulted in a gain on disposal of £0.8m.

The training business, Geason, which was acquired in December 2018, was subject to an assurance visit from a funding agency in early 2020, and a subsequent claim was received for amounts overpaid. The claim was settled in October 2020, within the provision held at 31 March 2020. An additional provision has been made for £0.9m to cover legal and other costs associated with ongoing initiatives to improve the Group’s financial position.

Interest

The Group’s net financial expense, including interest on lease liabilities and before exceptional items, decreased to £5.9m (2020: £7.0m) reflecting lower average gross borrowings throughout the year.

Net debt, excluding lease liabilities, as at 31 March 2021 reduced to £33.2m (2020: £79.3m), following the sale of the Middle East assets and excellent cash collections. Borrowings under the Group’s bank facility are priced on the basis of LIBOR plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the year, the margin payable over LIBOR on the outstanding debt fluctuated between 1.50% and 2.00% dependent on the Group’s performance in relation to leverage and the weighting of borrowings between receivables and plant and machinery. The effective average margin in the period was 1.80% (2020: 1.84%).

The Group utilises interest rate hedges to manage fluctuations in LIBOR with varying maturity dates to October 2022. The fair value of these hedges was not material at 31 March 2021.

Taxation

The Group seeks to protect its reputation as a responsible taxpayer, and adopts an appropriate attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance. The Group utilised Government deferral schemes for tax payments of £7.6m during the first half; all amounts deferred were paid prior to 30 September 2020.

The tax charge for the period was £2.8m (2020: £3.9m), with an effective tax rate of 22.7% (2020: 18.8%); the increase in the effective rate includes the impact of exceptional items in the year. The underlying effective tax rate for the continuing operations is 19.6% (2020: 19.7%).

Shares, earnings per share and dividends

At 31 March 2021, 528,180,280 Speedy Hire Plc ordinary shares were outstanding, of which 4,413,516 were held in the Employee Benefits Trust.

Adjusted earnings per share was 3.22 pence (2020: 5.54 pence), a decrease of 41.9%. Basic earnings per share was 1.82 pence (2020: 3.23 pence).

The decision to not pay a FY2020 final dividend reflected our priority at that time of preserving cash. No interim dividend was declared during FY2021 (2020: 0.70 pence). In light of the improvement in trading in the second half of the year, and in recognition of the strength of the balance sheet and cash position at the year end, the Board is recommending a 2021 final dividend of 1.40p per share. The cash cost of this dividend is expected to be c.£7.4m.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £43.7m (2020: £63.2m), of which £36.0m (2020: £55.3m) related to equipment for hire, and £7.7m to other property, plant and equipment (2020: £7.9m).

The Group entered the pandemic with a young fleet age, which allowed for immediate cut-back on discretionary spend without impacting service delivery. Capital expenditure on hire fleet was reduced initially to £7.2m, a level necessary to meet customer demand. The investment in fleet increased to £28.8m in the second half in response to increases in customer activity. This expenditure reflects further investment in the core range ensuring the UK and Ireland business can continue to execute our four-hour delivery promise. Throughout the year the Group has continued to invest in sustainable products in line with its strategy to reduce the carbon output of the hire fleet through investment in solar, hybrid, electric and hydrogen technology.

Despite the capital expenditure constraints during the year, the average age of the fleet remains young in comparison to the industry; 3.6 years (2020: 3.4 years). Total disposal proceeds were £12.2m (2020: £11.7m). During the year we further optimised our stockholdings across the network, applying machine learning to inform decisions on returns and asset utilisation, which highlighted those areas requiring investment. The number of product lines has further reduced, and this has enabled us to continually improve the efficiency of our supply chain. This forward demand planning will help mitigate the potential risk from lead time delays and price inflation.

Balance sheet

The Group continues to have a strong balance sheet, which reflects the decisive action taken during COVID-19, proactive management of the asset fleet and effective control over working capital.

Net assets at 31 March 2021 were £219.2m (2020: £209.9m), equivalent to 41.5 pence per share.

Net property, plant and equipment (excluding IFRS 16 right of use assets) was £233.1m at 31 March 2021 (2020: £257.6m), of which equipment for hire represents 88.9% (2020: 88.2%). Following the disposal of the Middle East assets, the International hire fleet is £nil at 31 March 2021, (2020: £11.4m).

Intangibles increased to £24.7m (2020: £23.1m), due to increased IT development expenditure.

Right of use assets of £59.1m (2020: £64.7m) and corresponding lease liabilities of £65.8m (2020: £72.9m) are recognised at 31 March 2021 following the implementation of IFRS 16 in the prior year.

Throughout the year the business has had a clear focus on cash, in particular customer collections. The successful collaboration between sales and credit control functions, leveraging strong customer relationships, resulted in excellent cash collections. Gross trade receivables totaled £93.3m at 31 March 2021 (2020: £100.7m). Bad debt provisions were £3.5m at 31 March 2021 (2020: £3.9m), equivalent to 3.8% of gross trade receivables (2020: 3.9%). Debtor days were 58.9 (2020: 69.6), of which UK and Ireland were 59.4 (2020: 66.0). Overdue debt has reduced by 26% over the year.

Trade payables were £49.6m (2020: £52.3m). Creditor days were 86.6 (2020: 103.7).

Cash flow and net debt[3]

Cash generated from operations for the year was £72.9m (2020: £64.5m). Free cash flow (being net cash flow before financing activities) increased to £69.7m (2020: £45.2m).

Net debt decreased by £46.1m from £79.3m at the beginning of the year to £33.2m at 31 March 2021. Excluding the impact of IFRS 16, leverage reduced to 0.5x (2020: 1.0x).

The Group's strong cash position resulted in substantial headroom within the Group's bank facility throughout the year with cash and undrawn facility availability of £142.3m at 31 March 2021 (2020: £99.0m). Discussions with a syndicate of banks are at an advanced stage in relation to renewing the facility, which expires in October 2022, on largely similar terms.

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE. This investment is expected to include capital expenditure within existing operations, as well as value enhancing acquisitions that fit with the Group's strategy and are returns accretive.

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy in support of this:

- Organic growth: the Board will invest in capital equipment to support demand in our chosen markets. This investment will be in hire fleet and IT systems to better enable us to serve our customers;

- Regular returns to shareholders: the Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle, and a payment in the range of between 33% and 50% adjusted earnings per share;

- Acquisitions: the Board will continue to explore value enhancing acquisition opportunities in specialist hire and services businesses consistent with the Group's existing operations;

- Gearing and treatment of excess capital: the Board is committed to maintaining an efficient balance sheet. The Board has adopted a target gearing in the region of 1.5x net debt to EBITDA through the business cycle, although it is prepared to move outside this if circumstances warrant. The Board will continue to review the Group's balance sheet in light of the policy, and medium term investment requirements, and will return excess capital to shareholders if and when appropriate.

The Group has a strong pipeline of organic growth and acquisition opportunities, which it continues to evaluate on an ongoing basis.

Capital structure and treasury

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

The Group's £180m asset based finance facility and uncommitted accordion of £220m, expire in October 2022. Discussions with a syndicate of banks are at an advanced stage in relation to renewing the facility on largely similar terms.

The average gross borrowings under the facility during the year ended 31 March 2021 decreased to £79.5m (2020: £110.2m). The facility includes leverage and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the year.

Return on capital

ROCE[4] is a key performance measure for the Group and decreased to 7.6% (2020: 12.0%) due to the impact of COVID-19 partially offset with lower levels of net debt. The strength of the balance sheet and available financial resources will allow us to invest in growth opportunities as markets continue to recover.

James Bunn
Chief Financial Officer

The responsibility statement below has been prepared in connection with the Group's full annual report for the year ended 31 March 2021. Certain parts of that report are not included within this announcement.

Directors' Responsibilities Statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report 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
David Shearer	Chairman
Russell Down	Chief Executive
James Bunn	Chief Financial Officer
David Garman	Senior Independent Director
Rob Barclay	Non-Executive Director
Rhian Bartlett	Non-Executive Director
Shatish Dasani	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 considers on an ongoing basis the nature, likelihood and potential impact of each of the significant risks it is willing to accept in achieving its strategic objectives.

The Board has delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. These systems, which ensure that risk is managed at the appropriate level within the business, can only mitigate risk rather than eliminate it completely.

Direct ownership of risk management within the Group lies with the senior management teams. Each individual is responsible for maintaining a risk register for their area of the business and is required to update this on a regular basis. The key items are consolidated into a Group risk register which has been used by the Board to carry out a robust assessment of the principal risks.

The principal risks and mitigating controls in place are summarised below.

Risk	Description and potential impact	Strategy for mitigation
COVID-19 pandemic	**Trading performance** The UK and Ireland lockdowns have reduced economic activity. The first of these in 2020 affected Group revenues. Whilst the indications for the future are promising in the UK, the uncertainty leads to difficulty in forecasting. **People** The COVID-19 pandemic may lead to shortages in the workforce as a direct result of illness, social shielding or isolation measures, along with depot closures. This may result in an inability to effectively service our customers' requirements. **Supply chain** The supply of goods, services and assets (including the availability of spares) may be disrupted. This may also result in an inability to effectively service our customers' requirements.	As a supplier to industries that have continued to operate, the Group has also continued to trade. Entering the new financial year a significant proportion of revenues have been retained, with trading through the Group's digital platform and by telephone. During the lockdown we suspended hire charges for equipment not in use in order that the impact was minimised. We acted quickly to contain costs and preserve cash, including halting all discretionary spend and consolidating our depot network, temporarily closing sites and servicing our clients from alternative locations, thus ensuring we maintain a national coverage. We previously utilised the Government's coronavirus job retention scheme, furloughing up to 50% of our workforce. We continue to monitor Government guidance and take action to ensure the safety of our colleagues, as we support customers continuing to operate. We have introduced COVID-19 safe ways of working, restricting access to our premises and maintaining social distance. We have increased opportunity for employees who can perform duties from home doing so and intend for this to be offered as a flexible working option where appropriate. This involves the utilisation of our secure and robust infrastructure and technology platforms. Speedy operates one of the youngest hire fleets in the industry and is well placed to provide asset availability as a result of better reliability. The age profile also allows us to optimise capital expenditure management during this period, whilst maintaining customer service.

		Based on various revenue downturn scenarios, and the measures outlined above, the Board remains confident that the Group can operate within its existing debt facilities and covenant tests during a prolonged period of reduced trading activity, including in the event of a further national lockdown.
Safety, health and environment	**Serious injury or death** Speedy operates, transports and provides for rental a wide range of machinery. Without rigorous safety regimes in place there is a risk of injury or death to employees, customers or members of the public. **Environmental hazard** The provision of such machinery includes handling, transport and dispensing of substances, including fuel, that are hazardous to the environment in the event of spillage. **Climate change** There is a risk that Speedy will fail to meet climate change targets generally which in turn may limit our ability to trade with some of our customers. Specifically, the delivery locations for many of our customers require Speedy to operate in designated low emission zones.	The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. This is achieved by the Group's health, safety, and environmental teams measuring and promoting employee understanding of, and compliance with, procedures that affect safety and protection of the environment. We maintain systems that enable us to hold appropriate industry recognised accreditations which have been enhanced further this year with the introduction of a specialist platform for managing data and reporting in relation to Health, Safety and Environment. The Group has built on its strong position by embracing the ESG agenda with the creation of our Energise programme demonstrating our firm commitment to our responsibility in each of these areas. Robust targets have been set and a director has been appointed to lead the programme, reporting to the Chief Executive. Speedy has incorporated hybrid and fully electric vehicles into the commercial fleet to ensure we meet and in some cases exceed emission requirements. All operatives who handle hazardous substances are trained and provided with appropriate equipment to manage small scale spills. In the case of more serious accidents, we have a contract with a third party specialist who would undertake any clean-up operation as necessary.
Service	**Provision of equipment** Speedy's commitment is to provide well maintained equipment to its customers on a consistent and dependable basis. **Back office services** It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation. In both cases, a failure to provide such service could lead to a failure to attract or retain customers, or to diminish the level of business such customers undertake with Speedy.	During the year we have successfully extended our nationwide four-hour service promise under "Trust Speedy to Deliver" to cover a wider range of our assets Our use of personal digital assistants (PDAs) and online based customer feedback system are fully embedded into our business and these are used to improve the on-site customer experience. Speedy liaises with its customer base and takes into account feedback where particular issues are noted, to ensure that work on resolving those issues is prioritised accordingly. We have introduced a Net Promoter Score metric into our business to drive improvement

		through dashboard reporting at depot level. During the year we have actively progressed our Enable project to upgrade our AX12 ERP system and plan to move to Microsoft's Dynamics365. This will strengthen our customer service functionality, our back office services and also provides a range of opportunities for future enhancements.
Revenue and trading performance	**Competitive pressure** The hire market is fragmented and highly competitive. We are continuing to develop strategic relationships with larger customers and also working hard to grow our local and regional accounts. There is a risk that the Group does not have an effective route to market for consumer rentals and this could lead to a missed opportunity that is capitalised upon by our competition. **Reliance on high value customers** There is a risk to future revenues should preferred supplier status with larger customers be lost when such agreements may individually represent a material element of our revenues.	The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its rehire division for specialist equipment. The Group monitors the performance of its major accounts against 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 addressed where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies. No single customer currently accounts for more than 10% of revenue or receivables. We have been successful in growing our SME customer base, which also helps to mitigate this risk. We have entered a trial within B&Q stores which allows the Group to directly access a marketplace that provides significant potential for growth. The Group has restructured its operational management team to include a managing director dedicated to retail based routes to market.
Project and change management	**Acquisitions** Our strategy includes selective acquisitions that complement or extend our existing business in specialised markets. There is a risk that suitable targets are not identified, that acquired businesses do not perform to expectations or they are not effectively integrated into the existing Group.	The Group has a defined process for monitoring and filtering potential targets, with input from advisors and other third parties. All potential business combinations are presented to the Board, with an associated business case, for approval. Once a decision in principle is made, a detailed due diligence process covering a range of criteria is undertaken. Where necessary, this includes the use of specialist external support. The results of due diligence are presented to the Board prior to formal approval being granted. The use of a cross functional project team ensures effective integration into the Group. These teams work with a blueprint plan, modified as needed to specifically address any risks identified during the due diligence phase.

		A Programme Management Office function is established with clearly defined governance in place to oversee all change initiatives.
People	**Employee excellence** In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain, develop and motivate employees who possess the right skills for the Group.	Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focusing on both short and long-term successors for the key roles within the Group. Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group. The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.
Partner and supplier service levels	**Supply chain** Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment. **Partner reputation** A significant amount of our revenues come from our rehire offering, where the delivery or performance is effected through a third party partner. Speedy's ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy and hence future revenues may be adversely impacted.	A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group's commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service related KPIs are included within standard contract terms. Regular reviews take place with all supply chain partners. Where practical, agreements with alternative suppliers are in place for key ranges, diluting reliance on individual suppliers.
Operating costs	**Fixed cost base** Speedy has a fixed cost base including people, transport and property. When revenues fluctuate this can have a disproportionate effect on the Group's financial results.	The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team of specialists who manage the estate. We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. Fuel is purchased through agreements controlled by our supply chain processes.

		The growth of our services offering will help to mitigate this risk as these activities have overheads that are more flexible.
Cyber Security and data integrity	**IT system availability** Speedy is increasingly reliant on IT systems to support our business activities. Interruption in availability or a failure to innovate will reduce current and future trading opportunities respectively. **Data accuracy** The quality of data held has a direct impact on how both strategic and operational decisions are made. If decisions are made based on erroneous data there could be a direct impact on the performance of the Group. **Data security** Speedy, as with any organisation, holds data that is commercially sensitive and in some cases personal in nature. There is a risk that disclosure or loss of such data is detrimental to the business, either as a reduction in competitive advantage or as a breach of law or regulation.	Annual and medium-term planning processes are in place to provide visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval. Our planned move to Microsoft's Dynamics 365 cloud based platform reduces the likelihood of system unavailability and will also improve system performance levels. Management information is provided in all key areas from dashboards that are based on real time data drawn from central systems. We have a dedicated data management team which is responsible for putting in place procedures to maintain accuracy of the information provided by data owners across the business. Mitigations for IT data recovery are described below under business continuity as these risks are linked. We have formed a data security governance committee which meets regularly to monitor our control framework and reports on a routine basis to the Audit & Risk Committee. Speedy's IT systems are protected against external unauthorised access. These protections are tested regularly by an independent provider. All mobile devices have access restrictions and, where appropriate, data encryption is applied.
Funding	**Sufficient capital** Should the Group not be able 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 expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact its ability to command acceptable levels of pricing.	The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities. The £180m asset based finance facility including an additional uncommitted accordion of £220m, is available through to October 2022. Discussions with a syndicate of banks are at an advanced stage in relation to renewing the facility on largely similar terms. 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.

Economic vulnerability	**Economy** Any changes in construction/industrial market conditions could affect activity levels and consequently the prices that the Group can charge for its services. Any reduction in Government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group.	The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast. We consistently monitor our share in each market segment and seek to balance our risk between cyclical areas and those which are more predictable.
Business continuity	**Business interruption** Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel, could adversely impact current and future trading as customers could readily migrate to competitors. This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.	As described in the paragraph above, the Group has continued to operate effectively throughout the COVID-19 pandemic. Management acted promptly in line with our documented plan to establish a crisis management team which co-ordinated the activities required in a rapidly changing environment. 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. The Group has critical incident plans in place for all its sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.
Asset holding and integrity	**Asset range and availability** Speedy's business model relies on providing assets for hire to customers, when they want to hire them. In order to maximise profitability and returns on deployed capital, demand is balanced with the requirement to hold a range of assets that is optimally utilised.	Our understanding of customer expectation of the relative timescales for delivery across our range of assets allows us to reduce holdings of less time critical assets by centralising the storage locations, whilst at the same time increasing the breadth of holding across our customer trading locations of those assets most likely to be required on a short notice basis. We regularly monitor our asset status information and use this to optimise our asset holdings. We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market, under our Energise programme.

Viability Statement

The Group operates an annual planning process which includes a five year strategic plan and a one year financial budget. These plans, and risks to their achievement, are reviewed by the Board as part of its strategy review and budget approval processes. The Board has considered the impact of the principal risks to the Group's business model, performance, solvency and liquidity as set out above.

The Directors have determined that three years is an appropriate period over which to assess the Viability statement. The projections for the first three years of the strategic plan are based on detailed action plans developed by the Group with specific initiatives and accountabilities. There is inherently less certainty in the projections for years four and five. The Group has a £180m asset-based finance facility in place through to October 2022. The Strategic Plan makes certain assumptions about the adequacy of facilities and expected renewal on broadly similar terms to meet the Group's capital investment and acquisition strategies.

In making this statement, the Directors have considered the resilience of the Group, its current position, the principal risks facing the business in distressed but reasonable scenarios, including various risks associated with additional global pandemics as set out above, and the effectiveness of any mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2024.

The going concern statement and further information can be found in Note 1 of the financial statements.

Consolidated Income Statement

for the year ended 31 March 2021

	Note	Year ended March 2021 Continuing operations £m	Year ended March 2021 Discontinued operations £m	Year ended March 2021 Total £m	Year ended March 2020 Continuing operations £m	Year ended March 2020 Discontinued operations £m	Year ended March 2020 Total £m
Revenue	*2*	**332.3**	**31.3**	**363.6**	371.5	35.2	406.7
Cost of sales		**(147.4)**	**(23.6)**	**(171.0)**	(157.2)	(25.3)	(182.5)
Gross profit		**184.9**	**7.7**	**192.6**	214.3	9.9	224.2
Distribution and administrative costs		**(172.4)**	**(3.2)**	**(175.6)**	(205.7)	(4.5)	(210.2)
Analysis of operating profit							
Operating profit before amortisation and exceptional items		**21.7**	**3.7**	**25.4**	33.4	5.7	39.1
Amortisation	*10*	**(0.8)**	**-**	**(0.8)**	(1.3)	-	(1.3)
Exceptional items	*4*	**(8.4)**	**0.8**	**(7.6)**	(23.5)	(0.3)	(23.8)
Operating profit		**12.5**	**4.5**	**17.0**	8.6	5.4	14.0
Share of results of joint venture		**1.2**	**-**	**1.2**	2.8	-	2.8
Profit from operations		**13.7**	**4.5**	**18.2**	11.4	5.4	16.8
Net financial expense	*5*	**(5.4)**	**(0.5)**	**(5.9)**	(6.2)	(0.8)	(7.0)
Exceptional financial income	*5*	**-**	**-**	**-**	10.9	-	10.9
Profit before taxation		**8.3**	**4.0**	**12.3**	16.1	4.6	20.7
Taxation	*6*	**(2.2)**	**(0.6)**	**(2.8)**	(3.9)	-	(3.9)
Profit for the financial year		**6.1**	**3.4**	**9.5**	12.2	4.6	16.8
Earnings per share							
- Basic (pence)	*7*	1.17	0.65	1.82	2.35	0.88	3.23
- Diluted (pence)	*7*	1.15	0.64	1.79	2.32	0.87	3.19
Non-GAAP performance measures							
EBITDA before exceptional items	*9*	85.3	5.2	90.5	99.2	8.2	107.4
Adjusted profit before tax	*9*	17.5	3.2	20.7	30.0	4.9	34.9
Adjusted earnings per share (pence)	*7*	2.68	0.54	3.22	4.60	0.94	5.54

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2021

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Profit for the financial year	**9.5**	16.8
Other comprehensive income that may be reclassified subsequently to the Income Statement:		
- Effective portion of change in fair value of cash flow hedges	**0.2**	(0.2)
- Exchange difference on translation of foreign operations	**(1.4)**	0.9
- Tax on items	**-**	0.1
Other comprehensive income, net of tax	**(1.2)**	0.8
Total comprehensive income for the financial year	**8.3**	17.6

Consolidated Balance Sheet

at 31 March 2021

	Note	**31 March 2021 £m**	31 March 2020 £m
ASSETS			
Non-current assets			
Intangible assets	*10*	**24.7**	23.1
Investment in joint venture		**6.2**	7.3
Property, plant and equipment			
Hire equipment	*11*	**207.2**	227.1
Non-hire equipment	*11*	**25.9**	30.5
Right of use assets	*12*	**59.1**	64.7
Deferred tax asset		**2.5**	2.8
		325.6	355.5
Current assets			
Inventories		**8.2**	8.7
Trade and other receivables		**93.3**	102.3
Cash	*13*	**11.7**	22.8
Current tax asset		**1.1**	1.5
		114.3	135.3
Total assets		**439.9**	490.8
LIABILITIES			
Current liabilities			
Borrowings	*13*	**(0.5)**	-
Lease liabilities	*14*	**(19.3)**	(20.2)
Other financial liabilities		**(0.4)**	(0.5)
Trade and other payables		**(94.8)**	(90.9)
Provisions	*15*	**(3.1)**	(5.9)
		(118.1)	(117.5)
Non-current liabilities			
Borrowings	*13*	**(44.4)**	(102.1)
Lease liabilities	*14*	**(46.5)**	(52.7)
Provisions	*15*	**(2.9)**	(1.2)
Deferred tax liability		**(8.8)**	(7.4)
		(102.6)	(163.4)
Total liabilities		**(220.7)**	(280.9)
Net assets		**219.2**	209.9
EQUITY			
Share capital		**26.4**	26.4
Share premium		**1.3**	0.8
Merger reserve		**1.0**	1.0
Hedging reserve		**(0.7)**	(0.9)
Translation reserve		**(1.0)**	0.4
Retained earnings		**192.2**	182.2
Total equity		**219.2**	209.9

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2019	26.3	0.4	1.0	(0.7)	(0.5)	175.5	202.0
Total comprehensive income	-	-	-	(0.2)	0.9	16.9	17.6
Dividends	-	-	-	-	-	(10.9)	(10.9)
Tax on items taken directly to equity	-	-	-	-	-	0.2	0.2
Equity-settled share-based payments	-	-	-	-	-	0.5	0.5
Issue of shares under the Sharesave Scheme	0.1	0.4	-	-	-	-	0.5
At 31 March 2020	26.4	0.8	1.0	(0.9)	0.4	182.2	209.9
Total comprehensive income	-	-	-	0.2	(1.4)	9.5	8.3
Equity-settled share-based payments	-	-	-	-	-	0.5	0.5
Issue of shares under the Sharesave Scheme	-	0.5	-	-	-	-	0.5
At 31 March 2021	**26.4**	**1.3**	**1.0**	**(0.7)**	**(1.0)**	**192.2**	**219.2**

Consolidated Cash Flow Statement

for the year ended 31 March 2021

	Note	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
Cash generated from operating activities			
Profit before tax		**12.3**	20.7
Financial expense		**5.9**	7.0
Exceptional intangible asset impairment		**-**	18.5
Exceptional financial income		**-**	(10.9)
Amortisation		**0.8**	1.3
Depreciation		**68.1**	69.4
Share of profit from joint venture		**(1.2)**	(2.8)
Termination of lease contracts		**(4.1)**	(2.4)
Loss/(Profit) on disposal of hire equipment		**1.0**	(0.8)
Loss/(Profit) on disposal of non-hire equipment		**0.5**	(3.9)
Decrease in inventories		**0.5**	0.4
Decrease /(increase)in trade and other receivables		**9.3**	(0.6)
Increase in trade and other payables		**3.6**	5.4
Movement in provisions		**(1.1)**	4.6
Translation reserve recycled on disposal of Middle East assets		**1.0**	-
Equity-settled share-based payments		**0.5**	0.5
Cash generated from operations before changes in hire fleet		**97.1**	106.4
Purchase of hire equipment		**(36.4)**	(53.6)
Proceeds from sale of hire equipment		**12.2**	11.7
Cash generated from operations		**72.9**	64.5
Interest paid		**(6.0)**	(6.5)
Tax paid		**(0.8)**	(9.3)
Net cash flow from operating activities		**66.1**	48.7
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment and IT development		**(11.2)**	(9.0)
Proceeds from sale of non-hire property, plant and equipment		**0.8**	4.2
Proceeds from disposal of Middle East assets		**13.0**	-
Investment in joint venture		**1.0**	1.3
Net cash flow from investing activities		**3.6**	(3.5)
Net cash flow before financing activities		**69.7**	45.2
Cash flow from financing activities			
Payments for the principle element of leases		**(23.6)**	(24.5)
Net loan (repayment)/drawdown		**(58.2)**	2.1
Proceeds from the issue of Sharesave Scheme shares		**0.5**	0.5
Dividends paid		**-**	(10.9)
Net cash flow from financing activities		**(81.3)**	(32.8)
(Decrease)/increase in cash and cash equivalents		**(11.6)**	12.4
Net cash at the start of the financial year		**22.8**	10.4
Net cash at the end of the financial year		**11.2**	22.8
Analysis of cash and cash equivalents			
Cash	*13*	**11.7**	22.8
Bank overdraft	*13*	**(0.5)**	-
		11.2	22.8

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 2021 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group and Parent Company Financial Statements were approved by the Board of Directors on 24 May 2021.

The accounting policies set out in the audited Financial Statements for the year ended 31 March 2021 have, unless otherwise stated, been applied consistently to all periods presented in these consolidated Financial Statements. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the comparative income statement has been re-presented for the disclosures of discontinued operations relating to all operations that have been discontinued by the balance sheet date (see Note 3).

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Basis of preparation

The Directors consider the going concern basis of preparation for the Group and Company to be appropriate for the following reasons.

The Group has a £180m asset based finance facility ('the facility') which expires in October 2022 and has no prior scheduled repayment requirements. The total cash and undrawn availability on the facility as at 31 March 2021 was £142.3m (2020: £99.0m) based on the Group's eligible hire equipment and trade receivables.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared a going concern assessment up to 31 May 2022, which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant requirements 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, including a continuation of the impact of the increased economic uncertainty resulting from COVID-19.

The Board has considered various possible downside scenarios to the base case, which result in reduced levels of revenue across the Group, whilst maintaining the same cost base. Mitigations applied in these downturn scenarios include a reduction in planned capital expenditure. Despite the significant impact of the assumptions applied in these scenarios, the Group maintains sufficient headroom against its available facility and covenant requirements.

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 a period of at least 12 months from the date of approval of these Financial Statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

The financial information set out in this final results announcement does not constitute the Group's statutory accounts for the year ended 31 March 2021 or 31 March 2020 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2020 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2021 will be delivered in due course. The auditor has reported on those accounts; their report was (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 in due course. Additional copies will be available on request from Speedy Hire Plc, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker'. UK and Ireland delivers asset management, with tailored services and a continued commitment to relationship management. International principally delivers projects and facilities management contracts by providing a managed site support service. During the year, the Middle East assets which were previously classified as part of the international segment have been disposed of (see Note 3) and are now shown as discontinued operations. As a consequence of this change, the results from the joint venture in Kazakhstan have been reallocated to 'Corporate items'. The comparative period has been restated to reflect this change.

For the year ended 31 March 2021

	UK and Ireland £m	Corporate items £m	Total - continuing operations £m	Discontinued operations £m	Total £m
Revenue	**332.3**	**-**	**332.3**	**31.3**	**363.6**
Segment result:					
EBITDA before exceptional items	**89.5**	**(4.2)**	**85.3**	**5.2**	**90.5**
Depreciation	**(63.2)**	**(0.4)**	**(63.6)**	**(1.5)**	**(65.1)**
Operating profit/(costs) before amortisation and exceptional items	**26.3**	**(4.6)**	**21.7**	**3.7**	**25.4**
Amortisation	**(0.8)**	**-**	**(0.8)**	**-**	**(0.8)**
Exceptional items	**(8.4)**	**-**	**(8.4)**	**0.8**	**(7.6)**
Operating profit/(costs)	**17.1**	**(4.6)**	**12.5**	**4.5**	**17.0**
Share of results of joint venture	**-**	**1.2**	**1.2**	**-**	**1.2**
Trading profit/(costs)	**17.1**	**(3.4)**	**13.7**	**4.5**	**18.2**
Financial expense			**(5.4)**	**(0.5)**	**(5.9)**
Profit before tax			**8.3**	**4.0**	**12.3**
Taxation			**(2.2)**	**(0.6)**	**(2.8)**
Profit for the financial year			**6.1**	**3.4**	**9.5**
Intangible assets	**20.1**	**4.6**	**24.7**	**-**	**24.7**
Investment in joint venture	**-**	**6.2**	**6.2**	**-**	**6.2**
Hire equipment	**206.4**	**0.8**	**207.2**	**-**	**207.2**
Non-hire equipment	**25.9**	**-**	**25.9**	**-**	**25.9**
Right of use assets	**59.1**	**-**	**59.1**	**-**	**59.1**
Taxation assets	**-**	**3.6**	**3.6**	**-**	**3.6**
Current assets	**96.5**	**2.2**	**98.7**	**2.8**	**101.5**
Cash	**-**	**11.7**	**11.7**	**-**	**11.7**
Total assets	**408.0**	**29.1**	**437.1**	**2.8**	**439.9**
Lease liabilities	**(65.8)**	**-**	**(65.8)**	**-**	**(65.8)**
Other liabilities	**(83.9)**	**(8.8)**	**(92.7)**	**(8.5)**	**(101.2)**
Borrowings	**-**	**(44.9)**	**(44.9)**	**-**	**(44.9)**
Taxation liabilities	**-**	**(8.8)**	**(8.8)**	**-**	**(8.8)**
Total liabilities	**(149.7)**	**(62.5)**	**(212.2)**	**(8.5)**	**(220.7)**

2 Segmental analysis (continued)

Corporate items comprise certain central activities and costs that 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 that are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

For the year ended 31 March 2020

	UK and Ireland £m	Corporate items £m	Total - continuing operations £m	Discontinued operations £m	Total £m
Revenue	371.5	-	371.5	35.2	406.7
Segment result:					
EBITDA before exceptional items	102.7	(3.5)	99.2	8.2	107.4
Depreciation	(65.4)	(0.4)	(65.8)	(2.5)	(68.3)
Operating profit/(costs) before amortisation and exceptional items	37.3	(3.9)	33.4	5.7	39.1
Amortisation	(1.3)	-	(1.3)	-	(1.3)
Exceptional items	(23.5)	-	(23.5)	(0.3)	(23.8)
Operating profit/(costs)	12.5	(3.9)	8.6	5.4	14.0
Share of results of joint venture	-	2.8	2.8	-	2.8
Trading profit/(costs)	12.5	(1.1)	11.4	5.4	16.8
Financial expense			(6.2)	(0.8)	(7.0)
Exceptional financial income			10.9	-	10.9
Profit before tax			16.1	4.6	20.7
Taxation			(3.9)	-	(3.9)
Profit for the financial year			12.2	4.6	16.8
Intangible assets	21.9	1.2	23.1	-	23.1
Investment in joint venture	-	7.3	7.3	-	7.3
Hire equipment	215.7	-	215.7	11.4	227.1
Non-hire equipment	28.4	-	28.4	2.1	30.5
Right of use assets	62.2	-	62.2	2.5	64.7
Taxation assets	-	4.3	4.3	-	4.3
Current assets	94.5	1.6	96.1	14.9	111.0
Cash	-	22.8	22.8	-	22.8
Total assets	422.7	37.2	459.9	30.9	490.8
Lease liabilities	(68.8)	-	(68.8)	(4.1)	(72.9)
Other liabilities	(82.4)	(4.0)	(86.4)	(12.1)	(98.5)
Borrowings	-	(102.1)	(102.1)	-	(102.1)
Taxation liabilities	-	(7.4)	(7.4)	-	(7.4)
Total liabilities	(151.2)	(113.5)	(264.7)	(16.2)	(280.9)

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 2021		Year ended 31 March 2020	
	Revenue £m	**Total assets £m**	Revenue £m	Total assets £m
UK	**323.6**	**423.7**	361.3	438.4
Ireland	**8.7**	**13.4**	10.2	14.2
Discontinued operations – Middle East	**31.3**	**2.8**	35.2	38.2
	363.6	**439.9**	406.7	490.8

Revenue by type

Revenue is attributed to the following activities:

	Year ended 31 March 2021	Year ended 31 March 2020
	£m	£m
Hire and related activities	**213.3**	240.5
Services	**146.1**	162.0
Disposals	**4.2**	4.2
	363.6	406.7

Major customers

No one customer represents more than 10% of revenue, reported profit or combined assets of the Group.

3 Discontinued operations

On 1 March 2021, the Group sold the assets relating to its Middle East operations. The transaction comprised of the disposal of its equipment fleet, stock and other fixed assets relating to its Middle East business to its principal customer ADNOC Logistics and Services LLC (ADNOC), for a consideration of $18m. At the date of sale, this translated to proceeds of £13.0m, on which a pre-tax gain of £0.8m was recognised. The attributable tax was £0.2m, resulting in a gain after tax of £0.6m.

Cash flows from/(used in) discontinued operations

	2021 £m	2020 £m
Net cash from/(used in) operating activities	**13.8**	(0.2)
Net cash from investing activities	**13.0**	-
Net cash used in financing activities	**(0.8)**	(0.7)
Net cash from/(used in) discontinued operations	**26.0**	(0.9)

4 Exceptional items

For the year ended 31 March 2021

	Continuing operations £m	Discontinued operations £m	Total £m
Property related costs	5.6	-	**5.6**
Restructuring costs	1.9	-	**1.9**
Disposal of Middle East assets (see Note 3)	-	(0.8)	**(0.8)**
Training provision	0.9	-	**0.9**
	8.4	(0.8)	**7.6**

During the year, exceptional administrative items of £7.6m were incurred.

Action has been taken to manage the Group's cost base following the COVID-19 pandemic, and consequently the network has been restructured. A number of depots have been closed and further consolidation of depots is underway to create larger, customer focused service centres. As a result, £5.6m of property related costs and £1.9m of redundancy costs have been incurred during the year.

On 1 March 2021 the Group sold its equipment fleet, stock and other fixed assets relating to its Middle East business to its principal customer ADNOC, for a consideration of $18m. The transaction results in a gain on disposal of £0.8m.

The training business, Geason, which was acquired in December 2018, was subject to an assurance visit from a funding agency in early 2020, and a subsequent claim was received for amounts overpaid. The claim was settled in October 2020, within the provision held at 31 March 2020. An additional provision has been made for £0.9m to cover legal and other costs associated with the ongoing initiatives to improve the Group's financial position

For the year ended 31 March 2020

	Recognised in distribution and admin expenses £m	Recognised in net financial expenses £m	Total £m
Changes to fair value of contingent consideration	-	(10.9)	(10.9)
Impairment of Training CGU	20.1	-	20.1
Training provision	3.0	-	3.0
Exceptional items relating to Training	23.1	(10.9)	12.2
Sale of surplus land	(3.9)	-	(3.9)
Acquisition integration costs	1.7	-	1.7
Property related costs	2.0	-	2.0
COVID-19 related costs	0.6	-	0.6
International contract costs	0.3	-	0.3
	23.8	(10.9)	12.9

Exceptional items of £12.6m relate to continuing operations with £0.3m relating to discontinued operations.

In the year ended 31 March 2020, an exceptional financial credit of £10.9m had been recognised in relation to changes in the fair value of contingent consideration no longer expected to be paid in respect of Geason Training. An exceptional impairment charge of £20.1m for the Speedy Training cash generating unit had also been recognised

In April 2020 Speedy were notified that a funding agency was suspending payments, and seeking repayment of funding from Geason Training; £3.0 million was provided as an exceptional charge including legal and verification costs. As referred to above, the claim was settled within the amount provided. Further detail is provided in Note 15.

On 29 October 2019, the Group sold a plot of surplus land. Consideration of £4.0m was paid in cash in full at completion. The land had a book value £0.1m and the resultant profit of £3.9m was recognised as an exceptional item.

4 Exceptional items (continued)

Following the acquisitions of Geason Training and Lifterzin the year ended 31 March 2019, integration expenses of £1.7m were incurred in the year ended 31 March 2020, relating to property provisions, redundancy and project management costs. An exceptional provision of £2.0m was made for specific non-recurring identified repairs required to properties within the depot network as a result of potential landlord claims. Exceptional costs of £0.6m related to COVID-19, including bad debt and staff related costs were provided for at 31 March 2020. Exceptional costs of £0.3m incurred relating to the extension of the major contract in the International division were also recognised in the prior year.

5 Financial expense

	2021 £m	2020 £m
Interest on bank loans and overdrafts	**2.9**	3.4
Amortisation of issue costs	**0.4**	0.4
Total interest on borrowings	**3.3**	3.8
Interest on lease liabilities	**2.6**	3.2
Hedge interest payable	**-**	0.1
Other finance income	**-**	(0.1)
Net financial expense before exceptional items	**5.9**	7.0
Exceptional financial income (see Note 4)	**-**	(10.9)
Net financial expense	**5.9**	(3.9)

6 Taxation

The adjusted tax rate of 18.9% (2020: 17.2%) is lower (FY20: lower) than the standard rate of UK corporation tax of 19% (2020: 19%). The tax charge in the Income Statement for the year of 22.8% is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%) and is explained as follows:

	2021 £m	2020 £m
Profit before tax	**12.3**	20.7
Accounting profit multiplied by the standard rate of corporation tax at 19% (2020: 19%)	**2.3**	3.9
Expenses not deductible for tax purposes	**0.7**	0.9
Share-based payments	**-**	0.1
Overseas profits not subject to tax	**-**	(0.6)
Share of joint venture income already taxed	**(0.2)**	(0.5)
Change in deferred tax rates	**-**	0.5
Adjustment to tax in respect of prior years	**-**	(0.4)
Tax charge for the year reported in the Income Statement	**2.8**	3.9
Tax (credited)/charged in equity		
Current tax	**-**	(0.2)
Deferred tax	**-**	0.1
Tax credited to equity	**-**	(0.1)

In the March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £2.0m.

7 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £9.5m (2020: £16.8m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2021	2020
Weighted average number of shares in issue (m)		
Number of shares at the beginning of the year	**521.3**	519.5
Exercise of share options	**0.3**	0.3
Movement in shares owned by the Employee Benefit Trust	**0.8**	0.2
Weighted average for the year – basic number of shares	**522.4**	520.0
Share options	**6.5**	5.2
Employee share scheme	**0.6**	1.1
Weighted average for the year – diluted number of shares	**529.5**	526.3

	2021			2020		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
Profit for the year after tax	**6.1**	**3.4**	**9.5**	12.2	4.6	16.8
Amortisation charge (after tax)	**0.6**	**-**	**0.6**	1.1	-	1.1
Exceptional items (after tax)	**7.3**	**(0.6)**	**6.7**	10.6	0.3	10.9
Adjusted earnings (after tax)	**14.0**	**2.8**	**16.8**	23.9	4.9	28.8
	Pence	**Pence**	**Pence**	Pence	Pence	Pence
Basic earnings per share	**1.17**	**0.65**	**1.82**	2.35	0.88	3.23
Dilutive options and shares	**(0.02)**	**(0.01)**	**(0.03)**	(0.03)	(0.01)	(0.04)
Diluted earnings per share	**1.15**	**0.64**	**1.79**	2.32	0.87	3.19
Adjusted earnings per share	**2.68**	**0.54**	**3.22**	4.60	0.94	5.54
Dilutive options and shares	**(0.03)**	**(0.01)**	**(0.04)**	(0.06)	(0.01)	(0.07)
Diluted adjusted earnings per share	**2.65**	**0.53**	**3.18**	4.54	0.93	5.47

Total number of shares outstanding at 31 March 2021 amounted to 528,180,280 (2020: 526,773,177), including 4,413,516 (2020: 5,472,206) shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

8 Dividends

The aggregate amount of dividend comprises:

	2021 £m	2020 £m
2019 final dividend (1.40 pence on 525.3m shares)	**-**	7.3
2020 interim dividend (0.70 pence on 525.4m shares)	**-**	3.6
	-	10.9

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 1.40 pence (2020: nil pence) per share, bringing the total amount payable in respect of the 2021 year to 1.40 pence (2020: 0.70 pence), to be paid on 24 September 2021 to shareholders on the register on 13 August 2021.

The Employee Benefit Trust, established to hold shares for the Performance Share Plan and other employee benefits, waived its right to the interim dividend. At 31 March 2021, the Trust held 4,413,516 ordinary shares (2020: 5,472,206).

9 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 by adjusting for the effect of exceptional items and significant non-cash depreciation and amortisation. 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.

	2021			2020		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
Operating profit	**12.5**	**4.5**	**17.0**	8.6	5.4	14.0
Add back: amortisation	**0.8**	**-**	**0.8**	1.3	-	1.3
Add back/(deduct): exceptional items	**8.4**	**(0.8)**	**7.6**	23.5	0.3	23.8
Adjusted operating profit ('EBITA')	**21.7**	**3.7**	**25.4**	33.4	5.7	39.1
Add back: depreciation	**63.6**	**1.5**	**65.1**	65.8	2.5	68.3
EBITDA before exceptional items	**85.3**	**5.2**	**90.5**	99.2	8.2	107.4
Profit before tax	**8.3**	**4.0**	**12.3**	16.1	4.6	20.7
Add back: amortisation	**0.8**	**-**	**0.8**	1.3	-	1.3
Add back/(deduct): exceptional items	**8.4**	**(0.8)**	**7.6**	12.6	0.3	12.9
Adjusted profit before tax	**17.5**	**3.2**	**20.7**	30.0	4.9	34.9

10 Intangible fixed assets

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
Cost					
At 1 April 2019	126.3	45.1	7.0	-	178.4
Additions	-	-	-	1.2	1.2
At 31 March 2020	126.3	45.1	7.0	1.2	179.6
Additions	-	-	-	3.5	3.5
At 31 March 2021	126.3	45.1	7.0	4.7	183.1
Amortisation					
At 1 April 2019	95.1	37.2	4.4	-	136.7
Charged in year	-	0.9	0.4	-	1.3
Impairment	13.7	3.7	1.1	-	18.5
At 31 March 2020	108.8	41.8	5.9	-	156.5
Charged in year	-	0.4	0.4	-	0.8
Impairment	-	1.1	-	-	1.1
At 31 March 2021	108.8	43.3	6.3	-	158.4
Net book value					
At 31 March 2021	17.5	1.8	0.7	4.7	24.7
At 31 March 2020	17.5	3.3	1.1	1.2	23.1
At 31 March 2019	31.2	7.9	2.6	-	41.7

The amount of goodwill that is tax-deductible is £nil (2020: £nil).

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. The Group's reportable CGUs comprise UK and Ireland (excluding Training) and Training. All intangible assets are held in the UK. Goodwill arising on business combinations after 1 April 2004 has been allocated to the CGU that is 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. No impairment test has been performed in respect of the International CGU as there are no intangible assets allocated to the CGU.

The recoverable amounts of the assets allocated to the UK and Ireland (excluding Training) and Training CGUs are determined by a value-in-use calculation. The value-in-use calculation uses cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth and discount rate, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections from the FY2022 budget, and a subsequent four-year period using the Group's business plan, together with a terminal value using long-term growth rates. 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 each individual CGU and market-specific risks.

The Training CGU performed below expectations during the year ended 31 March 2020 due to lower than expected learner enrolments, the setup of a number of regional training centres which had yet to reach critical mass and compliance related issues. During the year, the business has been further affected by market conditions due to COVID-19 and the impact social distancing has had on the delivery of courses. The recoverable amount of the CGU is considered £nil and the goodwill and intangible assets associated with the training business have been fully impaired, which resulted in an impairment of £1.1m in the year.

10 Intangible fixed assets (continued)

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

	31 March 2021		31 March 2020	
	Pre-tax discount rate	**Terminal value growth rate**	Pre-tax discount rate	Terminal value growth rate
UK and Ireland (excluding Training)	**12.3%**	**2.5%**	9.2%	2.5%

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. At 31 March 2021, the headroom between value in use and carrying value of related assets for the UK and Ireland was £27.6m (2020: £45.1m). The reduction in headroom is due to the rise in discount rate at 31 March 2021 compared with previous years. There are no reasonable variations in these assumptions that would result in an impairment.

11 Property, plant and equipment

	Land and buildings £m	**Hire equipment £m**	**Other £m**	**Total £m**
Cost				
At 1 April 2019	52.2	385.8	77.8	515.8
Foreign exchange	0.3	0.7	-	1.0
Additions	2.4	55.3	5.5	63.2
Disposals	(0.1)	(21.6)	(0.2)	(21.9)
Transfers to inventory	-	(12.1)	-	(12.1)
At 31 March 2020	54.8	408.1	83.1	546.0
Foreign exchange	(0.5)	(1.1)	0.6	(1.0)
Additions	1.7	36.0	6.0	43.7
Disposals	(5.4)	(46.0)	(1.2)	(52.6)
Transfers to inventory	-	(10.4)	-	(10.4)
At 31 March 2021	50.6	386.6	88.5	525.7
Depreciation				
At 1 April 2019	33.1	168.9	64.7	266.7
Charged in year	3.4	34.9	6.2	44.5
Disposals	-	(14.3)	-	(14.3)
Transfers to inventory	-	(8.5)	-	(8.5)
At 31 March 2020	36.5	181.0	70.9	288.4
Foreign exchange	(0.3)	(0.6)	-	(0.9)
Charged in year	3.6	33.7	6.1	43.4
Disposals	(3.2)	(27.4)	(0.4)	(31.0)
Transfers to inventory	-	(7.3)	-	(7.3)
At 31 March 2021	36.6	179.4	76.6	292.6
Net book value				
At 31 March 2021	**14.0**	**207.2**	**11.9**	**233.1**
At 31 March 2020	18.3	227.1	12.2	257.6
At 31 March 2019	19.1	216.9	13.1	249.1

11 Property, plant and equipment (continued)

The net book value of land and buildings comprises freehold properties of £nil (2020: £nil) and improvements to short leasehold properties of £14.0m (2020: £18.3m).

Included within depreciation charged in the year is £1.0m relating to exceptional impairments (see Note 4).

An impairment review has been completed during the year on the basis set out in Note 10.

12 Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 April 2019	128.0	49.9	177.9
Foreign exchange	0.4	-	0.4
Additions	9.5	8.5	18.0
Disposals	(10.1)	(6.5)	(16.6)
At 31 March 2020	127.8	51.9	179.7
Foreign exchange	(0.6)	-	(0.6)
Additions	13.7	8.9	22.6
Disposals	(9.6)	(12.6)	(22.2)
At 31 March 2021	131.3	48.2	179.5
Depreciation			
At 1 April 2019	77.2	28.5	105.7
Foreign exchange	0.2	-	0.2
Charged in year	13.2	11.7	24.9
Disposals	(10.0)	(5.8)	(15.8)
At 31 March 2020	80.6	34.4	115.0
Foreign exchange	(0.4)	-	(0.4)
Charged in year	13.3	11.4	24.7
Disposals	(6.9)	(12.0)	(18.9)
At 31 March 2021	86.6	33.8	120.4
Net book value			
At 31 March 2021	**44.7**	**14.4**	**59.1**
At 31 March 2020	47.2	17.5	64.7
At 31 March 2019	50.8	21.4	72.2

Included within depreciation charged in the year is £2.0m relating to exceptional impairments (see Note 4).

13 Borrowings

	2021 £m	2020 £m
Current borrowings		
Bank overdraft	**0.5**	-
Lease liabilities	**19.3**	20.2
	19.8	20.2
Non-current borrowings (excluding lease liabilities)		
Maturing between two and five years		
- Asset based finance facility	**44.4**	102.1
- Lease liabilities	**46.5**	52.7
Total non-current borrowings	**90.9**	154.8
Total borrowings	**110.7**	175.0
Less: cash	**(11.7)**	(22.8)
Exclude lease liabilities	**(65.8)**	(72.9)
Net debt	**33.2**	79.3

The Group has a £180m asset based finance facility which is sub divided into:

(a) 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.

(b) An asset based finance facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The cash and undrawn availability of this facility as at 31 March 2021 was £142.3m (2020: £99.0m), based on the Group's eligible hire equipment and trade receivables.

The facility amounts to £180m and is based on the Group's hire equipment and trade receivables balance, reduced to the extent that any ancillary facilities are provided, and is repayable in October 2022, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m remains in place through to October 2022.

Interest on the facility is calculated by reference to the LIBOR applicable to the period drawn, plus a margin of 150 to 250 basis points, depending on leverage and on the components of the borrowing base. During the year, the effective margin was 1.81% (2020: 1.84%).

The facility is secured by fixed and floating charges over the UK and Ireland assets.

Analysis of consolidated net debt

	31 March 2020 £m	Non-cash movement £m	Cash flow £m	**31 March 2021 £m**
Cash at bank and in hand	22.8	-	(11.1)	11.7
Bank overdraft	-	-	(0.5)	(0.5)
Bank borrowings	(102.1)	0.6	57.1	(44.4)
	(79.3)	0.6	45.5	**(33.2)**

14 Lease liabilities

	Land and buildings £m	Other £m	Total £m
At 1 April 2019	60.8	21.6	82.4
Foreign exchange	0.2	-	0.2
Additions	9.5	8.4	17.9
Repayments	(15.1)	(12.6)	(27.7)
Unwinding of discount rate	2.4	0.8	3.2
Terminations	(2.5)	(0.6)	(3.1)
At 31 March 2020	55.3	17.6	72.9
Foreign exchange	(0.1)	-	(0.1)
Additions	12.7	8.9	21.6
Repayments	(14.2)	(12.0)	(26.2)
Unwinding of discount rate	2.0	0.6	2.6
Terminations	(4.3)	(0.7)	(5.0)
At 31 March 2021	**51.4**	**14.4**	**65.8**

Included within terminations in the year is £3.7m (2020: £0.7m) relating to exceptional terminations of property leases (see Note 4).

Amounts payable for lease liabilities (discounted at the incremental borrowing rate of each lease) fall due as follows:

	2021 £m	2020 £m
Payable within one year	19.3	20.2
Payable in more than one year	46.5	52.7
At 31 March	**65.8**	72.9

15 Provisions

	Dilapidations £m	Contingent consideration £m	Training provision £m	Total £m
At 1 April 2019	2.5	10.9	-	13.4
Created in the year	3.1	-	3.0	6.1
Provision utilised in the year	(1.5)	-	-	(1.5)
Net changes in fair value	-	(10.9)	-	(10.9)
At 31 March 2020	4.1	-	3.0	7.1
Created in the year	3.2	-	0.9	4.1
Provision utilised in the year	(2.5)	-	(2.7)	(5.2)
At 31 March 2021	**4.8**	**-**	**1.2**	**6.0**

Of the £6.0m provision at 31 March 2021, £3.1m (2020: £5.9m) is due within one year and £2.9m (2020: £1.2m) is due after one year. The dilapidations provision is calculated based on estimated dilapidations at current market rates. The total liability is discounted to current values.

In April 2020 Speedy were notified that a funding agency was suspending payments, and seeking repayment of £2.6m from Geason Training, based on an extrapolation of errors found in a small sample of learner documentation over a three year period from August 2017. In the year ended 31 March 2020, £3.0 million was provided as an exceptional charge. The claim was settled in October 2020 within the provision held. An additional provision has been recognised for £0.9m in relation to legal and other costs associated with ongoing initiatives to improve the Group's financial position.

Contingent consideration of between £nil and £26.0m may be payable by the Group in relation to the acquisition of Geason Training. The consideration depends on the combined performance of the acquired business and the Group's training business in the three years post acquisition. The fair value of contingent consideration as at year end is £nil.