Achieving strategic goals

Speedy Hire Plc
Annual Report and Accounts 2019

Who we are

Speedy is the UK's leading provider of tools and equipment hire, and services to the construction, infrastructure and industrial markets.

Our vision is to become the best company in our sector to do business with and the best to work for.

Our mission is to provide safe, reliable hire equipment and services to enable successful delivery of customer projects.

We operate internationally, providing equipment and manpower to support the operation of offshore oil fields primarily for national government clients in the oil and gas markets, on long term framework contracts in the UAE and Kazakhstan.

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Our values

Safe
the first priority in everything we do

As One
working together to collectively achieve our goals

Innovative
to continuously improve

Driven
to deliver a first class customer experience

Visit our website to find out more
speedyservices.com/investors

Why our customers work with us

By providing the latest safe, compliant and innovative tools and equipment, we protect our customers against commercial risk, enable the successful delivery of their projects and ensure their people are operating safely on site

Why invest in Speedy?

- We supply large national customers, including 85 of the UK's top 100 contractors, as well as local trades and industries
- We are the safest UK hire provider in the industry based on publicly available RIDDOR accident frequency rates
- We innovate to make our customer projects more successful by taking advantage of technological advancements
- We have high levels of customer advocacy, with a 92%* customer satisfaction score
- We are improving asset availability, which is fundamental to ensuring that we provide great customer service
- We have a strong balance sheet and significant banking facility headroom means that we can continue to grow the business organically and through value enhancing acquisitions
- We aim to grow our services businesses faster than hire; this diversification will result in us being more resilient to economic downturn
- We have a successful oil and gas business in the UAE and Kazakhstan

* Based on responses to customer surveys in March 2019

Speedy at a glance

We provide general and specialist tool and equipment hire and services, with a track record of acquiring businesses that add value to our customer proposition including:

FY2017: Lloyds British enables us to provide specialist training, testing, inspection and certification services

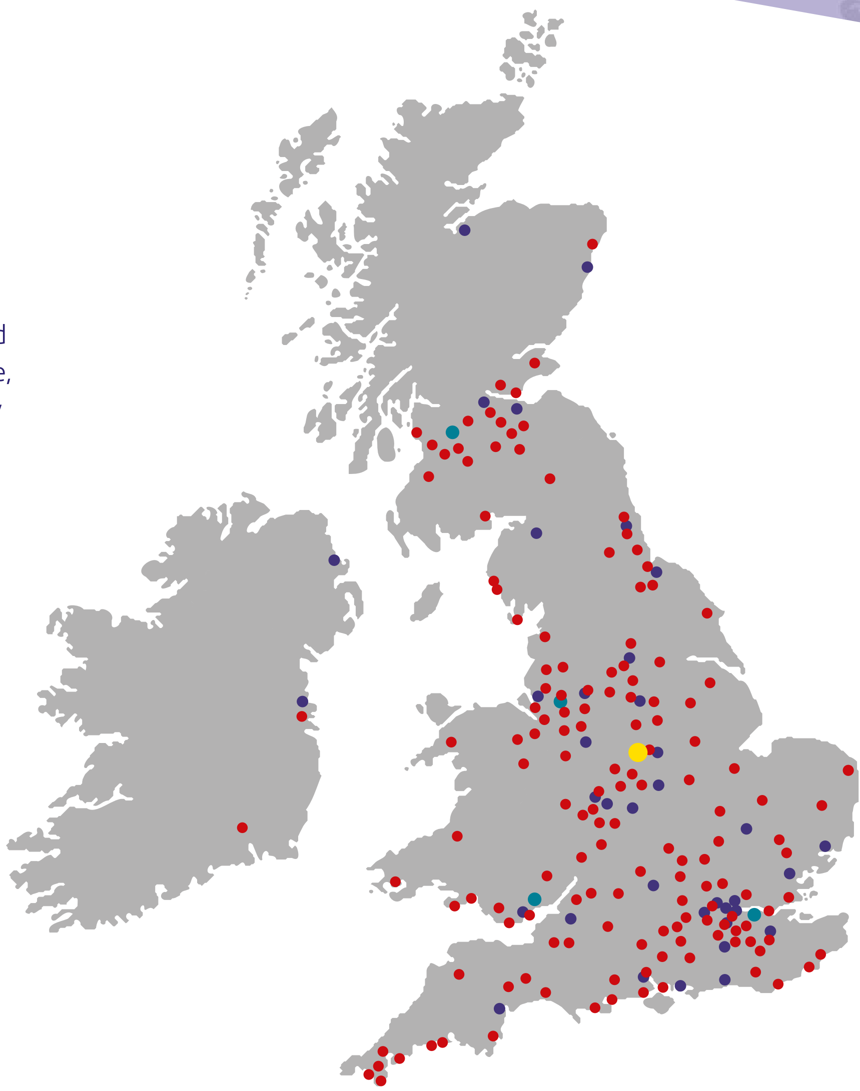
FY2018: Prolift and Platform Sales & Hire enable us to provide larger powered access equipment to service customers from our owned fleet

FY2019: Geason Training extends our training offering by providing flexible, progressive training apprenticeship and NVQ programmes to support customers across the UK

FY2019: Lifterz completes our powered access national footprint with the addition of four depots in the North of England and Scotland

200+

Operational sites across the UK and Ireland providing national coverage, as well as operating internationally in the Middle East and Kazakhstan



- Stores
- Superstores
- Multi Service Centres
- National Distribution Centre

Company facts

53,000* customers in the UK and Ireland, ranging from large national contractors to local trades and industry

2,180* hire product lines and approximately 300,000 itemised assets for hire

36,000* consumable product lines in our extended range

4,063 employees

92%** customer satisfaction

0.10 Safest hire provider in the industry, achieving our lowest recorded RIDDOR accident frequency rate at 0.10 per 100,000 hours worked

Recognition and achievements during FY2019

Fleet Operators Recognition Scheme (FORS)
Gold status

Network Rail
Route to Gold Bronze Award (Speedy Rail Division)

RoSPA
Gold Award for Occupational Health and Safety for the fifth consecutive year

Sustainable Solution of the Year Award
LEEA Awards

DVSA
(Driver & Vehicle Standards Agency) Earned Recognition Status

Large Employer of the Year 2018 - Wales
Aspiration Training Ltd

*Figures are approximate

**Based on responses to customer surveys in March 2019

What we do

Hire

60% approx. revenue

Consisting of approximately 2,180 product lines, the hire business encompasses our core tools business, and our specialist businesses which include lifting, survey, power, rail and powered access.

Tools
The latest hand tools and accessories including our extensive range of environmental next generation Green Options (GO) products

Lifting
A broad range of equipment for any lifting requirements, including hoists, winches, hydraulic cylinders and jacks supported by our Lloyds British business

Survey
Some of the most technologically advanced and accurate instruments from leading manufacturers in the industry, all fully maintained and calibrated by our expert teams at our approved service centres

Power
An industry leading fleet of the latest energy efficient hybrid generators, compressors and pumps for every size of project, combined with our fuel management service

Rail
RISQS accredited, providing a range of industry compliant assets that are supported by a project management service

Powered Access
National offering through the recent acquisitions of Prolift, Platform Sales & Hire and Lifterz providing a wide range of equipment including boom lifts, specialist platforms and cherry pickers

Services

40% approx. revenue

Services revenues fall into the following categories:

Testing, inspection and certification
Provided through our Lloyds British brand, we ensure our customers remain compliant through providing testing, inspection and certification for a broad range of market sectors

Training
Supported by Geason Training acquired during FY2019, we can provide apprenticeships, NVQs, professional skills and safety training along with other progressive end-to-end training courses

Product and consumable sales
We offer over 8,000 core product lines and 36,000 in total in our extended range both at a local level and through a central managed procurement team

Fuel Management
Speedy is the only UK plant hire company with its own fully integrated fuel division, providing a competitive fuel supply or a fully managed service that can help customers reduce consumption, minimise deliveries and reduce overall costs

Rehire
We provide a one-stop-shop approach for customers with a complete plant and equipment service through our partnerships with industry leading suppliers

How we do it

Our customer hire journey

We aim to deliver service excellence at every step of the customer journey. To this end, we survey our customers at order, delivery and collection points to measure their satisfaction with our service.

Our customer satisfaction scores are consistently high, with up to 92%* of customers rating our service as good or very good.

Requirements
I want...
Order placement by phone, depot, online or via our new mobile app

Deliver
I receive...
Receipt of order through delivery or collection

Get the job done
I use...
Use of our products

Management
I need support...
Potential support through training and/or maintenance

Off-hire
I off-hire...
Off-hiring by collection, returning to the depot, online or via the new mobile app

Settlement
I pay...
Invoicing and payment to settle the customer account

*Based on responses to customer surveys in March 2019

INDUSTRY INNOVATION AND EXCELLENCE

Showcasing innovative products and services

Our annual event, the Speedy Expo, is the largest private exhibition of its kind in the UK with an attendance of over 1,500 people.

The event brings customers, employees and suppliers together to promote our culture of service delivery and innovation.

The event held in November 2018 was the largest to date, with more than 130 suppliers showcasing the latest technology in the market to a record number of customer visitors, market analysts, and Speedy employees.

Panel sessions with audience participation were held in a specially designed seminar theatre located in the main exhibition hall, where customers, senior Speedy leaders, suppliers and trade media discussed topics such as innovation through service delivery and sustainability.

The sessions were very popular with customers, analysts and Speedy employees alike.

For details of our forthcoming event in 2019 please visit **www.speedyexpo.com**

Senior Speedy leaders, suppliers and trade media come together to discuss topics such as innovation, service delivery and the future sustainability of the industry

Chairman's Statement

"We have grown revenues in the UK through our customer focused approach which has led to SME revenues increasing considerably."

David Shearer
Chairman

Overview

I am pleased to deliver my first Chairman's Statement by reporting strong results for the Group. We have grown revenues in the UK through our customer focused approach which has led to SME revenues increasing considerably, offsetting revenues lost following the liquidation of Carillion. We have completed two acquisitions and conclude the year with a robust balance sheet.

Results

Revenue, excluding disposals, increased to £389.2m (2018: £367.2m), due to growth in services revenue and SME customers, and acquisitions. In the UK and Ireland operating profit increased to £29.4m (2018: £21.8m) benefiting from the acquisitions, but affected by the loss of revenue from the liquidation of Carillion. In the Middle East operating profit increased to £5.8m (2018: £5.0m) reflecting increased activity levels. Adjusted profit before tax[1] increased by 19.3% to £30.9m (2018: £25.9m). Profit before tax increased to £27.2m (2018: £18.0m).

UK and Ireland asset utilisation rates continued to improve to 57.0% (2018: 55.4%) as a result of further rationalisation of the hire fleet. Net debt[2] increased to £89.4m (2018: £69.4m), after expenditure of £30.9m on acquisitions which will enable the Group's growth plans in specialist hire and services, further strengthening our market position.

Acquisitions

On 13 December 2018 we announced the acquisition of training provider Geason Holdings Limited ("Geason Training"). Geason Training is a leading provider of construction and professional services training across the UK with over 1,500 students currently on programmes. The acquisition is allowing the Group to better support its customers in training and developing their staff and is performing in line with our expectations.

On 20 March 2019 we announced the acquisition of powered access specialist Lifterz Holdings Limited ("Lifterz"). Lifterz is based in Yorkshire, operating from a head office in Ossett, with additional sites in Haydock, Daventry and Bathgate and has a fleet of approximately 1,300 access platforms. The acquisition complements our previous powered access acquisitions and creates a comprehensive national presence to service customers with larger specialist equipment. Since November 2017, we have invested £52m in the powered access market in line with our strategy to build a national presence through in-fill acquisitions and organic capital expenditure.

Dividend

The Board is recommending a final dividend of 1.40 pence per share. If approved at the forthcoming Annual General Meeting, the total dividend for the year would be 2.00 pence per share (2018: 1.65 pence), an increase of 21.2%. The dividend will be paid on 9 August 2019 to shareholders on the register at close of business on 5 July 2019.

Board and people

Having served as a Non-Executive Director since 9 September 2016, I was delighted to be appointed as Chairman of the Board and Nomination Committee on 1 October 2018.

Jan Astrand resigned as a Director on 31 October 2018 and on behalf of the Board I would to like to thank him for his contribution as Chairman. I am pleased to welcome Rhian Bartlett, who is joining the Board as a Non-Executive Director and member of the Audit, Remuneration and Nomination Committees with effect from 1 June 2019, and look forward to working with her.

I have visited a number of the Group's operations since my appointment as Chairman, including the Middle East, and have been impressed by the dedication of our staff and their exceptional levels of customer service. I would like to take this opportunity to thank all of my colleagues for their efforts over the course of the last year.

Conclusion

I am pleased with the results we are reporting today. We have a clear strategy for sustainable growth which is evident from our ability to grow both organically and through specialist hire or services acquisitions. As a result, and as reflected in our increased dividend, we can continue to look forward with confidence.

David Shearer
Chairman

Explanatory notes:
[1] Before exceptional items, see Note 11
[2] See Note 19

A year in numbers

8m

Over 8 million page views on our website

c.10,000

new customer accounts opened

55

major events and festivals supported

800k

Over 800,000 inspections carried out by Lloyds British

c.1.4m
consumable products delivered to customers

37,000
Over 37,000 hours of health, safety and skills training delivered

c.30m
litres of fuel supplied through our fuel management service

c.20,000
customer survey responses - with 92%* rating good or very good

c.150k
contracts raised in Speedy Direct

*Based on responses to customer surveys in March 2019

Chief Executive's Review

"These strong results demonstrate the excellent progress Speedy is making against our strategy."

Russell Down
Chief Executive

Overview

I am pleased to report that our results have improved again this year. Group revenues, excluding disposals, have increased, with services revenues growing faster than hire revenues, in line with our strategy. The acquisitions of Geason Training and Lifterz have further strengthened our training and powered access propositions respectively. Operationally, equipment utilisation rates have continued to increase in the UK and Ireland. Our key financial measure is return on capital employed (ROCE[4]) which increased to 12.8% this year, well above our weighted average cost of capital of 10.1%.

Results

Revenue increased by 5.8% to £394.7m (2018: £373.0m). Revenue excluding disposals increased by 6.0% to £389.2m (2018: £367.2m). Services revenue grew by 10.2%, driven primarily through cross-selling our full services portfolio and revenues from Geason Training which was acquired in December 2018.

Gross margins were broadly flat, benefiting from optimisation of the hire fleet offset by changes in revenue mix between hire and services, notably in International. Overheads increased following recent acquisitions but continue to be well controlled with a number of cost saving measures implemented during the year. EBITDA[1] increased by 7.8% to £78.7m (2018: £73.0m). Adjusted profit before tax[1] increased by 19.3% to £30.9m (2018: £25.9m). Profit before tax increased to £27.2m (2018: £18.0m). Adjusted earnings per share[2] increased to 4.90 pence (2018: 4.04 pence).

Net debt[3] increased by £20.0m from £69.4m at the beginning of the year to £89.4m at 31 March 2019 after increased capital expenditure of £54.3m (2018: £44.8m) due to organic growth of powered access and replacement of power generation equipment. Capital expenditure is expected to reduce in the current year. Expenditure on acquisitions amounted to £30.9m (2018: £10.7m). Net debt[3] to EBITDA[1] at the year end was 1.1 times (2018: 1.0 times).

KEY STRATEGIC PRIORITIES

REVENUE GROWTH
The value of working as one

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The Group continues to have a strong balance sheet, which reflects proactive management of the asset fleet and working capital.

Strategy

Our strategy is based on our vision of being the best company in our sector to do business with across all of our customer segments.

Customers range from SMEs, through to large national contractors across the construction, infrastructure, utilities, events and facilities management sectors. In recent years we have increased our focus on SMEs who were previously under represented in our customer portfolio. The expansion of our national Customer Relationship Centre in Newport this year has provided a dedicated service to our SME customers, making more than 30,000 calls to customers each month. The telemarketing team has been successful in reactivating down trading and dormant accounts, and supporting our specialist and seasonal marketing campaigns. This has increased the number of SME customers trading with us during the period, providing both increased service levels and optimising the costs to serve this market. As a consequence this year our revenues from SME customers have increased by in excess of 25%. This increase in revenue has offset the revenue lost from the liquidation of one of our largest customers, Carillion, in January 2018.

We seek to constantly improve our customers' experience through ensuring availability of product, quality, reliability, and speed of service delivery, as well as access to our services, through the channels that suit them best. We measure our performance against these criteria, through real-time customer satisfaction surveys at multiple points of the customer journey. To date we have conducted over 400,000 surveys, and during the year, satisfaction scores continued to increase. In March 2019 over 92% of customers rated the service they received as good or very good. Whilst we are rightly proud of this score we aim to continually improve and any low scores are followed up with the customer within an hour and root cause analysis undertaken to prevent reoccurrence.

On 1 January 2018 we launched our same day service commitment to customers on our top selling products; order by 3pm with same day delivery guaranteed. The commitment was launched in London and rolled out nationally on 1 May 2018; it was subsequently enhanced in London such that delivery is guaranteed within four hours. To date we have seen strong revenue growth from this campaign with no service failures.

During the year we have invested heavily in becoming a more digital business. Our management information systems have been significantly improved and all managers now have access to live dashboards showing revenue, utilisation and housekeeping information which has enabled better informed decision making throughout the organisation. This decision making is also now being informed by predictive analytics and artificial intelligence based on historical trend analysis of transactions undertaken across our 220 depots and over 2,000 products. Asset stocking levels, customer spending behaviours and asset movements are all being analysed using historical information, with improvements identified and implemented.

The Speedy app was launched during 2018 enabling customers to on-hire and off-hire equipment digitally. The app makes it easier for customers to do business with Speedy 24/7 by enabling them to complete a full end-to-end transaction from their mobile device. Customers can view products and pricing, find a depot, hire and buy products for collection or delivery, and off-hire in a single click, thereby saving them both time and money. The app also meets the growing customer demand for instant processing of orders and transactions, including Click and Collect, and Click and Deliver for our same day delivery service 'Capital Commitment'. On-time delivery is important to our customers, and in December 2018, to enhance the customer experience, we launched a live on-line delivery tracking service to enable customers to identify exactly where their order is in real-time. A number of major customers are currently using the app and others are in the trial phase.

IMPROVING ASSET UTILISATION
The right assets in place
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Acquisitions

Geason Training was acquired in December 2018 and enables us to extend our existing training offering to a full end-to-end training solution with the addition of professional training and Apprenticeship Levy funding support. Geason Training is based in Glasgow but will manage the existing training business nationally and provide expertise and management support to enable the growth of this business. The Geason Training business services national customers with opportunities to cross-sell into the Speedy customer base. Geason Training will be opening centres in existing Speedy depots during FY2020, maximising the synergy opportunities.

Since November 2017, the Group has invested £52m in the powered access market, growing our powered access capability significantly. The acquisition of the Prolift and Platform Sales & Hire businesses in the prior year enabled us to develop a foothold in the larger powered access market in the South West and the Midlands. This was enhanced with capex investment to grow organically and set up new depots in London and Warrington to provide a greater geographical coverage to better serve our national customer base. Revenue growth has been slower than anticipated as a result of not having full national coverage and the loss of some rehire revenue. In order to complete our national footprint, on 20 March 2019 we acquired Yorkshire based powered access specialist Lifterz. This results in a total fleet of 7,100 machines, making us one of the largest UK operators.

Operational Review

UK and Ireland

Total revenue, excluding asset disposals, increased by 4.3% to £353.1m (2018: £338.6m).

During the year we realigned our sales and business development teams around customer segments, geographies and sectors, allowing resource to be targeted where the return is greatest. Dedicated portfolio management strategies have been put in place to service these distinct customer groups, and our 'One Speedy' approach empowers employees to cross-sell the full portfolio of products and services to our customers. The new structure is providing greater focus on business development and as a consequence we have secured a number of new contract wins during the year including Story Construction, Canals and Rivers Trust, P J Carey and ATR (a Centurion Company).

Services revenues grew by 5.5%, as a result of growth in our product sales and fuel businesses and the acquisition of Geason Training. This was partially offset by a decline in rehire revenues as a result of a reduction in major client activity levels. Disposal revenues remained broadly consistent with the prior year at £5.5m (2018: £5.8m) as we continue to optimise the hire fleet and only hold those assets which our customers demand and which provide the right return.

Utilisation and ROCE[4] are key performance measures and we have invested only in assets which reflect customer demand and provide a suitable return. Net book value of the hire fleet (excluding acquisitions) was £199.2m (2018: £197.5m) and the average age of the fleet has reduced to 3.3 years (2018: 3.8 years). This has been achieved through careful management of capital expenditure and disposal decisions, as well as a further reduction in the number of product lines. Asset utilisation has improved to an average for the year of 57.0% (2018: 55.4%).

Overhead costs continue to be tightly controlled with a number of depot closures and cost management programmes being implemented during the year in order to optimise our operational performance. Some of the implementation costs of these programmes have been recognised as exceptional in the year.

Operating profit before amortisation and exceptional items increased by 7.0% to £32.3m (2018: £30.2m).

International

In the Middle East, the business primarily supports the operation of offshore oil fields, working with government clients in the oil and gas sector in Abu Dhabi, on long term framework contracts. The business performed strongly this year as a result of an increase in the level of activity, principally on rehired equipment and consumable sales. Negotiations are continuing with the

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Services to complement our core and specialist hire offering
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client in relation to our major contract in the region which is due for renewal in August this year.

Revenue increased by 26.2% (26.6% on a prior year constant currency basis) to £36.1m (2018: £28.6m). Gross margins increased as a result of improved asset utilisation and improved mix. Overheads remain well controlled and as a result EBITA[1] increased by 45.0% to £5.8m (2018: £4.0m). During the year we increased our business development activities and further developed our specialist offering for the onshore market as we seek to diversify our client base and operations. Capital expenditure increased to £2.7m (2018: £0.5m) as we invested in further equipment to support demand.

Our joint venture in Kazakhstan performed well in the year following increased shutdown activity in the oil and gas market; share of results increased to £1.9m (2018: £0.8m).

Safety and sustainability

Safety comes first at Speedy, and we are proud to be the safest hire provider in the industry based on reported accident rates. Having repeatedly improved our safety record in recent years, during FY2019 we were pleased to once again report our lowest recorded RIDDOR accident frequency rate of 0.10 per 100,000 hours worked and our lowest recorded major accident frequency at 0.01.

During the year we were awarded a RoSPA Gold Award for the fifth year running, for achieving a high level of safety performance and demonstrating well-developed occupational health and safety management systems. Speedy also won the 2018 LEEA Sustainable Solution of the Year Award. We remained accredited to gold standard under the Fleet Operator Recognition Scheme (FORS) and won the award for Best Sustainability and CSR Initiative at the HAE Awards in April 2019.

Our Corporate Social Responsibility (CSR) Roadmap ensures our CSR Key Performance Indicators (KPIs) remain integral to our business objectives and strategy. Our CSR Working Group operates within a framework which links directly to our CSR KPIs, and ensures that responsible sustainable business practice forms part of everything we do.

People

The Group's headcount at 31 March 2019 was 4,063 (2018: 3,755). Underlying headcount excluding acquisitions remained broadly flat at 3,817 despite growth in the International business, primarily due to further efficiency and restructuring programmes.

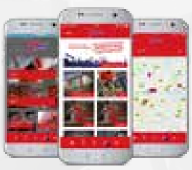
In order to achieve our vision, it is important that we measure how engaged our people are with the business, and what is important to them about working for Speedy. We are committed to running our employee engagement survey to measure our performance in this area. We were pleased that the response rate from the survey increased from 66% in the prior year to 74%, which is indicative of strong overall employee engagement with the business.

The improvement in the results we are reporting again this year is testament to the hard work of all of our people. I would like to take this opportunity to thank all my colleagues for their ongoing support and dedication during the year.

Outlook

These strong results demonstrate the excellent progress Speedy is making against our strategy, including a significant increase in our SME customer base, services revenue growth, and the completion of two UK acquisitions. We have further increased our return on capital through an improved operating performance and continuing to optimise the business using digital technology. The business has a strong platform for future growth.

Russell Down
Chief Executive



DIGITAL
Integrating digital technology into our business
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Explanatory notes:
[1] Before exceptional items, see Note 11
[2] See Note 9
[3] See Note 19
[4] Return on Capital Employed: Profit from operations before amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and Net debt[3]) excluding the impact of Lifterz acquisition (acquisition date 20 March 2019; no profit recognised in period)
[5] Leverage: Net debt[3] covered by EBITDA[1]

REVENUE GROWTH

The value of working as one

The UK and Ireland hire and services businesses operate as 'One Speedy' under one management structure.

This ensures that we streamline operations and optimise our cost base, whilst enhancing the opportunity for our people to cross-sell the full portfolio of products and services to customers, nationally and locally.

The 'One Speedy' approach enables us to live our core value of working 'as one', and translates into the delivery of a first class customer experience which will help us increase commercial opportunities in our sector.

During the last three years we have completed value adding acquisitions of businesses that complement our existing portfolio of products and services, further enhancing revenue and profit growth.

Core to growing revenue is delivering a first class customer experience. To ensure we are achieving that, our customer feedback survey rates satisfaction in real time and at a local level at multiple points of the customer journey. During FY2019 our satisfaction scores reached 92%* of customers rating the service they have received as good or very good.

*based on responses to customer surveys in March 2019

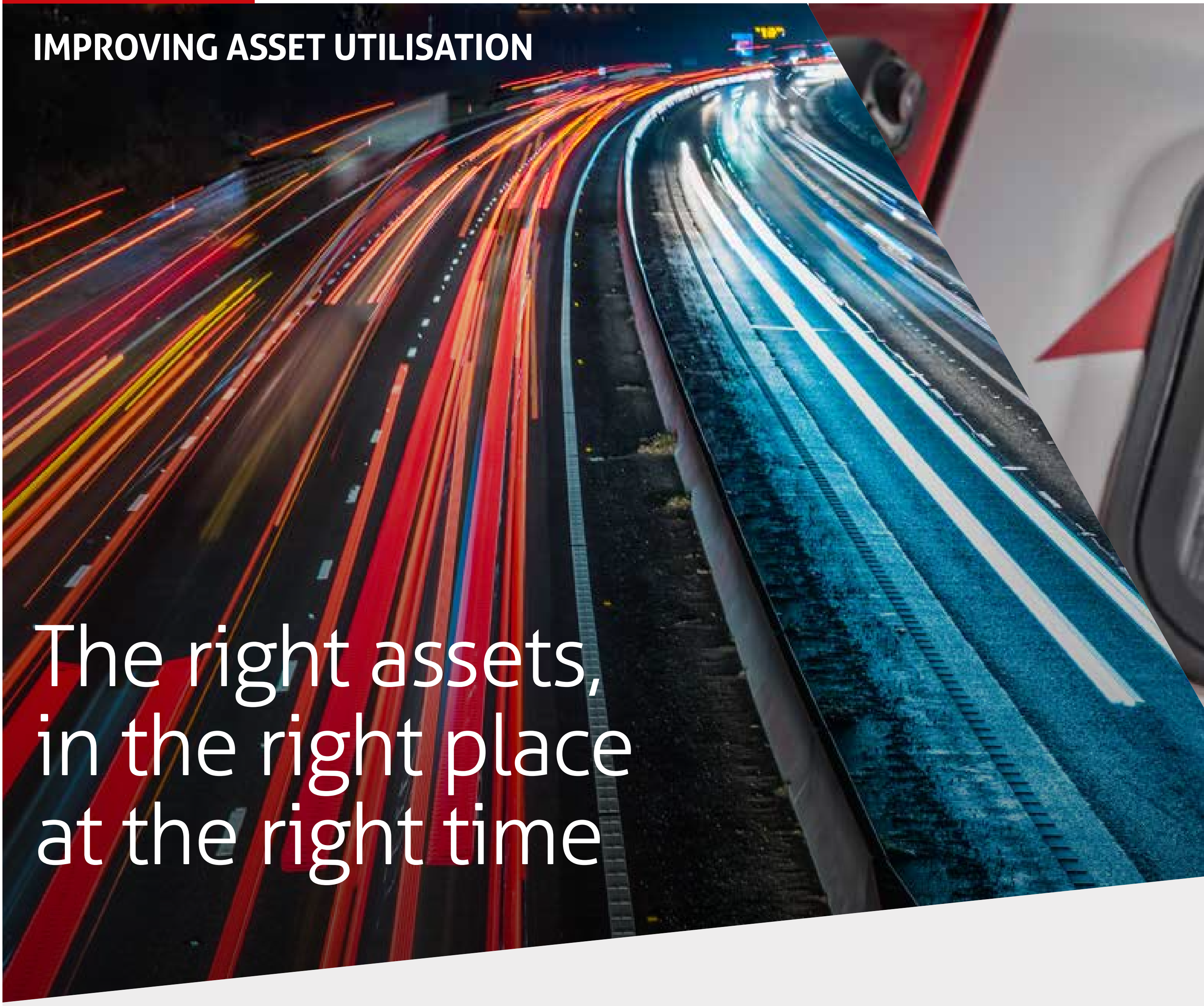
Our integrated strategy enables us to target and promote a range of tailored hire and service offerings

Growing SME customers

From large national contractors to sole traders, all of our customers are important to us. In FY2019 we built on our marketing activity to acquire, retain and grow our SME customer base. To further reach SME customers and prospects, we have continued to invest in a range of integrated, targeted, promotional activities combining digital and social media marketing. This strategy enables us to target and promote a range of tailored hire and service offerings to SMEs, improving return on our marketing investment.

In addition to focusing on SME growth at a local level, we have also expanded our Customer Relationship Centre (CRC), a national telemarketing hub which operates from our Newport Multi-Service Centre. Proactively contacting lapsed and dormant SME customers with price promotions and offers, the CRC team reactivate down trading and dormant accounts, managing those accounts and supporting the hire and services marketing campaigns. The telemarketing approach reduces our costs to serve, replacing the need for a sales visit. The CRC make over 30,000 calls to customers each month.

IMPROVING ASSET UTILISATION



The right assets, in the right place at the right time

Ensuring that we have the right number of assets, in the right place, at the right time is essential in driving efficiency, and fulfilling customer demand.

During FY2019 we introduced a systems driven approach to optimising our stock holding at locations across our network.

Artificial intelligence analyses millions of pieces of historical data. This provides accurate forecasting to ascertain the level of stock required to fulfil customer demand at any one time, in any location, meaning products are increasingly available for customers to hire. This management information through machine learning also allows us to understand the utilisation, and levels of stock required to procure new assets, reducing our NBV, minimising waste and maximising ROCE. We first trialled the programme in our East London Multi-Service Centre in July 2018, and following the success of that trial, we began the roll-out nationally.

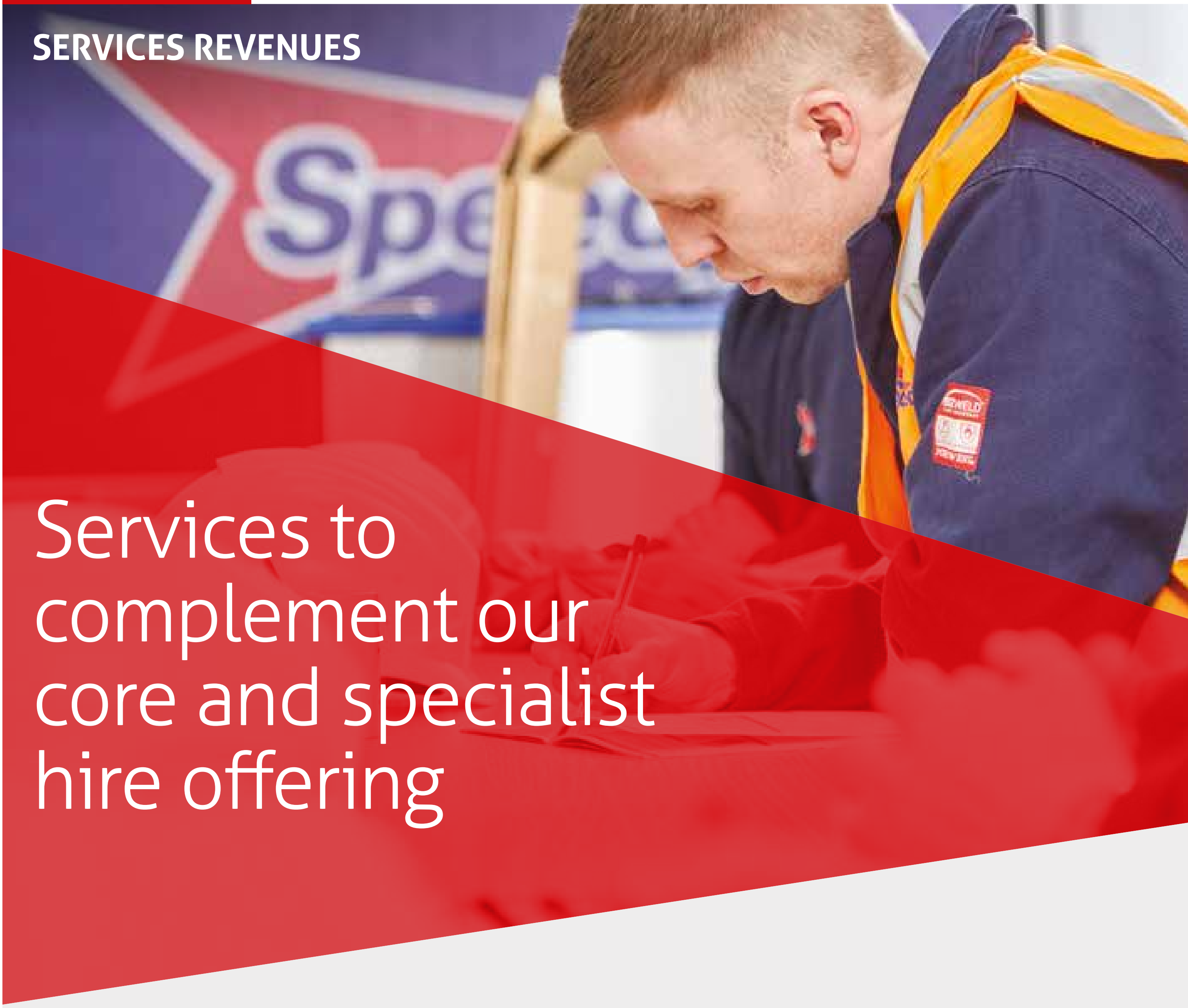
We continually work on ways to improve the logistics of moving assets around our network. During FY2019 we designed and introduced a fleet of four new trailers for use to distribute assets between our depots during the hours of darkness. The trailers enable fast and safe secure loading and are multi-purpose in terms of the products they can carry, from large generators to medium sized plant and lighting systems. The trailers are capable of carrying more equipment than previously in a single journey, and are the first in our vehicle fleet to be able to load and transport any asset in our fleet, reducing overall transportation costs.

During the year we have trialled new, greener delivery options including electric vans, and cycle deliveries in London, which enable our assets to be delivered faster and more efficiently, reducing costs, benefitting the environment and improving the customer experience.

The development of our new fleet is making an impact on our environmental footprint

Pioneering transportation

During FY2019 Speedy worked with the Ford Motor Company in developing and trialling the UK's first electric powered van. In conjunction with some of the UK's largest blue chip brands which operate significant transport fleets, the trial was launched in May 2018 and ceased in May 2019. The results from the trial showed a significant saving in fuel, greener deliveries when travelling in London and a reduction in CO_2. Due to the success of the trial, Speedy intend ordering the new vehicles when Ford begin full production.



SERVICES REVENUES

Services to complement our core and specialist hire offering

Providing services to complement our core and specialist hire offering is an important part of our business, accounting for c.40% of our revenue. They are also less capital intensive which enables us to further improve ROCE.

Our strategic aim is to grow the services business both organically and through value enhancing acquisitions. Growth has been achieved through the successful integration of previously acquired businesses: Lloyds British for testing inspection and certification services and most recently Geason Training to extend our existing training offering. We are also growing services organically through our fuel management, and product and consumables business.

With our 'One Speedy' approach, we have empowered all of our sales and depot employees with the ability to cross-sell the full portfolio of products and services to our customers.

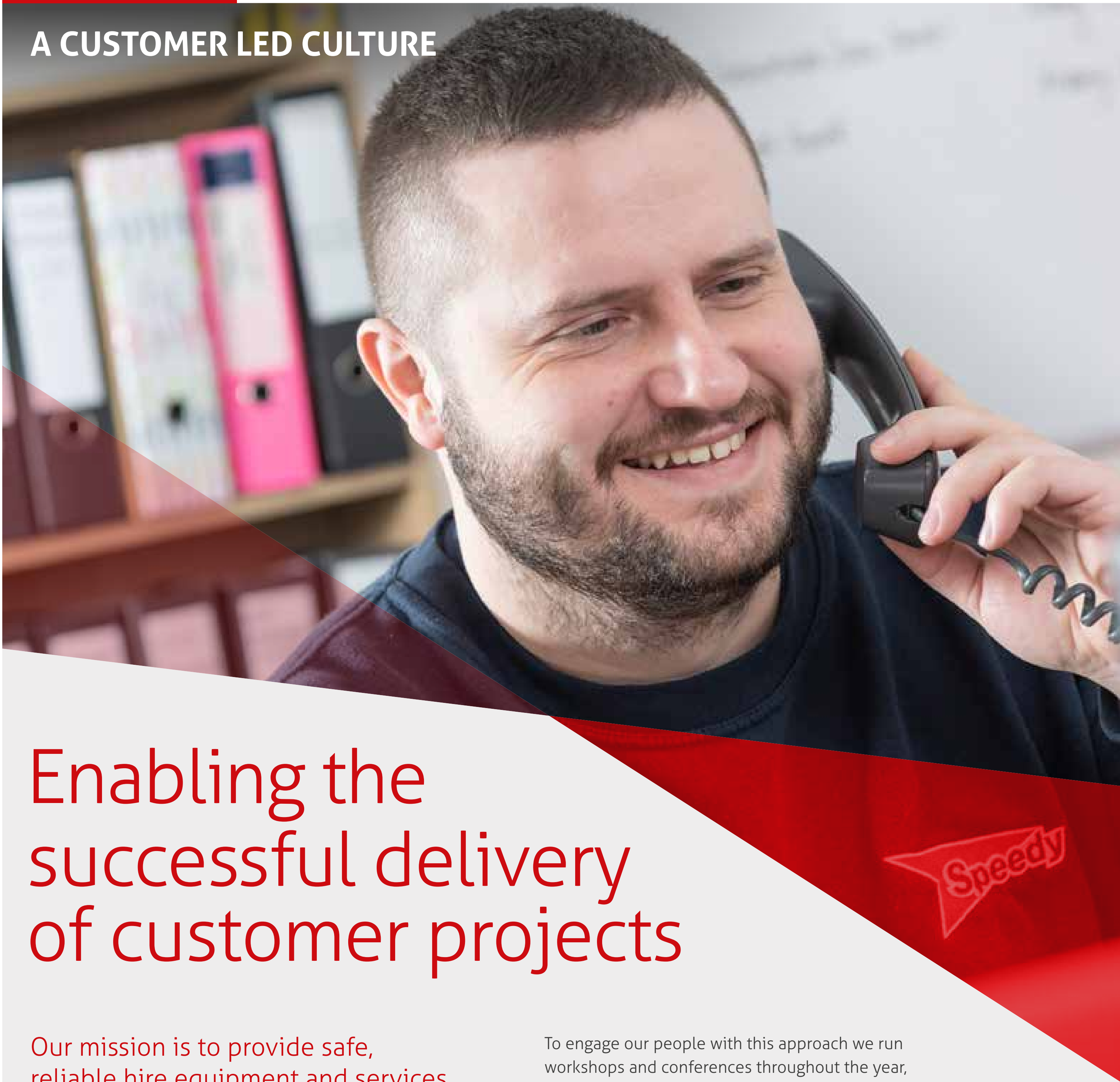
Our training is supporting customers across the UK offering flexible, progressive training apprenticeships

Acquisition of Geason Training

On 13 December 2018 we announced the acquisition of Geason Training, a leading training organisation with expertise in providing flexible, progressive training programmes throughout the UK on customer sites and at its own Geason Training Academies. Based in Glasgow, Geason Training operate throughout the UK and have over 1,500 learners on their programmes.

The business delivers a wide variety of training programmes in construction and professional services, ranging from apprenticeship programmes to shorter duration safety and skills courses. Its core strength is flexible training delivery, allowing industry employees to learn 24/7 and commence programmes at any time of the year. Geason Training's team of experts advise clients on funding opportunities, and help them manage their Apprenticeship Levy to deliver tangible results that have a positive impact on the clients' bottom line. The acquisition enables us to extend our current training offering, and better support customers in training and developing their staff whilst accelerating the growth of our services business.

A CUSTOMER LED CULTURE



Enabling the successful delivery of customer projects

Our mission is to provide safe, reliable hire equipment and services to enable the successful delivery of customer projects. Ensuring we have a customer led culture embedded into our business is vital for us to achieve this.

To engage our people with this approach we run workshops and conferences throughout the year, and our Personal Development Review (PDR) process measures performance in this area.

Our customer led culture is being developed: building strong internal and customer relationships; making us easier to do business with; and through customer surveys, measuring our ability to deliver our brand promise to customers.

We celebrate the success of our performance with our people through a number of reward and recognition schemes, which in turn leads to continual improvement in promoting our customer led culture.

Award winning: The Speedy London Team win the Company's Excellence Award for Capital Commitment

Working as one team is helping us deliver a unique service to the industry

Capital Commitment

Service, availability and faster on-time delivery are key priorities for our customers. Our 'Capital Commitment' service guarantees same day delivery on our top 50 products if ordered before 3pm. Having launched this in London in the previous financial year, we launched the service nationally on 1 May 2018. On 31 October 2018 at the Speedy Expo, we strengthened that promise further by launching a four hour delivery promise within the M25, and extending the promise to 52 products. Being able to deliver our Capital Commitment service promise is testament to the customer led culture we are cultivating within the business. The success of the campaign has been due to the approach of our people being fully focused on the customer, and working as one team to deliver what is a unique service delivery promise in our industry. To date we have not seen any service failures, promoting customer satisfaction and loyalty.

DIGITAL

Integrating digital technology into our business

From the inside out, we are integrating digital technology into the business.

Our aim is to be a data centric organisation, where a combination of culture and trusted processes improve service and simplify end-to-end customer transactions.

The app meets the growing customer demand for instant processing of orders and same day delivery

During FY2019 we have improved systems and processes, including the ability to monitor live sales and utilisation data for our people. We have also improved our digital channels to market, making it easier for customers to do business with us. Through complementing the existing way we transact with our customers by telephone and through the depot network, introducing digital channels will reduce our cost to serve and improve efficiency, whilst enabling us to facilitate an option for those customers who want to transact online.

During the year we have introduced a number of digital enhancements, including a new customer mobile app, improvements to the online account opening process, and launching a live delivery tracking service to help customers identify exactly where equipment is in real-time. Customers who sign up for delivery and text notifications receive a link in their 'On Way' text that opens a web page and map detailing the location of the Speedy van, the customer's site, driver details and delivery status. This helps customers plan their activities more effectively by knowing exactly when their equipment will arrive on site.

Launch of our customer mobile app

During FY2018 we launched a new mobile app for customers as an extension of our digital strategy, with significant enhancements being delivered during FY2019. The app makes it easier for customers to do business with Speedy by enabling them to complete a full end-to-end transaction from their mobile device. Customers are now able to view products and pricing, find a depot, hire and buy products for collection or delivery, as well as off-hiring equipment in a single click, thereby saving time and money.

Customers can review which products are available for immediate collection from depots in their area, or alternatively order them to be delivered to their location. In addition, customers can create shortlists of frequently hired or bought items. The app meets the growing customer demand for instant processing of orders and transactions, and to support this need our same day delivery service 'Capital Commitment' is also available through the app.

Key performance indicators

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2018 performance*
Revenue £m	A measure of the work we are undertaking.	**£394.7m**	£373.0m
EBITA[1] £m	A measure of the profit we generate from our revenue.	**£32.7m**	£29.2m
EBITA[1] margin %	Highlights how successful Speedy is in maximising its return from the revenue generated.	**8.3%**	7.8%
EBITDA[1] £m	A measure of operating return before depreciation.	**£78.7m**	£73.0m
EBITDA[1] margin %	Highlights value generated either through operational efficiency or the quality of the revenue.	**19.9%**	19.6%
Adjusted profit before tax[1] £m	A measure of profit we generate from our revenue activity having accounted for all costs before taxation.	**£30.9m**	£25.9m
Utilisation %	A measure of how many of our assets are on hire to customers by net book value.	**57.0%**	55.4%
ROCE[2] %	A measure of how well Speedy is delivering a return from the capital invested.	**12.8%**	11.5%

*Restated as a result of the adoption of IFRS 15 - see Note 1 (Accounting policies)

Explanatory notes:

1 Before exceptional items, see Note 11 to the Financial Statements.

2 Return on Capital Employed: Profit from operations before amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and Net debt[3]) excluding the impact of Lifterz acquisition (acquisition date 20 March 2019; no profit recognised in period).

3 See Note 19 to the Financial Statements.

4 See Note 9 to the Financial Statements.

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2018 performance*
Net debt[3] £m	A measure of the Company's borrowings.	**£89.4m**	£69.4m
Net debt[3] to EBITDA[1] x	A measure of how leveraged the balance sheet is.	**1.1x**	1.0x
NBV of property, plant and equipment £m	As assets are our core revenue generator, this effectively measures the scale of investment to support revenue.	**£250.3m**	£238.7m
Adjusted earnings per share[4] pence	A measure of the return generated for each holder of our ordinary shares.	**4.90p**	4.04p

Non-Financial KPIs

KPI	Why this KPI is important to our strategy	Target	How we have done	Achieved
Keeping people safe (specified injury rate)	We recognise that we and our customers work in some of the UK's most dangerous industry sectors and therefore we have a responsibility towards keeping people safe.	0.1 accidents per 100,000 hours worked.	**0.01 accidents per 100,000 hours worked.**	✓
Impact on climate change – CO_2e per capita	We must play our part in the low carbon economy, create efficiencies within our business and be a responsible business to invest in, do business with, and work for.	7.50 tonnes per capita.	**6.12 tonnes per capita.**	✓
Customer excellence	We aim to provide first class customer service, measuring our levels of service (between 1.0 and 5.0) and identifying areas for improvement.	Customer satisfaction score 4.0. Customer sentiment score 4.0.	**Customer satisfaction score 4.6.** **Customer sentiment score 4.0.**	✓

Investing in people

Our vision is to become the best company in our sector to work for.

During FY2019 we have built on our people strategy to ensure employees are empowered, trained, developed and rewarded for great performance.

People Matters employee survey

In order to achieve our vision, it is important that we measure how engaged our people are and what is important to them about working for Speedy, which we continue to do through our annual People Matters employee survey. The response rate from the survey increased from 66% in the prior year to 74% in FY2019, which is indicative of overall employee engagement with the business.

During FY2019 we launched a series of employee forums, sponsored by the Chief Executive. In addition to proactively progressing initiatives that will help us become the best company to work for in our sector, the forums are tasked with building on the action plans resulting from the employee survey which focus on: improving communication; training and development; and reward and recognition.

These areas of focus have arisen from the previous survey and include the following actions:

- Rewarding employees for providing excellent service to our customers
- Continuing to improve on the visibility of the total rewards package
- Further benchmarking of key roles within the business
- Continual improvement of communication and cooperation between teams and sites, utilising the new employee forums and creating a project to enhance our intranet capability
- Understanding the issues that employees are facing through the employee forums and the continued use of the annual survey
- Greater visibility of senior management throughout the business through roadshows and senior management meetings being held at various UK and Ireland locations

Employees at our Warrington Multi-Service Centre

Training, learning and development

We are committed to developing our skills base, and our internal Training Academy delivers a comprehensive schedule of online, classroom and practical training courses. The training team offers a full range of technical training courses which make sure our employees are carrying out their roles safely.

Our learning and development courses are designed to help our employees develop to their full potential, and also build the skills and behaviours which will help support Speedy's customer led culture.

Every new employee attends a corporate induction in addition to receiving further training related to the nature of their role and development. To support our employee's career progression and development, we have a High Potential Programme, which is open to everyone across the Speedy business. This is aimed at employees who have been identified as having the potential, ability and aspiration for successive leadership positions. The programme consists of three main strands, two of which provide a management qualification accredited by the Institution of Leadership and Management. The three strands ensure employees at all levels, and stages of their career, have access to development which supports our approach to succession planning for all roles. During FY2019 46 employees took part in these programmes.

To develop our senior leaders across the business we partner with the Henley Business School who offer a comprehensive range of courses which help us implement positive changes to the culture of our business. During FY2019 64 of our leaders attended these courses.

Performance and recognition

We have a consistent Personal Development Review (PDR) process to measure performance against pre-defined objectives, and to identify areas for training and development. This in turn supports enhanced individual performance and career aspirations. Our performance related bonus scheme links directly to the PDR process as well as Group performance.

We run an employee recognition scheme 'Celebrating Excellence'. The scheme empowers all employees to nominate their colleagues for an award in recognition of excellent performance. 767 employees received an award during FY2019.

We also host an annual Excellence Awards event where outstanding teams and individuals are publicly recognised. During FY2019 we had a record number of employees nominated for an award.

Our long service recognition scheme celebrates loyalty for those who have 10, 20 and 25 years' service with the Company. 108 employees reached these milestones during this financial year.

Rewards and benefits

We aim to provide a competitive reward and benefits proposition that motivates and retains people in the most cost effective manner. During FY2019 we further benchmarked the salaries of a number of roles across the business which helped retain key skills required to compete in the marketplace.

We run a number of incentive and recognition schemes which span across our full UK employee base, most of which are performance related. We recognise that salary is not the only component that motivates employees. To reflect this, during FY2019 we once again issued Total Reward Statements. These were well received as they clearly illustrate the full value of an individual's total reward package, and provide more information on other benefits that each individual could access as a valued Speedy employee.

Under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 we published our second Gender Pay Gap report. We are pleased to report that as a Group we have no significant gender pay bias. We will continue to ensure that employees are rewarded and recognised fairly for their contribution and that they have equal access to opportunities within all areas of the business.

Group headcount 4,063 (31 March 2018: 3,755).

Safety and sustainability

Speedy is the safest hire provider in the industry based on reported RIDDOR accident frequency rates.

Our approach

We are pleased to report that during FY2019 we reported our lowest recorded RIDDOR accident frequency rate of 0.10 per 100,000 hours worked and our lowest recorded specified injury frequency at 0.01 (FY2018: 0.04).

Our Partnership Programme engages customers as well as suppliers and peer groups on key sustainability issues. This ensures a joined up approach to linking innovation in manufacturing to performance on site, and creating solutions to industry challenges in the area of Corporate Social Responsibility (CSR). The programme has continued to drive product innovation and our extended innovative product range highlights how we have worked with suppliers to improve environmental performance for our customers.

Awards and accreditations

We are committed to quality, health, safety, the environment and sustainability in every aspect of our business. We have taken a pioneering stance on health and safety in the hire industry and worked hard to improve standards across our business and our industry.

We are active members of the major industry accreditation schemes, and are committed to working with them to improve best practice.

We successfully transitioned our ISO 9001 and ISO 14001 certifications to the latest versions of the standards, in addition to successfully securing certification for the acquired businesses Prolift Access Limited and Platform Sales & Hire Limited.

Speedy's current certifications include:

- ISO 9001 for Quality Management
- ISO 14001 for Environmental Management
- ISO 17020* Accreditation for the operation of various types of bodies performing inspection
- ISO 50001 for Energy Management
- OHSAS 18001 for Health and Safety Management

*Lloyds British National Contracts

We remain accredited to Achilles Building Confidence, FPal, UVDB, and RISQS in addition to a number of other accreditations and certifications which are essential for us to be able to trade with specific clients.

FY2019 was a successful year; we continued to show our commitment to occupational health and safety management systems and sustainability by winning awards in both areas. For the fifth year running, we were awarded a RoSPA Gold Award, for achieving a high level of safety performance and demonstrating well-developed occupational health and safety management systems. We also won the 2018 LEEA Sustainable Solution of the Year Award. This award was given in recognition of the focus on increasing environmental efficiency and our ongoing commitment to consider the impact on the environment, while maintaining profitability.

We remained accredited to gold standard under the Fleet Operator Recognition Scheme (FORS) and have been awarded Best Sustainability and CSR Initiative at the HAE Awards 2019.

We are also pleased to have earned the following awards and recognitions:

- **Large Employer of the Year 2018 - Wales**
  Aspiration Training Ltd
- **Network Rail**
  Route to Gold Bronze Award (Speedy Rail Division)
- **DVSA (Driver & Vehicle Standards Agency)**
  Earned Recognition Status
- **Safe Fleet of the Year**
  Fleet News

Educating the industry through 'Intelligent Safety'

We adopt an 'Intelligent Safety' mindset; a way in which the psychology of safety is broken down into simple decision making processes. Our policies and procedures continue to focus on risk reduction and risk minimisation.

Intelligent Safety reflects the joined up approach we take to safety which encompasses risk awareness, the right protocols and the right training. It includes taking personal responsibility and an interest in everything that may appear unsafe in the workplace, our customers' workplaces and even in the home.

With major issues challenging the construction industry such as dust, hand-arm vibration and musculoskeletal disorders, we believe it is our duty to help eradicate risks from the construction arena by offering help and training around behavioural solutions, as well as an app to reduce these hazards.

Health and safety is about how we shape and instil these behaviours in our people, and how we help to improve safety performance in the construction industry. Intelligent safety targets key areas of risk in the industries we serve. We provide toolbox talks and further resources for all our stakeholders. Toolbox talks on subjects such as dust control, working at height, and hand-arm vibration give concise information about the context and impact of a problem, the causes and the solutions: from sensible working procedures to specific tools and solutions which reduce risk.

Safety first

0.10
RIDDOR accidents per 100,000 hours worked
(FY2017: 0.14, FY2018: 0.11)

0.01
Specified Injury Frequency Rate per 100,000 hours worked
(FY2017: 0.04, FY2018: 0.04)

Intelligent safety mindset at one of our depot stores

Our Corporate Social Responsibility (CSR) Roadmap

Our Roadmap exists to ensure our CSR Key Performance Indicators (KPIs) remain integral to our business objectives and strategy. The CSR Working Group operates within a framework which links directly to our CSR KPIs, and ensures that responsible sustainable business practice forms part of everything we do. Our approach is currently categorised into four key areas that we call Intelligent Marketplace, Environment, Workplace and Community.

Intelligent Marketplace

We provide the right solutions for our customers that encompass approximately 2,180 hire products under-pinned by our service delivery promise. This is in addition to our range of over 110 Green Option (GO) products, testing, inspection and certification services and training services.

Understanding our customers' challenges and the wider industry context they work in sits at the centre of our approach. Collaborating with customers enables Speedy to tailor sustainable solutions that offer benefits to all parties.

Intelligent Environment

We have measured our carbon footprint for over ten years. We continue to demonstrate to customers, employees and the wider community that we are serious about reducing our carbon footprint. We have reduced our carbon footprint from above ten tonnes per capita per annum when we started to just over six during FY2019. In addition, we have reduced waste to landfill from 30% in FY2017 to 13% in FY2018, further reducing to 5% in FY2019.

Intelligent Workplace

We aim to recognise employee performance that reflects our vision to be the best company in our sector to do business with, and the best to work for. Employees have their performance reviewed and development needs identified through our Personal Development Review (PDR) programme. This review process aims to ensure we have the skills and expertise to provide first class service to customers, and develop and enhance employee's careers and personal development.

Intelligent Community

Speedy contribute to the well-being of both the construction community and the local communities in which we operate through our Charities Committee. Our chosen charity partners are the Lighthouse Club and WellChild.

The Lighthouse Club work to support families that have suffered injury or loss in the construction industry. We sponsor the production of their e-newsletter, and promote membership at the Speedy Expo. WellChild help sick children and their families across the UK. During FY2019 we have supported their Helping Hands programme by providing tools and equipment as well as volunteers for projects that renovate the homes and gardens of sick children.

During FY2019 we were pleased to raise funds for a total of nine local and national charities with a donation pledge linked to the launch of the new Speedy app.

Following on from our partnership with Recycling Lives, in FY2019 Speedy have continued to make our waste management processes more efficient, and we commenced trials of cardboard baling at two of our largest locations. The trial is currently ongoing and we hope to expand this practice to other key locations nationally.

The partnership with Recycling Lives is unique in that when we recycle with Recycling Lives, they supply food to people across our regions. During FY2019 Speedy has provided 6,136 families (3,347 in FY2018) with support through this waste recycling partnership.

We run a prison workshop at HMP Garth in Lancashire, providing real work training to NVQ level 2 in electrical engineering for up to 60 prisoners at any given time. This provides them with skills which will make finding work easier upon release.

Human rights and modern slavery

Our Human Rights Policy and Anti-Slavery Policy applies to all employees and commits Speedy to upholding the provision of basic human rights and eliminating any discriminatory practices. The policies emphasise our commitment to human rights in the way we do business, seeking to create and maintain a work culture which allows equal human rights to all persons whilst prohibiting actions contrary to this, such as forced or child labour.

Equality and diversity

At Speedy we aim to ensure that everyone is rewarded and recognised fairly for their contribution, with equal access to opportunities, no matter what part of our business they work within. We believe in promoting equality and diversity within our workforce and we work hard to encourage inclusivity in all our activities both internally within Speedy and externally with our customer base. Our recruitment team is working to attract applicants from a wide variety of backgrounds, increasing diversity at all levels and in all roles.

A breakdown by gender of the number of people who were Directors of the Company, senior managers and other employees as at the end of the reporting period, is set out as follows:

- Directors – female 0%, male 100%;
- Senior management team – female 14%, male 86%; and
- All Speedy employees (UK and Ireland) – female 14%, male 86%.

Within our head office at Haydock the breakdown by gender is female 56%, male 44%.

Speedy Hire Plc Corporate Greenhouse Gas (GHG) Report

Introduction

This GHG Report has been compiled covering the fuels combusted directly by Speedy operations, fugitive refrigerant gases, energy consumed in our UK Mainland activities, Northern and Republic of Ireland operations and our International businesses and includes the business travel and waste disposal activities of our UK Mainland offices and depots.

During the 2018 calendar year the change in waste services provider resulted in a significant decrease in waste going to landfill. The amount of waste that ended up in landfill reduced to 31.23 tonnes, a 92% reduction. This had a corresponding effect on carbon tonnage, with carbon attributed to landfill reducing from 218.50 tonnes to 18.32 tonnes.

However carbon tonnage due to energy usage increased during the 2018 calendar year, compared to 2017, which in part resulted from increased gas usage due to the cold weather in early 2018, and an increase in air travel. Once the relevant conversion factors have been applied and allowances made for carbon savings, then the overall increase in carbon emissions was from 5.95 to 6.01 tonnes CO_2e per employee, which is an increase of 1%.

Methodology

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

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), Scopes 1, 2 and 3, and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2018. This year's report includes Well to Tank, Transmission and Distribution, and Waste factors also.

Omissions

The combustion of diesel for the testing of equipment/machinery could not be established for this reporting period.

Data confidence

The data used to report the GHG emissions was reviewed and examined and gives a 'High' level of confidence +/- 4.4%. This was established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty', and has been independently verified.

Global GHG emissions

Data for the period from 1 January 2018 to 31 December 2018 is provided in the table below compared against the same period for the prior year.

	Tonnes of CO_2e	
	Current Reporting Year	Comparison Year
Emissions From:	2018	2017
Combustion of Fuel and Operation of Facilities	19,499.79	17,615.57
Electricity, Heat, Steam and Cooling Purchased for own use	3,621.73	4,034.42
Total Scope 1 and 2 Emissions	21,121.52	21,743.25
Scope 3 Business Travel – Rail and Air	153.16	152.80
Scope 3 Waste – Recycled / Recovered	25.43	42.24
Scope 3 Waste – Landfill	18.32	218.50
Total Scope 3 Emissions	196.96	413.54
Emissions reported above normalised to 'per employee'	6.01	5.95

Moving forward

Speedy's three year roadmap will be reviewed and relaunched early in FY2020. This is managed by our CSR steering group to ensure that Speedy remains the safest and most sustainable hire partner in the industry.

Financial Review

"Strong growth in the SME market has offset lost revenue from Carillion."

Chris Morgan
Group Finance Director

Group financial performance

Revenue (excluding disposals) for the year to 31 March 2019 increased by 6.0% to £389.2m (2018: £367.2m). Revenue from disposals was £5.5m (2018: £5.8m); total revenue for the period increased by 5.8% to £394.7m (2018: £373.0m).

Gross profit was £214.4m (2018: £204.7m), an increase of 4.7%. The gross margin was 54.3% (2018: 54.9%) with flat hire margin, offset by the impact of International growth at a lower margin than in the UK and Ireland.

EBITA[1] increased by 12.0% to £32.7m (2018: £29.2m) and profit before taxation, amortisation and exceptional items increased to £30.9m (2018: £25.9m).

After taxation, amortisation and exceptional items, the Group made a profit of £22.1m, compared to a profit of £14.1m in 2018. The profit in the year was impacted by exceptional items of £2.2m (2018: £7.2m) and exceptional financial expense of £0.8m (2018: £0.5m). Further details are included below.

Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £5.4m (2018: £5.0m), with the increase reflecting depreciation on IT investment.

UK and Ireland

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m	Movement %
Revenue*	**358.6**	344.4	4.1
EBITDA[1]	**74.9**	70.8	5.8
EBITA[1]	**32.3**	30.2	7.0

*Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)

Excluding disposals, and despite lost revenue of £8.0m following the liquidation of Carillion, revenue improved by 4.3% to £353.1m (2018: £338.6m). Revenue for the year benefited from the full year effect of the Prolift and Platform Sales & Hire acquisitions which were completed in November 2017, and the purchase of Geason Training in December 2018. During the year the Group has continued to improve the customer experience and increase asset availability.

On a like for like basis (excluding the impact of acquisitions in both years) hire revenues increased 0.4%, with strong growth in the SME market which has offset lost revenue from Carillion. Our Customer Relationship Centre in Newport, South Wales was expanded during the year, and the increased telemarketing activity resulted in significant revenue uplift from SME customers. The acquisition of Lifterz had little impact on the results for the year as it took place towards the end of March. This acquisition complements Speedy's previous powered access acquisitions, creating a comprehensive national presence.

Services revenues grew by 5.5%. This growth has been achieved through new Geason Training opportunities, the growth of our product and fuel business, and the prior year restructure of our operations which enhanced our ability to cross-sell the full portfolio of products and services to our customers. Services like for like revenues grew by 0.9%.

Gross margins were broadly constant at 57.1% (2018: 57.2%). Hire margin remained flat at 76.7%, and rehire margin strengthened, which offset the dilutive impact of services revenues mix. Overheads remain under tight control, with further restructuring undertaken to manage the cost base and increase efficiency. Headcount at the year end increased from 3,238 to 3,458, which includes 246 as a result of the Geason Training and Lifterz acquisitions.

Following the continued application of strict processes to manage capital expenditure, the number of product lines, disposal decisions and ROCE[4], asset utilisation improved by 1.6pp to an average for the year of 57.0% (2018: 55.4%).

International

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m	Movement %
Middle East			
Revenue*	**36.1**	28.6	26.2
EBITDA[1]	**8.0**	6.4	25.0
EBITA[1]	**5.8**	4.0	45.0
Kazakhstan JV			
Share of profits	**1.9**	0.8	137.5

*Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)

The International division has continued to perform strongly with revenue increasing by 26.2% due to growth in short term hires and consumable sales. On a prior year constant currency basis the improvement was 26.6%. In addition to revenue growth, an increase in services gross margin contributed to the improved EBITA[1], which grew by 45.0%. Capital expenditure of £2.7m (2018: £0.5m) in the Middle East increased to diversify operations ahead of a major contract review in 2019.

Our share of profit from the joint venture in Kazakhstan increased to £1.9m (2018: £0.8m) having benefited from significant increased cyclical shutdown activity alongside steady growth of the customer base.

Exceptional items

During the year, net exceptional items of £2.2m were charged to operating profit.

Further action has been taken in the year to manage the Group's cost base, with a number of depots closed, repurposed for the training business or relocated. Property related costs of £1.2m were incurred as part of this programme. In addition, £0.2m of people costs have resulted due to related redundancies. These actions result in ongoing overhead savings of c.£1.2m per annum.

Following the training and powered access acquisitions, acquisition related costs of £0.9m have been treated as exceptional in the year.

Offsetting the above exceptional costs is a credit of £0.1m due to the release of a provision relating to the liquidation of Carillion which is no longer deemed necessary.

An exceptional financial expense of £0.8m has been recognised in relation to changes in the fair value of contingent consideration between the date of the Geason Training acquisition and 31 March 2019.

Interest and hedging

In October 2017 the Group completed an amendment and extension to its bank facility which now expires in October 2022. As a consequence of this refinancing the Group's net financial expense (excluding exceptional items) reduced to £3.7m (2018: £4.1m). 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 2.10% 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 over LIBOR in the period was 1.80% (2018: 1.92%).

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was a liability of £0.3m at year end (2018: asset of £0.1m) and they have varying maturity dates to April 2022.

Taxation

The Group seeks to protect its reputation as a responsible taxpayer, and adopts a responsible attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance.

The Group's income statement shows a tax charge for the year of £5.1m (2018: charge of £3.9m), and an effective tax rate of 18.8% (2018: 21.7%), which includes the effect of a deferred tax credit for the year of £2.3m (2018: charge of £0.8m). The effective rate of tax on adjusted profit amounts to 17.2% (2018: 18.9%), and reflects the mix impact of the International business on profits.

Shares, earnings per share and dividends

At 31 March 2019, 525,281,026 Speedy Hire Plc ordinary shares were outstanding, of which 5,802,223 were held in the Employee Benefits Trust.

Adjusted earnings per share[2] was 4.90 pence (2018: 4.04 pence). After amortisation and exceptional items, basic earnings per share was 4.26 pence (2018: 2.71 pence).

The Board has recommended a final dividend of 1.40 pence per share (2018: 1.15 pence), which represents a cash cost of £7.4m. If approved by shareholders, this gives a total dividend for the year of 2.00 pence per share (2018: 1.65 pence), an increase of 21.2% with cover of 2.45x adjusted earnings per share (2018: 2.45x). It is proposed that the dividend will be paid on 9 August 2019 to shareholders on the register at 5 July 2019.

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE[4]. 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 therefore it continues to adopt 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[2];
- **Acquisitions:** The Board will continue to explore value enhancing acquisition opportunities in markets adjacent to, and consistent with its 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[3]: EBITDA[1] 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.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £61.8m (2018: £50.4m), of which £55.1m (2018: £45.4m) related to equipment for hire and £6.7m to other property, plant and equipment (2018: £5.0m), which included significant investment in IT in order to deliver our digital strategy.

The increase in the period reflects the purchase of powered access assets, in addition to further investment in tools, generators and fencing. Since November 2017, the Group has invested over £50m in the powered access market in line with its strategy to build a national presence through in-fill acquisitions and organic capital expenditure.

Increased capital expenditure resulted in the average age of the fleet reducing to 3.3 years as at 31 March 2019 from 3.8 years in the prior year. Total hire equipment disposal proceeds were £17.8m (2018: £17.6m). During the year we further optimised our stockholdings across the network utilising machine learning to inform decisions on returns and asset utilisation. The number of product lines has reduced from over c.3,500 to c.2,200 with a significant reduction in assets which had been under-utilised for a long period. This has enabled us to improve the efficiency of our supply chain, from procurement through to network operations.

Cash flow and net debt[3]

Net cash flow generated from operating activities was £26.4m (2018: £30.9m). Free cash flow (before dividends and financing activities) was an outflow of £9.8m (2018: inflow of £17.4m), after acquisition spend of £30.9m.

Net debt[3] increased by £20.0m from £69.4m at the beginning of the year to £89.4m at 31 March 2019 after cash expenditure of £30.9m on acquisitions. Average month end net debt[3] was £76.0m (2018: £74.9m). Leverage[5] increased to 1.1x (2018: 1.0x), including acquisitions.

The Group's continued strong cash position resulted in substantial headroom within the Group's bank facility.

Balance sheet

The Group continues to have a strong balance sheet, which reflects proactive management of the asset fleet and working capital.

Net assets at 31 March 2019 totalled £211.2m (2018: £197.8m), equivalent to 40.2 pence per share.

Intangible assets increased to £38.5m (2018: £10.5m). This increase reflects the goodwill relating to acquisitions during the year, which includes £10.1m contingent consideration associated with the Geason Training acquisition.

Net property, plant and equipment was £250.3m at 31 March 2019 (2018: £238.7m), of which equipment for hire represents 86.9% (2018: 85.3%). Net debt / property, plant and equipment of 0.36x at 31 March 2019 (2018: 0.29x) underlines the continued strong asset backing within the business. Of the equipment for hire, £7.1m related to the International business (2018: £6.2m).

Gross trade receivables totalled £100.2m at 31 March 2019 (2018: £96.9m) with the increase reflecting revenue growth and acquisitions. Debtor days were 65.8 days (2018: 64.8 days). Bad debt and credit note provisions reduced to £3.6m at 31 March 2019 (2018: £5.2m), equivalent to 3.6% of gross trade receivables (2018: 5.4%).

Trade payables were £46.4m (2018: £45.2m), with creditor days of 99.3 days (2018: 99.4 days).

Capital structure and treasury

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

The Group signed an amendment and extension to its £180m bank facility on 10 October 2017, extending the agreement, through to October 2022. An additional uncommitted accordion of £220m remains in place through to October 2022, should further funding requirements be needed.

At 31 March 2019 the headroom under the facility was £68.4m (2018: £73.5m). The average gross borrowings under the facility during the year ended 31 March 2019 was £92.9m (2018: £88.0m). The current facility includes quarterly leverage[5] 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. ROCE[4] increased to 12.8% (2018: 11.5%), which exceeds the Group's weighted average cost of capital of 10.1%, and reflects the continued improvement in profitability and balance sheet management.

Introducing IFRS 16

The Group is adopting IFRS 16, the new financial reporting standard on accounting for leases, for FY2020. We intend to adopt the standard fully retrospectively. The first accounts prepared under IFRS 16 will be the 2020 interim results, published in November 2019. A summary of the impact is included in Note 1 (Accounting policies).

Chris Morgan
Group Finance Director

Explanatory notes:

1 Before exceptional items, see Note 11
2 See Note 9
3 See Note 19
4 Return on Capital Employed: Profit from operations before amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and Net debt[3]) excluding the impact of Lifterz acquisition (acquisition date 20 March 2019; no profit recognised in period)
5 Leverage: Net debt[3] covered by EBITDA[1]

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 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
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.	The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. The Group's health, safety, and environmental teams measure and promote employee understanding of, and compliance with, procedures that affect safety and protection of the environment. Customer account managers are responsible for addressing service and safety issues. We maintain systems that enable us to hold appropriate industry recognised accreditations.
Service	**Provision of equipment** Speedy is required 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 launched our nationwide service promise under "Trust Speedy to Deliver". 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.

Risk	Description and potential impact	Strategy for mitigation
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. **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 International business in the Middle East is dependent on one major contract which is due for renewal in mid-2019.	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 reacted to 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. Investment has been made to diversify our International business in the Middle East ahead of a major contract renewal.
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, or that acquired businesses do not perform to expectations.	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. 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.

Risk	Description and potential impact	Strategy for mitigation
People	**Employee excellence** In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain 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.

Principal risks and uncertainties continued

Risk	Description and potential impact	Strategy for mitigation
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 undertake routine maintenance works and manage the estate in terms of rental costs. 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.

Risk	Description and potential impact	Strategy for mitigation
Information technology 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 more medium-term planning processes are in place; these create future 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. Management information is provided in all key areas from dashboards that are based on real-time data drawn from central systems. We have devised a data management framework and identified data owners across the business who are responsible for putting in place procedures to maintain accuracy of the information. Mitigations for IT data recovery are described below under business continuity as these risks are linked. Speedy's IT systems are protected against external unauthorised access. 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. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support. 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.

Risk	Description and potential impact	Strategy for mitigation
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. In common with many UK businesses, Speedy faces uncertainty as to the possible impact of leaving the European Union. There are risks to the overall level of economic activity, in addition to more direct risks relating to increased costs as a result of the falling value of sterling.	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. The main risk in relation to the UK's departure from the European Union is the impact on the overall market in which Speedy operates. In addition, there are limited risks associated with availability of assets and spares, cost price inflation, labour availability and consequences of potential border arrangements in Ireland (the Irish business poses only a limited risk, since turnover is less than 3% of the overall Group's). Risks have been assessed in detail by the Board as part of the overall risk assessment process, and contingency plans established. These plans include the consideration of alternative sources for equipment supply and forward buying of spares stock. Sensitivity analysis has been prepared and reviewed by the Board. Combined with strong progress against strategic goals, the Board believes that these plans will allow Speedy to continue to maximise growth opportunities in whatever scenario transpires. Notwithstanding the impact on the wider economy, no significant impact on the Group is therefore expected at this stage.

Risk	Description and potential impact	Strategy for mitigation
Corporate culture 	**Operational empowerment and culture** We operate an internal structure that is aligned around separate specialisms to better serve our customer base. Each division is challenged to operate with a degree of empowerment within overriding Group policies.	All Speedy employees are expected to abide by our Code of Conduct, which forms a condition of employment. Training is provided, via a combination of online and face-to-face means, to all management grades in areas such as compliance with the Bribery Act 2010 and relevant competition laws. Group policies are in place that both support and oversee key aspects of our operation in particular the areas of treasury, purchasing, asset management, accounting and debt management. Review and exception reporting activities are in place, which are designed to ensure that individuals cannot override risk mitigation procedures which have been put in place by the Group. All of the above are supported by a well-publicised and robust whistle-blowing policy with rigorous follow up of all concerns raised.
Business continuity 	**Business interruption** Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel based, 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.	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 central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.

Risk	Description and potential impact	Strategy for mitigation
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 ROCE, 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 Green Option 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 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 and the Directors have determined that three years is an appropriate period over which to assess the Viability Statement. 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 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 the UK's departure from the European Union, 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 2022.

Governance

Governance

Chairman's letter to shareholders

Dear Shareholder

On behalf of the Board I am pleased to present the Governance Report for FY2019 for the first time. I have been a member of the Board since 2016 and understand the Company's values both generally and also more particularly in respect of corporate governance. I am committed to upholding the tradition of good corporate governance within the Company.

I would like to thank the Nomination Committee for the formal and transparent process relating to my appointment of Chairman with the rigour of the externally led selection procedure. Following my appointment and subsequent resignation of Jan Åstrand the Nomination Committee determined to recruit a new Non-Executive Director. This concluded with the appointment of Rhian Bartlett and I am pleased to welcome her to the Board with effect from 1 June 2019. Further information on the process is detailed on page 65 of this report.

The Company continues to report against the UK Corporate Governance Code 2016 (the 'Code') whilst also preparing to report under the new 2018 Code in FY2020 (the 'New Code'). We believe both the Code's and the New Code's principles are central to the effective management of the business, maintaining the confidence of our investors and are in the best interests of all of our stakeholders. I am pleased to report, as noted on page 54, that we have been in full compliance with the provisions of the Code throughout the year.

This year the Board and the Board's committee evaluations have been undertaken internally. These evaluations are externally facilitated every three years with the next external review to be completed in FY2020. The process followed and outcome of this year's evaluations are reported on page 56 of this report. Improving the diversity of the Board remained a priority from the evaluations and this was a central consideration in the selection process for our new Non-Executive Director.

Whilst the provisions of the Code relating to annual election of all the directors for FTSE 350 companies do not apply to the Company, the Board has voluntarily determined to adopt the same and at last year's Annual General Meeting the Company's Articles of Association were changed to require that all Directors must submit to annual re-election. This will include the election of Rhian Bartlett, it being the first AGM following her appointment.

This section of the Annual Report highlights the Company's governance processes, alongside the work of the Board and Board Committees.

The Annual General Meeting will be held at Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES on 11 July 2019 and I would like to invite our shareholders to attend.

David Shearer
Chairman

Directors' Report

Strategic Report

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. This section along with the Chairman's statement on pages 8 and 9, the Strategic Report on pages 1 to 43, the Corporate Governance review on pages 54 to 58 and the reports of the Audit, Nomination and Remuneration Committees on pages 59 to 85, which are incorporated by reference into this report and are deemed to form part of this report, constitutes the Directors' Report in accordance with the Companies Act 2006.

The Strategic Report was approved by the Board and authorised for issue on 14 May 2019.

Results and dividends

The consolidated profit after taxation for the year was £22.1m (2018: £14.1m). This is after a taxation charge of £5.1m (2018: £3.9m) representing an effective rate of 18.8% (2018: 21.7%). An interim dividend of 0.60 pence per share was paid during the year. The Directors propose that a final dividend of 1.40 pence per share be paid, which, if approved, would make a total dividend distribution in respect of the year of 2.00 pence per share (2018: 1.65 pence). The final dividend will be paid on 9 August 2019 to all shareholders on the register at 5 July 2019.

Related party transactions

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

Buy-back of shares

At the Annual General Meeting held on 19 July 2018, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its ordinary shares.

As at 14 May 2019, no shares had been purchased under this authority. Shareholders will be requested to renew this authority at the forthcoming Annual General Meeting on 11 July 2019.

Financial instruments

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

Going concern

The Directors consider that the Group has adequate financial resources and has access to sufficient borrowing facilities to continue operating for the foreseeable future. The Directors have considered the various risks associated with the UK's departure from the European Union, and recognise the uncertainty of the nature and timing of the exit, and resultant market impact. The Directors believe that contingency plans against known risks, and strong progress against strategic goals, will allow the Company to continue to maximise growth opportunities in whatever scenario transpires. Accordingly, as detailed in Note 1 to the Financial Statements (Accounting policies), the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Substantial shareholders

As at 14 May 2019, the Company had been notified under the Disclosure Guidance and Transparency Rules of the following holders of shares with 3% or more of the total voting rights in the issued share capital of the Company.

Shareholder name	Percentage of voting rights
Schroders plc & Schroder Investment Management Limited	**12.79**
Standard Life Aberdeen Plc	**8.12**
Polar Capital LLP	**6.25**
Merian Global Investors (UK) Limited	**5.88**
FIL Investments International	**5.41**
Artemis Investment Management LLP	**5.18**
Aberforth Partners	**5.01**
Majedie Asset Management	**4.74**

Directors

The Directors who served during the year and the interests of Directors in the share capital of the Company are set out on page 83.

In accordance with the Company's Articles of Association, all new Directors submit for election at the first Annual General Meeting following their appointment and all other Directors submit for annual re-election at each Annual General Meeting.

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

Equal opportunities

The Group employed 3,458 people in the UK and Ireland, and 605 people internationally as at 31 March 2019. The Group has a clear policy that employees are recruited and promoted solely based on aptitude and ability. The Group does not discriminate in any way in respect of race, sex, marital status, age, religion, disability or any other characteristic of a similar nature. In the case of disability, bearing in mind the aptitude of the applicant concerned, all reasonable adjustments are considered to enable employment or continued employment as well as to ensure that any disabled employees receive equal treatment in matters such as career development, promotion and training. Managers at all levels are trained and developed to adhere to and promote this goal, including receiving training specifically on diversity matters. Further information on equal opportunities within the Group is set out on page 32 in the Strategic Report.

Employee involvement

The Group actively aims to promote employee involvement in order to achieve a shared commitment from all employees to the success of the businesses in which they are employed. To support this, an employee forum has been launched. Rob Barclay as the designated Non-Executive Director for employee engagement will periodically attend forum meetings.

The Board believes in the effectiveness of financial incentives. It is the Group's policy that employees should generally be eligible to participate in some form of incentive scheme as soon as practicable after joining the Group, following the conclusion of any relevant probationary period. Details of annual incentive arrangements for Executive Directors are summarised in the Remuneration Committee's Report on pages 66 to 85.

The Group has a people strategy in place aimed at being an employer of choice, as can be seen on pages 28 and 29 of the Strategic Report. The Group actively makes a number of commitments to its employees, including pay, engagement and development. The Board sees employee engagement as a key part of its success.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

KPMG LLP was reappointed at the Annual General Meeting of the Company held on 19 July 2018 and its appointment expires at the conclusion of this year's Annual General Meeting. KPMG LLP has expressed its willingness to continue in office. The Board is recommending KPMG LLP be reappointed as auditors and resolutions concerning this and to authorise the Directors to determine its remuneration will be put to the forthcoming Annual General Meeting on 11 July 2019. The Audit Committee intends that external audit services will be retendered in FY2021, for commencement of services in FY2022.

Takeover Directive information

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

Share capital

As at 31 March 2019, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2019 the issued share capital was £26,264,051.30 comprising 525,281,026 ordinary shares of 5 pence each. There are no special rights or obligations attaching to the ordinary shares.

Restrictions on share transfers

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

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

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

Shares with special rights

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

Restrictions on voting rights

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

Agreements which may result in restrictions on share transfers

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

Appointment and replacement of Directors

The Company's Articles of Association provide that all Directors must stand for election at the first Annual General Meeting after having been appointed by the Board. Thereafter a Director will retire from office at each annual general meeting and submit to re-election.

Articles of Association

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

Directors' powers

At the Annual General Meeting to be held on 11 July 2019, shareholders will be asked to renew the Directors' power to allot shares and buy back shares in the Company and to renew the disapplication of pre-emption rights.

Change of control – significant agreements

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

Shares in the Company are held in the Speedy Hire Employee Benefits Trust ('Trust') for the purpose of satisfying awards made under the Company's Performance Share Plan. Unless otherwise directed by the Company, the Trustees of the Trust abstain from voting on any shares held in the Trust in respect of which the beneficial interest has not vested in any beneficiary. In relation to shares held in the Trust where the beneficial interest has vested in a beneficiary, the beneficiary can direct the Trustees how to vote. As at 14 May 2019 the Trust held 5,802,223 shares in the Company (1.1% of the issued share capital).

Compensation for loss of office

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

Directors' indemnities

Throughout the financial year and at the date of approval of the Financial Statements, the Company has purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors. As permitted by the Companies Act 2006, it is the Company's policy to indemnify its Directors. Qualifying deeds of indemnity are put in place for all Directors on appointment.

Political contributions

No political donations were made during the year (2018: nil).

Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions are included in the Safety and Sustainability section of the Strategic Report on page 33.

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES on 11 July 2019 at 11.00am. A formal Notice of Meeting, an explanatory circular and a form of proxy will be sent separately to shareholders.

This report was approved by the Board and signed on its behalf by Russell Down, Chief Executive.

By Order of the Board on 14 May 2019.

Russell Down
Chief Executive

Statement of Directors' Responsibilities

in respect of the Annual Report and Financial Statements

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

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

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006 and, in respect of the Group Financial Statements, Article 4 of the IAS Regulation. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

Responsibility statement of the Directors in respect of the Annual Financial Report

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; and
- 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.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

David Shearer
Chairman

Russell Down
Chief Executive

14 May 2019

Board of Directors

1. David Shearer

Non-Executive Chairman

Appointment to the Board and Committee memberships

Appointed to the Board as Non-Executive Chairman on 1 October 2018. Prior to this appointment David was a Non-Executive Director from 9 September 2016. David is also Chairman of the Nomination Committee and has previously been a member of the Audit, Nomination and Remuneration Committees.

Skills and experience

David is an experienced independent director, corporate financier and turnaround specialist. He is Non-Executive Chairman of Aberdeen New Dawn Investment Trust plc and the Scottish Edge Fund. David was previously senior partner for Scotland & Northern Ireland and a UK Executive Board member of Deloitte LLP, Co-Chairman of Martin Currie (Holdings) Limited, Chairman of Mouchel Group plc and Crest Nicholson plc and a Non-Executive director of City Inn Limited in each case standing down after completing the successful restructuring of these businesses. He was also Non-Executive Chairman of Liberty Living Group Plc, Liberty Living Finance plc, Senior Independent Director of Renold plc, STV Group plc, Superglass Holdings plc and Scottish Financial Enterprise, a Non-Executive director of Mithras Investment Trust plc and a Governor of The Glasgow School of Art.

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2. Russell Down

Chief Executive

Appointment to the Board

Appointed to the Board as Group Finance Director in April 2015 and promoted to Chief Executive in July 2015.

Skills and experience

Russell was formerly Group Finance Director (from 2008 to 2015) at Hyder Consulting Plc ('Hyder'), the multinational design and engineering consultancy. He spent 17 years in total at Hyder in a number of senior roles, including five years as Group Financial Controller and six years as Regional Finance and Commercial Director for the Middle East operations based in Dubai. Russell is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with KPMG LLP, and has previously worked for container leasing company Cronos as Director of Accounting.

3. Chris Morgan

Group Finance Director

Appointment to the Board

Appointed to the Board as Group Finance Director in April 2016.

Skills and experience

Chris is a highly experienced Finance Director and a Fellow of the Institute of Chartered Accountants in England and Wales. Before joining Speedy, Chris was Chief Financial Officer at Go Outdoors, the UK's leading retailer of outdoor equipment and clothing, since 2012. He was previously Chief Financial Officer at Focus DIY, and before that held a number of senior finance positions at Tesco including Group Controller from 1999 to 2004, and more recently as Finance Director for the Czech Republic and Slovakia.

4. Bob Contreras

Senior Independent Director

Appointment to the Board and Committee memberships

Appointed to the Board in December 2015 as Non-Executive Director and Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Appointed as Senior Independent Director on 31 March 2016.

Skills and experience

Bob brings extensive asset rental and sector experience to the Board, as Speedy continues to focus on becoming a more lean, efficient and customer focused business. From December 2017 Bob has been Executive Chairman of Adler & Allan limited, a private equity backed Environmental Services Company. Bob was Chief Executive at Northgate plc, the FTSE 250 leading light commercial vehicle hire business in both the UK and Spain between June 2010 and January 2017, having joined the business as Finance Director in June 2008. Prior to his appointment at Northgate, Bob was President of the Surgical Division of Mölnlycke Health Care Group, a world-leading manufacturer of products and services for the professional healthcare sector. He was also previously Chief Executive and Finance Director of private equity backed Damovo Group S.A., and Group Finance Director of Azlan Group plc.

A N R

Key to Committees: A Audit N Nomination R Remuneration ■ Committee Chair

5. Rob Barclay

Independent Non-Executive Director

Appointment to the Board and Committee memberships

Appointed to the Board in April 2016 as Non-Executive Director and Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

Skills and experience

Rob brings a wealth of sector experience to the Board. He is currently the CEO for the National Timber Group, the UK's leading Independent sawmilling and distribution business serving the construction industry. He was formerly the Managing Director UK, Ireland and Middle East of SIG plc, the FTSE 250 market leading supplier of specialist products to the building and construction industry between January 2013 and March 2018. Rob joined SIG in 1997 and held various senior management roles within the business including Managing Director of SIG Distribution, having led its creation by bringing together the Group's UK insulations, interiors, construction accessories and fixings businesses. Prior to joining SIG, Rob was a Regional Manager for a global wood products company based in New Zealand, from where he originates.

A N R

6. David Garman

Independent Non-Executive Director

Appointment to the Board and Committee memberships

Appointed to the Board in June 2017 as Non-Executive Director and member of the Audit and Nomination Committees. Appointed a member of the Remuneration Committee from 9 November 2017.

Skills and experience

David is currently Senior Independent Director at John Menzies plc, a Non-Executive Director at Troy Income & Growth Trust plc and a Director of several private companies.

David has a broad range of industrial experience and was previously Chief Executive of TDG plc (now TDG Limited), a European contract logistics and supply chain management business, an Executive Director of Associated British Foods plc and held a variety of management roles at United Biscuits. He was also the Senior Independent Director at St Modwen Properties Plc and Phoenix IT plc, and a Non-Executive Director at Kewill plc and Victoria plc.

A N R

Corporate Governance

Governance progress

During the year the Company reviewed its governance practices in light of the UK Corporate Governance Code 2018 to ensure readiness for reporting under it for the year ending 31 March 2020. The Nomination Committee, led by the Senior Independent Director (with the support of search and selection consultants Lygon Partners), managed the succession of Jan Åstrand as Chairman. David Shearer was appointed as Non-Executive Chairman on 1 October 2018. Following the subsequent resignation of Jan Åstrand from the Board on 31 October 2018 and the Nomination Committee's review of the structure, size, composition and diversity of the Board it was agreed to appoint an additional independent Non-Executive Director. The search and selection of the new Non-Executive Director was supported by external consultants Russell Reynolds Associates and culminated in the appointment of Rhian Bartlett with effect from 1 June 2019. Further details are reported on page 65 of this report.

UK Corporate Governance Code compliance

The Board is committed to maintaining high standards of corporate governance. The Board first reported its compliance with the Combined Code in 2004. Since then, other than as explained in previous annual reports and accounts, it has complied in full with the Combined Code (now the UK Corporate Governance Code) and continued to develop its approach to corporate governance and the effective management of risk in the context of an evolving business. This year the Company is reporting against the UK Corporate Governance Code 2016 (the 'Code'), which applies to financial years beginning on or after 17 June 2016. A copy of the 2016 edition of the Code is available to view on the website of the Financial Reporting Council at www.frc.org.uk.

Throughout the year ended 31 March 2019, the Company has been in full compliance with the provisions set out in the Code.

Directors

The Board

The Board comprises a Non-Executive Chairman, the two Executive Directors and three independent Non-Executive Directors.

In the year ended 31 March 2019, the Board met eight times. The Board also meets as required on an ad hoc basis to deal with urgent business, including the consideration and approval of transactions that are reserved to the Board. The table below lists the Directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2019.

Board and Committee attendance

	Board (8)	Audit Committee (4)	Nomination Committee (2)	Remuneration Committee (4)
Executive Directors				
Russell Down	8/8	–	–	–
Chris Morgan	8/8	–	–	–
Non-Executive Directors				
David Shearer[1] (Chairman)	8/8	2/2	2/2	2/2
Bob Contreras	8/8	4/4	2/2	4/4
Rob Barclay	8/8	4/4	2/2	4/4
David Garman	8/8	4/4	2/2	4/4
Jan Åstrand[2]	3/3	–	1/1	–

[1] David Shearer was appointed as Chairman on 1 October 2018, from which date he ceased to be a member of the Audit and Remuneration Committees.

[2] Jan Åstrand retired as Chairman on 30 September 2018 and ceased to be a Director with effect from 31 October 2018.

Directors who are not a member of a Board Committee may attend meetings at the invitation of the relevant Committee Chairman.

The Board has approved a schedule of matters reserved for decision by it. That schedule (which forms part of the Company's UK Corporate Governance Code Compliance Statement) was formally adopted by the Board on 30 March 2011 and most recently reviewed on 28 March 2019. It is available for inspection at the Company's registered office and on the Company's website. The matters reserved for decision by the Board can be subdivided into a number of key areas including, but not limited to:

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

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

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

Chairman and Chief Executive

The posts of Chairman and Chief Executive are held by David Shearer and Russell Down, respectively.

A statement as to the division of the responsibilities between the Chairman and Chief Executive is included in the Company's UK Corporate Governance Code Compliance Statement. The Board considered that the Chairman, on his appointment, met the independence criteria set out in paragraph B.1.1. of the Code. The Board has an established policy that the Chief Executive should not go on to become Chairman.

Board balance and independence

The Board currently comprises the Chairman, two Executive Directors and three independent Non-Executive Directors: Bob Contreras, Rob Barclay and David Garman. The three Non-Executive Directors bring a strong and independent non-executive element to the Board. The Senior Independent Director is Bob Contreras. The independent Non-Executive Directors and their respective experience, details of which are set out on pages 52 and 53, clearly indicates that they are of sufficient calibre and number for their views to carry appropriate weight in the Board's decisions. The appointment of Rhian Bartlett, effective 1 June 2019, as an additional independent Non-Executive Director, will further strengthen the Board and enhance the diversity amongst its members.

The Board considers that each of Bob Contreras, Rob Barclay and David Garman are independent on the basis of the criteria specified in paragraph B.1.1. of the Code and, generally, are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Board Committees

The Audit Committee is chaired by Bob Contreras. Its other members are Rob Barclay and David Garman. Details of its activities during the year are detailed in the Audit Committee Report on pages 59 to 63.

The Remuneration Committee is chaired by Rob Barclay. The other members are Bob Contreras and David Garman. The Committee Chairman's Statement, Directors' Remuneration Policy and Report are on pages 66 to 85.

The Nomination Committee is chaired by David Shearer. The other members are Bob Contreras, Rob Barclay and David Garman. The Committee therefore satisfies the requirement of paragraph B.2.1. of the Code that a majority of its members are to be independent Non-Executive Directors. The report on the activities of the Committee is contained on pages 64 and 65.

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

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

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

Appropriate Directors' and Officers' insurance cover is arranged and maintained via the Company's insurance brokers, JLT Specialty Limited, and is reviewed annually.

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

The Board is both balanced and diverse in respect of its experience and skills. The Board remains committed to maintaining and building on its diversity and encouraging that within senior management levels as recruitment opportunities arise. Any succession planning for the Board recognises this and diversity, including of gender, is considered where possible in the shortlisting of candidates. The Board acknowledges that the UK Corporate Governance Code 2018 expands the Nomination Committee's remit in relation to succession planning and encouraging a diverse pipeline both for the Board and senior management and has updated its terms of reference to address these matters for FY2020.

Appointments to the Board

The Board has established a Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website. The Committee meets formally as necessary, but at least twice a year. This is detailed in more depth in the Nomination Committee Report on pages 64 and 65. The principal functions of the Nomination Committee are to consider and review the structure and composition of the Board and membership of Board Committees. It also considers candidates for Board nomination including job description, re-election to the Board for those candidates standing for annual re-election at the AGM and succession planning generally, plus ensuring a diverse pipeline. A specification for the role of Chairman, including anticipated time commitment, is included as part of the written statement of division of responsibilities between the Chairman and Chief Executive. Details of the Chairman's other material commitments are set out on page 52 and are disclosed to the Board in advance and included in a register of the same maintained by the Company Secretary.

The terms and conditions of appointment of all the Non-Executive Directors, and those of the Chairman, are available for inspection at the Company's registered office during normal business hours.

Each letter of appointment specifies the anticipated level of time commitment including, where relevant, additional responsibilities derived from involvement with the Audit, Remuneration or Nomination Committees. Details of other material commitments are disclosed to the Board and a register of the same is maintained by the Company Secretary.

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

Diversity

The Board recognises the value of diversity in the boardroom and the benefit to the Group's overall performance that diversity across backgrounds, experience, knowledge, skills and gender can bring. In new appointments, the Nomination Committee seeks to select individuals who are best able to meet the recommended requirements of the role and improve overall diversity of the Board.

Information and professional development

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

The Board recognises the importance of tailored induction training on joining the Board and ongoing training and education, particularly regarding new laws and regulations which relate to or affect the Group. Such training and education is obtained by the Directors individually through the Company, including briefings from external advisers, through other companies of which they are Directors or through associated professional firms or as members of their professional bodies.

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

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

Performance evaluation

Performance evaluations are externally facilitated every three years with the next external review to be completed in FY2020. This year the Board and the Board's committee evaluations have been undertaken internally. Each of the Directors completed an evaluation questionnaire. The results were collated by the Company Secretary and reviewed by the Chairman, who then led a discussion of the principal findings with the Board. Overall the evaluation process concluded that the Board and its committees continued to work effectively. Improving the diversity of the Board and committees remained a priority and this had been a central consideration in the selection of a new Non-Executive Director during the year. The appointment of Rhian Bartlett, effective from 1 June 2019, was progress against the overall priority. The continuance of good succession planning across senior management (below Board level) and the Board's role in assisting the Executive Directors in that was reinforced and would be further accommodated in the Board programme for FY2020.

The Chairman reviewed the performance and development needs of each of the Executive and Non-Executive Directors. The Non-Executive Directors, led by Bob Contreras, the Senior Independent Director, conducted an evaluation of the Chairman, and the Senior Independent Director discussed the results of that assessment with the Chairman.

Re-election

Under the Company's Articles of Association all Directors must submit to annual re-election at each Annual General Meeting. Biographical details of all the Directors are included in this report in order to enable shareholders to take an informed decision on any re-election resolution. The letters of appointment of each of the Non-Executive Directors and the Chairman confirm that appointments are for specified terms and that reappointment is not automatic.

Directors' remuneration

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

The service contracts for Russell Down and Chris Morgan provide for termination by the Company on one year's and nine months' notice respectively. It is the Company's current policy that notice periods on termination of Directors' contracts should not exceed 12 months.

The policy of the Board is that the remuneration of the Non-Executive Directors should be consistent with the levels of remuneration paid by companies of a similar size. The levels of remuneration also reflect the time commitment and responsibilities of each role, including Chairmanship of Board Committees. It is the policy of the Board that remuneration for Non-Executive Directors should not include share options or any other share based incentives.

The remuneration of the Non-Executive Chairman is dealt with by the Remuneration Committee. The remuneration of Non-Executive Directors is dealt with by a Committee of the Board specifically established for this purpose, normally comprising the Chief Executive and the Group Finance Director, without the presence of the Non-Executive Directors. The Board has determined to move to an annual review of the remuneration of Non-Executive Directors. The remuneration of Non-Executive Directors was reviewed at the end of FY2019 and the conclusion was that the base fees be £42,500 effective 1 April 2019. Details of the remuneration of Non-Executive Directors are set out on page 78.

Procedure

The Board has constituted a Remuneration Committee which met four times during the year. The terms of reference of the Remuneration Committee are published on the Company's website and are fully compatible with the provisions of paragraph D.2.1. of the Code. The Remuneration Committee members are Rob Barclay, Bob Contreras and David Garman, who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Chief Executive attends by invitation but is not present for discussions relating to his own remuneration. The Remuneration Committee has appointed Aon to advise it in relation to the design of appropriate executive remuneration structures. Aon has no other connection with the Company.

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

The Board's policy is that all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes should be specifically approved by shareholders, while recognising that the Remuneration Committee must have appropriate flexibility to alter the operation of these arrangements to reflect changing circumstances. The Company's current long-term incentive scheme was approved by shareholders in 2014.

A more detailed summary of the work of the Remuneration Committee during the year and the Group's Remuneration Policy, which was approved at the Company's 2017 Annual General Meeting and which will apply until its Annual General Meeting in 2020 is contained on pages 66 to 85.

Accountability and audit

Financial reporting

The Directors' Report and Independent Auditor's Report appear on pages 48 to 50 and pages 86 to 95 respectively and comply with the provisions of paragraphs C.1.1. and C.1.3. of the Code.

Audit Committee and auditors

The Board has established an Audit Committee which met four times during the year. The terms of reference of the Audit Committee are published on the Company's website. Such terms of reference are compatible with the provisions of paragraph C.3.2. of the Code. The Board is satisfied that the Chairman of the Audit Committee, Bob Contreras, has appropriate recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which it operates.

In addition to responsibility for the Group's systems of internal control, the Committee is responsible for reviewing the integrity of the Company's accounts, including the half and full-year results, and recommending their approval to the Board.

The Committee meets on a regular basis with the external auditors and internal audit function to review and discuss issues arising from internal and external audits and to agree the scope and planning of future work. The effectiveness of the Group's internal audit function is one of the matters reviewed in conjunction with the external auditors.

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. The policy of the Audit Committee is to ensure auditor objectivity and independence is safeguarded at all times. As further detailed on page 62, the Audit Committee considers that the Company's auditors are independent.

A more detailed description of the work of the Audit Committee during the year is contained in the separate report of the Committee on pages 59 to 63.

Internal control

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

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

Relations with shareholders

Dialogue with institutional shareholders

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

Constructive use of the Annual General Meeting

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

All Committee Chairmen are available for shareholders' questions at the Annual General Meeting.

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

Audit Committee Report

The Audit Committee presents its report in relation to the financial year ended 31 March 2019.

Audit Committee objectives and terms of reference

The Audit Committee's key objectives are the review of the effectiveness of the Group's financial reporting and internal controls, together with the procedures for identification, evaluation and reporting of key risks. The role of the Audit Committee in monitoring the integrity of the Group's financial affairs is important to shareholders and other stakeholders, both internal and external. Accordingly we work closely with management and our external and internal auditors to adopt best practice approaches to policies and controls. In addition, a key objective of the Audit Committee is to ensure all financial reporting is fair, balanced and understandable. The Audit Committee is satisfied that the Group's internal and external processes are considered to be robust and appropriately aligned to delivering good financial reporting and governance. The Directors confirm that they have carried out a comprehensive assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The terms of reference of the Audit Committee, which include all matters referred to in the UK Corporate Governance Code, are reviewed annually by the Audit Committee and proposed changes made to the Board. The current terms of reference can be found at speedyservices.com/investors and are also available in hard copy from the Company Secretary.

Composition of the Audit Committee

The Audit Committee comprises three Non-Executive Directors: Bob Contreras (Chairman), Rob Barclay and David Garman. All members are considered by the Board to be independent. Biographies of each of the members of the Audit Committee are set out on pages 52 and 53.

The Audit Committee is chaired by Bob Contreras, a chartered accountant with over 20 years' experience as a board member at both listed and private companies. His biography is set out on page 52. The Board is satisfied that Bob Contreras has recent and relevant financial experience and that the Committee as a whole has an appropriate balance of skills, experience, qualifications and sector related knowledge.

Attendance

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

Audit Committee members and meetings attended

Name	Position	Meetings attended
Bob Contreras (Chairman)	Non-Executive Director	4/4
Rob Barclay	Non-Executive Director	4/4
David Garman	Non-Executive Director	4/4
David Shearer[1]	Non-Executive Director	2/2

[1] David Shearer was appointed Chairman on 1 October 2018, from which date he ceased to be a member of the Audit Committee.

Operation and responsibilities of the Audit Committee

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

Bob Contreras
Chairman of the Audit Committee

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

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

Internal controls and risk

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

External auditors

- monitoring the effectiveness of the external audit process including recommending the appointment, re-appointment and remuneration of the external auditors;
- liaising with the external auditors in respect of the rotation of audit partners at appropriate junctures;
- considering and, if thought appropriate, approving the use of the external auditors for non-audit work;
- considering the independence of the external auditors, taking into account: (i) non-audit work undertaken by them; (ii) feedback from various stakeholders; and (iii) the Audit Committee's own assessment; and
- monitoring and considering the provisions and recommendations of the UK Corporate Governance Code in respect of external auditors. This involves a review of the scope of the audit, the auditor's assessment of risk, appropriateness of materiality and the key findings.

Financial Statements

- monitoring the integrity of the Group's Financial Statements and formal announcements relating to the Group's performance;
- reviewing the Company's Viability Statement, challenging assumptions made with management and, if thought appropriate, recommending this for approval by the Board and inclusion in the Annual Report and Financial Statements;
- considering liquidity risk and the use of the going concern basis for preparing the Group's Financial Statements; and
- evaluating the content of the Annual Report and Financial Statements, to advise the Board as to whether it may reasonably conclude that the Annual Report and Financial Statements is fair, balanced and understandable overall and provides the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

As part of its annual programme of business the Audit Committee regularly receives updates from the external auditors as to developing accounting standards, and members are expected to participate personally in relevant briefing and training sessions during the year.

Significant areas considered by the Audit Committee during FY2019

During the year, the Audit Committee considered and discussed with the external auditors the following items:

- the existence and valuation of hire equipment;
- the going concern basis for the preparation of the Financial Statements;
- the estimation and disclosure of fair values associated with acquired businesses;
- the adoption of IFRS 16 in respect of leases and the transition approach to be taken by the Group; and
- the valuation of trade receivables.

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

Existence and valuation of hire equipment

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

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

In addition to considering the appropriateness of the Group's depreciation policies, the Audit Committee reviews the valuation of hire equipment taking into consideration a consistent track record of the Group in disposing of hire equipment at close to book value. This also incorporates a thorough review of useful economic lives and residual values.

As a result of the work performed, the Audit Committee is satisfied that hire equipment assets are appropriately valued.

Going concern basis for the preparation of the Financial Statements

The Group has adopted a going concern basis for the preparation of the Financial Statements. Judgement over the future cash flows of the business (for a period of at least 12 months from signing the accounts) and their interaction with the available liquidity from the Group's borrowing facilities must be applied in concluding whether to adopt a going concern basis of preparation. The Audit Committee has challenged forecast cash flows, the assumptions applied to derive the cash flows and availability of finance from existing facilities. The Audit Committee have considered the various risks associated with the UK's departure from the European Union, and recognise the uncertainty of the nature and timing of the exit, and resultant market impact.

In October 2017 the Group's £180m asset based finance facility was extended to October 2022 on improved terms. The additional uncommitted accordion (£220m) was also extended to October 2022. Throughout the year, the Group has remained in compliance with its financial covenants under the Group's banking facilities. Based on the expectations of future cash flows and the continued availability of the banking facilities, the Audit Committee has concluded that the available borrowing facilities are adequate for both existing and future levels of business activity. The Audit Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the Financial Statements.

Acquisition Accounting

An element of the Group's growth strategy is to make value enhancing core hire or services acquisitions.

The process of identifying and assessing potential acquisitions incurs cost to the Group and in some cases these processes conclude that targets do not meet our investment criteria. In FY2019 costs associated with acquisitions, including those which relate to aborted activities, are material in value. Consequently, management has considered these to be exceptional items. In conjunction with advice from the external auditor, the Audit Committee is satisfied that this is consistent with accounting policies.

In December 2018 the Group acquired Geason Holdings Limited (Geason Training). Management has undertaken a fair value exercise in relation to the net assets acquired and the consideration, which includes a contingent element. In March 2019 the Group acquired Lifterz Holdings Limited.

Due to the timing of the acquisition, management has undertaken a preliminary fair value exercise on the net assets acquired. The Audit Committee has reviewed the assumptions made by management, including the assessment of the fair value of contingent consideration for Geason Training and is satisfied, in conjunction with the assessment made by the external auditors, that the values presented in the Financial Statements are consistent with accounting policies.

IFRS 16 Leases

The Group will be required to report under the new leasing standard (IFRS 16) for the year ended 31 March 2020.

Throughout FY2019 management has considered the approach that the Group intends to take and has made significant preparations for adoption. Given the complexity and volume of data involved, this has included the introduction of a specialist software application to undertake the calculations required.

The Group intends to utilise the full retrospective transition option where comparatives are restated as if the standard had always applied to those leases in existence at the transition date. Management has set out the impact of implementation of IFRS 16 on the Group in the notes to the Financial Statements on page 105.

The preparations made by management and the associated disclosures have been reviewed by the Audit Committee. The Audit Committee has concluded that the steps taken by management are appropriate.

Valuation of trade receivables

The Group trades with a large number of customers across a number of sectors and the carrying amount of receivables from these customers comprises a substantial current asset. Judgement is required in determining the extent to which these current assets will prove irrecoverable, and a provision for this is reflected in the carrying value of those current assets. The Audit Committee was required to pay particular regard to the recoverability of receivables related to the compulsory liquidation of Carillion Plc in the prior year.

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

As a result of the work performed, the Audit Committee is satisfied that trade receivables are appropriately valued.

Internal control and risk management

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

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

The Audit Committee ensured that questionnaires were circulated to senior management requesting they notify internal audit of any significant irregularities in information provided for inclusion in the Financial Statements. None have been reported.

The Audit Committee has reviewed the effectiveness of internal controls and risk management during the year taking into consideration the framework and risk register maintenance by management, in addition to reports from both internal and external auditors. The Audit Committee has concluded that the internal controls have operated effectively during FY2019.

Review of internal audit

The Audit Committee reviews the effectiveness of the Group's internal audit function. This review includes the audit plan and the level of resource devoted to internal audit, as well as the degree to which the function can operate free from management restrictions. The Audit Committee considered the results of the audits undertaken by the internal audit function and in particular considered the response of management to issues raised by internal audit, including the time taken to resolve matters reported. Although internal audit has raised recommendations for improvement in the normal course of business, the Audit Committee is satisfied that none of these constituted significant control failings during FY2019.

Attribute Standard 1312 of the Global Institute of Internal Auditors ('IIA') International Professional Practices Framework requires an external quality assessment of internal audit to be undertaken every five years. The review undertaken in FY2017 concluded that the Group's internal audit function 'Generally Conforms' to the IIA standards (the highest possible rating). In addition to this, the Head of Risk and Assurance is required to undertake an annual self-assessment of adherence to this framework. This self-assessment is considered by the Audit Committee during its review of internal audit.

On an annual basis the Audit Committee circulates a questionnaire to Directors and senior management inviting comments on the Risk and Assurance function. The responses are considered by the Audit Committee and are used in conjunction with the other review processes described to determine whether internal audit is working effectively.

Following the review, the Audit Committee concluded that the Group's internal audit function remains effective.

The Internal Audit Charter was reviewed by the Audit Committee during the financial year and it was determined that this remained fit for purpose.

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

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

The policy for the use of the external auditors for non-audit related purposes was reviewed by the Audit Committee during the financial year and it was determined that this remained appropriate and no changes were made. The policy is designed to control the provision of non-audit services by the external auditors in order to ensure that their objectivity and independence are safeguarded. The policy provides that preference should be given to retaining consultants other than from the external auditors unless strong reasons exist to the contrary, and that non-audit fees paid to the auditor should not exceed 100% of the audit related fees paid in that year, and the three-year average of non-audit fees paid to the auditor should not exceed 50% of the annual audit fees. The policy further requires that the provision of any non-audit services by the external auditors is subject to prior approval by the Audit Committee. The Audit Committee closely monitors the amount the Company spends with the external auditors on non-audit services. The only non-audit services provided by the auditors in the year relate to the review of the Company's half-year results which the Audit Committee accepted was work best undertaken by the external auditors. These fees represented 16% of the annual audit fees and the three year average was 16%. Details of the fees, split between audit and non-audit services, payable to the external auditors are given in Note 4 to the Financial Statements.

The Audit Committee considered the external auditors' performance during the year and reviewed the level of fees charged, which are considered appropriate given the size of the Group.

Appointment of auditors

Having considered the results of the Audit Committee's work, the Board is recommending the re-appointment of KPMG LLP as auditors of the Group for FY2020. PricewaterhouseCoopers will continue to perform the audit of the Group's Middle Eastern operations. KPMG LLP has expressed its willingness to continue as external auditors of the Group. Separate resolutions proposing its reappointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 11 July 2019.

As noted previously, the Group's external audit contract was last tendered in April 2001. The Audit Committee recognises the change made by the UK Financial Reporting Council regarding the retendering of audit services at least once every ten years for companies in the FTSE 350 and above. KPMG LLP's own procedures require the rotation of the lead audit partner after five years, which took place as at the end of FY2016 with Chris Hearld appointed as lead partner. The Audit Committee intends that external audit services will be retendered in FY2021, for commencement of services in FY2022. In the meantime, the Audit Committee has recommended that KPMG LLP should remain as auditors, on the basis that the current audit partner from KPMG LLP is a strong and independent partner who the Audit Committee is satisfied will robustly challenge management appropriately.

Code of Conduct

The Company remains committed to the highest standards of business conduct and expects its Directors, employees, consultants and other stakeholders to act accordingly. The Company has a well-established Code of Conduct which incorporates a whistleblowing policy. These policies are actively promoted within the Group. Code of Conduct training is covered in our induction programme for new employees and where appropriate, this is reinforced on an annual basis via an online training course for existing employees.

Communicating with shareholders

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

Approval of Annual Report and Financial Statements

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

This report was approved by the Board on 14 May 2019.

Bob Contreras
Chairman of the Audit Committee

Nomination Committee Report

The Nomination Committee presents its report in relation to the financial year ended 31 March 2019. Chaired by David Shearer, the key functions of the Nomination Committee are to review the structure and composition of the Board, to identify and propose to the Board suitable candidates to fill Board vacancies, and to undertake succession planning for Board and senior management positions.

Composition of the Nomination Committee

The Nomination Committee comprises the Chairman, David Shearer, and the three independent Non-Executive Directors, Bob Contreras, Rob Barclay and David Garman. Appointments and attendance at meetings during the year are set out below. Biographies of the members of the Nomination Committee are set out on pages 52 and 53.

The terms of reference of the Nomination Committee are reviewed annually by the Committee and proposed changes are made to the Board. The current terms are published on the Company's website at speedyservices.com/investors and are also available in hard copy form on application to the Company Secretary.

Attendance

The Nomination Committee met on two occasions during the year. Details of the attendance at Nomination Committee meetings are set out in the table below. At the invitation of the Chairman, the Chief Executive may attend meetings. The Group's HR Director may also be invited to attend, particularly where discussions are taking place around succession planning within the Group.

Nomination Committee members and meetings attended

Name	Position	Meetings attended
David Shearer[1] (Chairman)	Non-Executive Chairman	2/2
Bob Contreras	Non-Executive Director	2/2
Rob Barclay	Non-Executive Director	2/2
David Garman	Non-Executive Director	2/2
Jan Åstrand[2]	Non-Executive Chairman	1/1

[1] Appointed as Chairman of the Nomination Committee on 1 October 2018.

[2] Jan Åstrand retired as Chairman on 30 September 2018 and ceased to be a Director with effect from 31 October 2018.

Operation of the Nomination Committee

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

David Shearer
Chairman of the Nomination Committee

The Nomination Committee's duties include, inter alia:

- ensuring that there is a formal and transparent procedure for the appointment of new Executive and Non-Executive Directors to the Board and making recommendations to the Board on such appointments;
- reviewing the size and composition of the Board along with membership of Board committees;
- evaluating the balance of skills, knowledge and experience on the Board;
- ensuring that succession planning is in place for the Board and senior management;
- ensuring that Non-Executive Directors are able to devote sufficient time to discharge their duties;
- making recommendations to the Board in respect of Directors standing for re-election; and
- overseeing the development of a diverse pipeline for succession to the Board.

The Nomination Committee leads the process for all Board appointments, carefully evaluating the skills available on the Board and how these may be best balanced and enhanced by agreeing the person specification, selecting external recruitment consultants, considering all candidates and making recommendations to the Board for appointment. In selecting candidates, the Nomination Committee gives due consideration to the benefits of diversity. All recommendations made are on merit against objective criteria.

During the year the Nomination Committee undertook all of the duties set out above and additionally reviewed the leadership needs of the organisation and succession planning for key individuals, including Executive and Non-Executive Directors. The review included the identification of talented individuals for key management roles and development across the Group.

The Nomination Committee recommended the three year extension of the terms of appointment of each of Bob Contreras to 22 December 2021 and Rob Barclay to 31 March 2022.

Under the leadership of Bob Contreras, the Senior Independent Director, the Nomination Committee dealt with the succession of Jan Åstrand as Chairman of the Board. External search agent Lygon Partners was appointed to support the process. Following consideration of external and internal candidates, David Shearer was appointed as Chairman of the Board and also the Nomination Committee. Following the subsequent resignation of Jan Åstrand and the Committee's review of the Board's structure, size, composition and diversity, the Committee determined to appoint an additional Non-Executive Director to the Board. The Committee appointed Russell Reynolds Associates to support the search and selection activities, which included agreement with the Committee of the role's scope and the proposed capability specification for the appointment. Following consideration of external candidates, Rhian Bartlett has been appointed as Non-Executive Director with effect from 1 June 2019. Rhian will bring considerable digital trading, commercial and multi-site experience to the Board. She will also serve on the Audit, Remuneration and Nomination Committees of the Board.

The Nomination Committee has recommended the re-election of all Directors at the Annual General Meeting on 11 July 2019, as detailed in the Directors' Report on page 48.

This report was approved by the Board on 14 May 2019.

David Shearer
Chairman of the Nomination Committee

Remuneration Report

Annual Statement

The Remuneration Committee presents its report in relation to the financial year ended 31 March 2019. This year's report has been split into three sections:

- this Annual Statement summarising major decisions and any relevant changes to remuneration;
- the Remuneration Policy Report, which sets out the Group's policy on the remuneration of the Executive and Non-Executive Directors. While the disclosure of the Remuneration Policy Report is not required this year, it has been included in the interests of completeness and transparency; and
- the Annual Remuneration Report outlining how the Group's Remuneration Policy was implemented in FY2019.

As the Committee is not proposing any changes to the three year Remuneration Policy (originally approved by the Shareholders at the 2017 Annual General Meeting (AGM)) only this Annual Statement and the Annual Remuneration Report will be subject to an advisory vote at the 2019 AGM. In line with regulatory requirements the policy is next subject to a vote at the 2020 AGM. Ahead of this, the Committee will be conducting a full policy review during FY2020.

Performance and reward for FY2019

Good progress was made in FY2019 against strategic goals, both in the UK and internationally. Overall revenue grew by 5.8%, reflecting a focus on the SME customer market in the UK and international activity. Asset utilisation improved from 55.4% to 57.0% due to our work on improving capital allocation and the optimisation of stockholding across the network. The Middle East performed strongly, due to short term hire growth, and the joint venture in Kazakhstan benefited from increased workload due to cyclical shutdowns. Costs were well controlled across the Group, and profit before taxation, amortisation and exceptional costs increased by 19.3% to £30.9m (2018 : £25.9m).

The Executive Directors were eligible to receive a bonus opportunity of up to 100% of salary. As a result of the strong financial and operational performance during the year, the threshold performance targets were exceeded and bonuses paid out at 54.9% of salary.

The performance share awards granted in 2016 to the Executive Directors and other members of the management team participating are due to vest in June 2019. The awards were based fifty percent on an earnings per share performance condition and fifty percent on a relative total shareholder return condition both measured over the three year period to 31 March 2019. With adjusted EPS of 4.90 pence, performance was above the threshold performance hurdle and this part of the award will vest at 92.81%. TSR performance was above upper quartile and this part of the award will vest at 100%, resulting in an overall vesting level of 96.4%.

Application of the Remuneration Policy in FY2020

Base salaries for each Executive Director are reviewed annually by the Remuneration Committee, taking account of the Directors' performance, experience and responsibilities with any changes effective from 1 April. When determining Executive Directors' base salaries, the Remuneration Committee has regard to economic factors, remuneration trends and the general level of salary increases awarded throughout the Group.

Rob Barclay
Chairman of the Remuneration Committee

The salaries for Russell Down and Chris Morgan have been increased by 2% to £387,700 and £254,700 respectively. This is in line with the budgeted increase provided across the wider workforce.

The maximum bonus opportunity remains unchanged at 100% of salary. The performance measures for FY2020 will be based on Group profit before tax (PBT) targets (70% of the award) and return on capital employed (ROCE) (30% of the award). The Remuneration Committee reviewed the performance conditions in the year and concluded that Group PBT targets aligned the scheme more directly with overall profitability of the Group compared to EBITA. Outstanding performance will be required for the maximum bonus to become payable. The forward-looking targets are deemed to be commercially sensitive but further details will be disclosed on a retrospective basis in next year's Annual Report and Accounts.

Performance share awards will continue to be granted over shares worth 100% of salary. Awards will be based on relative total shareholder return (TSR) (50% of the award) and earnings per share (EPS) growth targets (50% of the award) over three financial years. A two-year post vesting holding period applies. Details of the performance targets for the 2019 awards are set out in the Annual Remuneration Report.

Key decisions made in FY2019

Following the publication of the 2018 UK Corporate Governance Code (the 2018 Code), the Remuneration Committee reviewed the Company's current Executive Director remuneration policy and its operation. The Remuneration Committee fully reviewed the clawback triggers under both the annual bonus and PSP arrangements. Previously the triggers applied in the event of misstatement of financial results, an error in assessing performance or cessation of employment as a result of misconduct. Going forward, these have been expanded to include corporate failure, severe downturn in business or operational performance, where attributable to management failure, and serious reputational damage.

The Remuneration Committee additionally considered other items, including post-cessation shareholding requirements and Executive Directors' pensions alignment with the wider workforce. Currently, the post-holding vesting period under the PSP continues to apply, subject to standard Good Leaver provisions, irrespective of employment status. The Remuneration Committee will review this, and other 2018 Code provisions during FY2020 as part of the wider policy review.

Employee engagement

When considering the Remuneration Policy for the Executive Directors, the Remuneration Committee takes into account pay and employment conditions across the Company. Every employee in Speedy participates in a bonus scheme relevant to their role, ensuring all employees are able to share in the success of the organisation. In addition, alongside the Company wide salary review process, investment has also been made during the year to ensure that employee pay remains above the National Living Wage and further increases have been given to employees in key roles where recruitment and retention is a priority.

Shareholder engagement

The Committee takes an active interest in shareholder views on the Company's executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders and we will continue to take into account the views of our shareholders as appropriate. The Committee was pleased by the strong support received by shareholders for the Annual Report on Remuneration at the 2018 AGM.

In conclusion, we firmly believe that the proposed operation of the policy is in the best interests of the Company and its shareholders and look forward to receiving your continued support at the AGM.

This report was approved by the Board on 14 May 2019.

Rob Barclay
Chairman of the Remuneration Committee

Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the Remuneration Policy for the Group. This policy was approved at the AGM on 12 July 2017 and became effective from that date. In line with regulatory requirements the policy is next subject to a vote at the 2020 AGM. Ahead of this, the Committee will be conducting a full policy review during FY2020.

Policy overview

The primary objective of the Remuneration Policy is to promote the long-term success of the Group. In working towards the fulfilment of this objective the Remuneration Committee takes into account a number of factors when setting the Remuneration Policy for the Executive Directors including the following:

- the need to attract, retain and motivate high calibre Executive Directors and senior management;
- internal pay and benefits levels and practice and employment conditions within the Group as a whole;
- the recommendations set out in the UK Corporate Governance Code and the views of shareholders and their representative bodies; and
- periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance.

Our remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. The main elements of the remuneration package for Executive Directors are a base salary, benefits and pension provision and, subject to stretching performance conditions, an annual bonus plan and shares awarded under a Performance Share Plan (PSP).

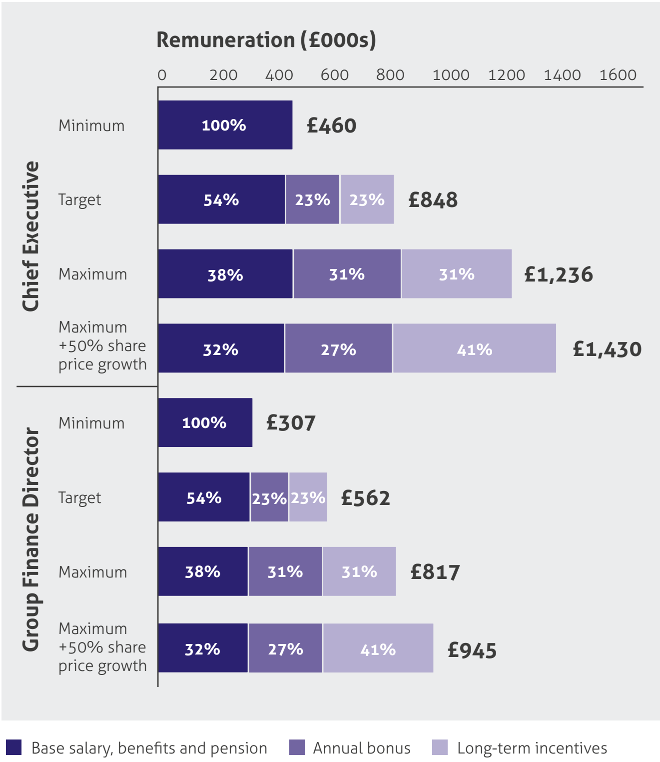
The key principles of the policy are:

- base salaries between lower quartile and median, but with the potential to earn above market rewards for sustained exceptional performance provided that stretching and demanding performance conditions, designed to promote the long-term success of the Group, are met;
- a reward structure that balances short-term and long-term performance; and
- competitive incentive arrangements, ensuring a focus on business performance and alignment with the interests of shareholders.

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

Remuneration scenarios for Executive Directors

The chart below shows how the composition of the Executive Directors' remuneration packages vary under the policy at three performance levels, namely, at minimum (i.e. fixed pay only), target and maximum levels.



The chart above is based on:

- salary levels effective 1 April 2019;
- an approximated annual value of benefits;
- an annualised pension contribution (as a % of salary);
- a 100% of salary maximum annual bonus (with target assumed to be 50% of the maximum); and
- a 100% of salary PSP award (with target assumed to be 50% of the maximum).

The scenarios include a 50% share price appreciation during the option period of the PSP award but exclude dividend assumptions.

Summary Director policy table

The table below summarises the Remuneration Policy for Directors, as effective from the Company's 2017 AGM:

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	Reflects the value of the individual and their role Reflects skills and experience over time Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income	Normally reviewed annually with changes typically effective 1 April Paid in cash on a monthly basis; pensionable Comparison against companies with similar characteristics and sector comparators are taken into account in review Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account	There is no prescribed maximum annual basic salary or salary increase. Details of the current salary levels are set out in the Annual Remuneration Report Any salary increase (in percentage of salary terms) will ordinarily be in line with the general increase for the broader employee population; however, a lower or a higher increase may be awarded to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements Where an Executive Director's salary is set below market levels at appointment, a series of increases may be given (in addition to the factors listed above) in order to achieve the desired salary positioning, subject to satisfactory individual performance	None, although the overall performance of the individual is considered as part of the review process alongside the factors described in how we operate the salary policy

Summary Director policy table continued

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Benefits	To provide a competitive benefits package To promote recruitment and retention	Benefits may include a combination of car or car allowance, health benefits including permanent incapacity and life insurance Other benefits including relocation allowances may be offered if considered appropriate and reasonable by the Committee Any reasonable business related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit) Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees	There is no maximum limit, but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. Participation in the all-employee share plans is subject to the limits set out by HMRC	n/a
Pension	Provide competitive retirement benefits	Defined contribution and/or cash in lieu of pension	Up to 20% of basic salary p.a.	n/a

Summary Director policy table continued

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Bonus	Incentivise delivery of specific strategic objectives, including financial performance and personal annual goals Maximum bonus only payable for achieving demanding targets	Normally payable in cash (although the Committee reserves the right to deliver some or all of the bonus in shares which may be deferred) Non-pensionable Levels of award are determined by the Committee after the year end based on performance against the targets set All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year	100% of salary p.a.	Group financial measures (e.g. profit before tax) will apply Personal and/or strategic KPIs may apply for a minority of the bonus One-year performance period Clawback provisions apply for a period of three years from the bonus payment date

Summary Director policy table continued

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Performance Share Plan	Aligned to main strategic objectives of delivering long-term value creation Align Executive Directors' interests with those of shareholders To promote retention	Conditional awards or nil or nominal cost options are normally granted annually The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures A two-year post vesting holding period will be applied to the grant of awards	150% of salary p.a. normal limit 200% of salary exceptional limit A dividend equivalent provision exists allowing the Committee to pay an amount (in cash or shares) equivalent to the dividends paid or payable on vested shares (for options up to no later than the end of the post-vesting holding period or at the point of exercise, if sooner); any amount payable may assume the reinvestment of dividends	Performance normally measured over three years Awards currently vest based on performance against stretching relative Total Shareholder Return (TSR) targets and/or absolute Earnings Per Share (EPS) targets set and assessed by the Committee. However, different measures may be set for future award cycles, as appropriate, to reflect the strategic priorities of the business at that time Performance underpins may also apply A maximum of 25% vests at threshold increasing to 100% vesting at maximum on a straight line basis Withholding and clawback provisions apply for a period of three years following the vesting of an award
Share ownership guidelines	To provide alignment of interests between Executive Directors and shareholders	Executive Directors are required to build and maintain a shareholding equivalent to at least one year's base salary (although this may be increased if PSP award levels are increased in the future) through the retention of vested share awards or through open market purchases	Executive Directors are required to build up and maintain a shareholding worth at least 100% of base salary	n/a

Summary Director policy table continued

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-Executive Directors	To attract and retain high calibre Non-Executive Directors	The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration The fees are set taking into account the time commitment and responsibilities of the role Fees are normally paid monthly in cash and are normally reviewed annually Expectation that individuals build and maintain a shareholding equal to 100% of fees Non-Executive Directors can be reimbursed for any reasonable business related expenses (including the tax thereon, if determined to be a taxable benefit)	There is no prescribed maximum fee or fee increase. Total fees for the Non-Executive Directors are subject to the overall limit set out in the Company's Articles of Association Any increase will be guided by changes in market rates, time commitments and responsibility levels	n/a

Notes:

[1] The choice of the performance metrics applicable to the annual bonus scheme reflect the Remuneration Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of key financial targets and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Remuneration Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.

[2] The performance conditions applicable to the PSP awards were selected by the Remuneration Committee on the basis that a combination of relative TSR and key financial objectives provides strong alignment with the delivery of long-term returns to shareholders and incentivises strong Group financial performance – consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The Remuneration Committee has retained flexibility on the measures which will be used for future award cycles to ensure that the measures are fully aligned with the strategy prevailing at the time the awards are granted. Notwithstanding this, the Remuneration Committee would seek to consult with major shareholders in advance of any material change to the choice or weighting of the PSP performance measures.

[3] The Remuneration Committee operates the annual bonus, PSP and all-employee share plans in accordance with the relevant plan rules and where appropriate, the Listing Rules and HMRC legislation. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, the timing of awards and setting performance criteria each year, dealing with leavers, discretion to retrospectively amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.

[4] Consistent with HMRC legislation, the all-employee Sharesave scheme does not have performance conditions.

[5] Directors are eligible to receive payment, and any existing award may vest, in accordance with the terms of any such award made prior to the approval of the Remuneration Policy detailed in this report, and in accordance with the provisions of the Remuneration Policy in force at the time such award or right to receive payment was made or granted.

How employees' pay is taken into account

The Remuneration Committee does not directly consult with employees regarding the remuneration of directors. However, the pay and conditions elsewhere in the Group are considered when designing the policy for Executive Directors and continue to be considered in relation to implementation of the policy. The Remuneration Committee regularly interacts with the HR function and senior operational executives and monitors pay trends across the workforce. Salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. The requirement to consider wider pay and employment conditions elsewhere in the Group is considered by the Remuneration Committee to be a key objective and is embedded in the Remuneration Committee's terms of reference.

How the Executive Directors' Remuneration Policy relates to the wider Group

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

Consistent with the Group's approach of recognising the contribution of its employees at all levels in the business, the Group operates a long-term service award scheme under which employees serving 10, 20 and 25 years receive a range of additional benefits, including additional days of annual holiday entitlement. These benefits are popular amongst employees and the Group believes that they fulfil a business need by encouraging and rewarding the loyalty and motivation of long serving employees and by rewarding those employees with higher levels of experience.

How shareholders' views are taken into account

The Remuneration Committee takes an active interest in shareholder views on our executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders. The Remuneration Committee seeks to engage with its major shareholders when any significant changes to the Remuneration Policy are proposed. The Remuneration Committee also considers shareholder feedback received in relation to the Directors' Remuneration Report each year and this, plus any additional feedback received from time to time, is considered as part of the Remuneration Committee's annual review of Remuneration Policy. The Remuneration Committee also closely monitors developments in institutional investors' best practice expectations.

Approach to recruitment and promotions

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

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

The maximum level of variable pay which may be awarded to new Executive Directors, excluding the value of any buy-out arrangements, will be in line with the policy set above. In addition, the Remuneration Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of vesting periods and expected value.

The Remuneration Committee may apply different performance measures, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or long-term incentive arrangements, subject to the rules of the plan, if it determines that the circumstances of the recruitment merit such alteration. A PSP award can be made shortly following an appointment (assuming the Company is not in a closed period).

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

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

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

The Board evaluation and succession planning processes in place are designed to ensure there is the correct balance of skills, experience and knowledge on the Board. The activities of the Nomination Committee overseeing these matters are disclosed in the Nomination Committee Report.

Service contracts and approach to leavers

The Company's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party. The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

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

Executive Director	Date of contract	Notice period
Russell Down	8 January 2015	12 months
Chris Morgan	13 January 2016	9 months

No Executive Director has the benefit of provisions in his or her service contract for the payment of pre-determined compensation in the event of termination of employment. It is the Remuneration Committee's policy that the service contracts of Executive Directors will provide for termination of employment by giving notice or by making a payment of an amount equal to the monthly basic salary and pension contributions in lieu of notice. It is the Remuneration Committee's policy that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract and in determining amounts payable on termination, the Remuneration Committee will take into consideration the Executive Director's duty to mitigate his or her loss.

Annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time and paid at the normal pay out date. Different performance targets may be set for the remainder of this bonus period to reflect the Directors' specific responsibilities. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain prescribed circumstances, such as death, ill health, disability or other circumstances at the discretion of the Remuneration Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period actually served. However, under the plan rules, the Remuneration Committee has discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating requirement if it considers it appropriate to do so.

In relation to a termination of employment, the Remuneration Committee may make payments in relation to any statutory entitlements or payments to settle compromise claims as necessary. The Remuneration Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

There is no provision for additional compensation on a change of control. In the event of a change of control, the PSP awards will normally vest on (or shortly before) the change of control subject to the satisfaction of the relevant performance conditions at that time and, unless the Remuneration Committee determines otherwise, reduced pro-rata to reflect the proportion of the vesting period served. Outstanding awards under any all-employee share plans will vest in accordance with the relevant scheme plan. Bonuses may become payable, subject to performance and, unless the Remuneration Committee determines otherwise, a pro-rata reduction to reflect the curtailed performance period.

External appointments

The Board allows Executive Directors to accept appropriate outside commercial non-executive director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. No Non-Executive Directorships in a listed company were held by the Executive Directors during the year.

Non-Executive Directors

The Chairman and Non-Executive Directors do not have contracts of service, but their terms are set out in letters of appointment. Appointments are subject to annual re-election by shareholders at the AGM and may be terminated by three months' notice on either side. The letters of appointment of the Non-Executive Directors, copies of which are available for inspection at the Company's registered office during normal business hours, specify an anticipated time commitment of 50 days per annum in relation to David Shearer and 15 days in relation to Bob Contreras, Rob Barclay and David Garman.

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

Non-Executive Director	Appointment letter date	Month of last election	Expected month of expiry of current term[1]
David Shearer[2] (Chairman)	18 July 2018	July 2018	July 2021
Bob Contreras	9 December 2015	July 2018	December 2021
Rob Barclay	30 March 2016	July 2018	April 2022
David Garman	25 May 2017	July 2018	July 2020

[1] Subject to annual re-election by shareholders at the AGM.

[2] Details relate to appointment as Non-Executive Chairman, original appointment as Non-Executive Director was September 2016.

Annual Remuneration Report

Remuneration Committee role and membership

The Remuneration Committee comprises three members: Rob Barclay (Chairman), Bob Contreras and David Garman, all of whom are considered by the Board to be independent Non-Executive Directors. Biographies of the members of the Remuneration Committee are set out on pages 52 and 53. Details of the attendance at Remuneration Committee meetings are set out below.

Remuneration Committee members and meetings attended

Name	Position	Meetings attended
Rob Barclay (Chairman)	Non-Executive Director	4/4
Bob Contreras	Non-Executive Director	4/4
David Garman	Non-Executive Director	4/4
David Shearer[1]	Non-Executive Director	2/2

[1] Stepped down from the committee on 30 September 2018.

At the invitation of the Remuneration Committee Chairman, other members of the Board and senior management may attend meetings of the Remuneration Committee, except when their own remuneration is under consideration. No Directors are involved in determining their own remuneration. The Company Secretary acts as the secretary to the Remuneration Committee. The members of the Remuneration Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Group's expense.

The Remuneration Committee's duties include:

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

During FY2019, the Remuneration Committee reviewed the following matters at its meetings:

- determination of FY2018 bonuses for the Executive Directors and senior managers;
- determination of executive remuneration structure and application of the policy for FY2019 and FY2020;
- review of current practices against the 2018 Corporate Governance Code;
- interim and final progress of employee share plan performance measures against targets and consequent approval of any vesting of awards;
- grant of awards to be made under the performance share plan;
- progress of bonus achievement for FY2019 executive bonuses;
- 25-year long service awards for eligible employees;
- terms of reference for, and effectiveness of, the Remuneration Committee;
- ongoing appropriateness and effectiveness of remuneration and benefits policies for Executive Directors and employees generally;
- performance of external remuneration advisers;
- use of equity for employee share plans in relation to dilution headroom limits;
- review of the Non-Executive Chairman's fee; and
- determining remuneration arrangements for senior management joiners and leavers.

The Remuneration Committee's terms of reference are published on the Company's website at speedyservices.com/investors and are also available in hard copy on application to the Company Secretary.

Advisers

During the year, the Remuneration Committee received independent advice from the Executive Compensation practice of Aon plc, in connection with remuneration matters including the provision of general guidance on market and best practice, the operation of the Directors' Remuneration Policy and the production of this report. Aon plc has no other connection or relationship with the Group, and provided no other services to the Group during FY2019. Fees paid to Aon for FY2019 totalled £43,339 (excluding VAT) in respect of advice provided to the Remuneration Committee and for related matters. The Remuneration Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the 2014 Performance Share Plan and the all-employee share scheme (SAYE).

Implementation of the Remuneration Policy for FY2020

The sections of the Annual Remuneration Report that have been audited by KPMG LLP are page 78 from 'Non-Executive Directors' to page 83 up to and including 'Directors' interests in the share capital of the Company', but excluding paragraphs concerning 'Details of long-term incentive plan awards outstanding', 'Dilution', 'Percentage change in Chief Executive's remuneration' and 'Shareholder voting at AGM'.

Base salary

The salary for Russell Down and Chris Morgan has been increased by 2% to £387,700 and £254,700 respectively. This is in line with the range of increases provided across the wider workforce.

Benefits in kind and pension

The Group operates a policy whereby Executive Directors and senior management are offered a car or cash alternative (as appropriate), health insurance, life cover and pension contributions, or cash in lieu of pension contributions (further details of which are set out on page 70).

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

Performance related annual bonus

For FY2020, the maximum bonus opportunity will continue to be limited to 100% of salary. The Remuneration Committee reviewed the annual bonus performance measures for FY2020 and concluded that, for reasons including more direct alignment with the overall profitability of the Group, going forward Group profit before tax would be more appropriate than EBITA. Therefore the performance measures for FY2020 will be based on Group profit before tax (70% of the award) and return on capital employed (ROCE) (30% of the award).

The forward looking targets are deemed to be commercially sensitive but full details will be disclosed on a retrospective basis in next year's Annual Report and Accounts.

A clawback provision will continue to operate for a 36 month period.

Long-term incentive plans

The 2014 Performance Share Plan (PSP) will continue to operate as the Company's primary long-term incentive arrangement, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance conditions based on relative total shareholder return (TSR) and earnings per share (EPS) growth. It is intended that Executive Director award levels in FY2020 will be over shares worth no more than 100% of salary.

In respect of performance targets for awards to be granted in FY2020:

- 50% of the award will be subject to an EPS condition. 25% of this part of the award will vest for threshold EPS in FY2022 (before amortisation and exceptional costs) of 6.82 pence with full vesting of this part of the award for EPS of 8.34 pence or better. A sliding scale operates between these points;
- 50% of the award will be subject to a TSR condition based on the Group's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of the award will vest if the Company's TSR is ranked at the median of the comparator group increasing pro-rata to full vesting for upper quartile ranking performance or better;
- in addition to the above, no part of the award will vest unless the Committee is also satisfied that the vesting outcome is reflective of the Group and the individual's underlying performance; and
- clawback provisions and a two year post vesting holding period will continue to be applied to Executive Directors.

Non-Executive Directors

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

	Role	Committee chair role	1 April 2019[1]	1 April 2018
David Shearer[2]	Non-Executive Chairman	Nomination	**£132,500**	£41,000
Bob Contreras	Non-Executive Director	Audit	**£54,500**	£53,000
Rob Barclay	Non-Executive Director	Remuneration	**£49,500**	£48,000
David Garman	Non-Executive Director	–	**£42,500**	£41,000

[1] The policy reflects a base Board fee of £42,500 (increased from £41,000 effective 1 April 2019); additional fees for the Chairman of the Audit and Remuneration Committees of £7,000 and an additional fee for the Senior Independent Director of £5,000.

[2] David Shearer's annual fee on appointment as Chairman with effect from 1 October 2018 was £130,000. Prior to appointment his annual fee was £41,000 as Non-Executive Director.

Directors' remuneration for FY2019

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

	Financial year	Fees/basic salary £'000s	Benefits £'000s[1]	Pension £'000s	Annual bonus £'000s[2]	Value of long-term incentives £'000s[3]	Total remuneration £'000s
Russell Down	**2019**	**380**	**14**	**57**	**209**	**618**	**1,278**
	2018	355	14	53	195	59	676
Chris Morgan	**2019**	**250**	**14**	**37**	**137**	**372**	**810**
	2018	244	14	37	133	–	428
David Shearer	**2019**	**86[4]**	**–**	**–**	**–**	**–**	**86**
	2018	41	–	–	–	–	40
Bob Contreras	**2019**	**53**	**–**	**–**	**–**	**–**	**53**
	2018	52	–	–	–	–	52
Rob Barclay	**2019**	**48**	**–**	**–**	**–**	**–**	**48**
	2018	47	–	–	–	–	47
David Garman	**2019**	**41**	**–**	**–**	**–**	**–**	**41**
	2018	33[5]	–	–	–	–	33
Jan Åstrand	**2019**	**75[6]**	**–**	**–**	**–**	**–**	**75**
	2018	125	–	–	–	–	125
Totals	**2019**	**933**	**28**	**94**	**346**	**990**	**2,391**
	2018	896	28	90	328	59	1,401

[1] Taxable benefits comprise a car or cash alternative, health insurance, and life insurance, including 11.52 pence per share for the SAYE 2018 awards granted in December 2018 (being the value of the discount under the scheme). Russell Down and Chris Morgan received £57,000 and £37,000 respectively in lieu of pension contributions which are included in the Pension column above together with any actual pension contributions made.

[2] For FY2019 the maximum bonus opportunity for the Executive Directors was 100% of salary, with 70% of the opportunity based on Group earnings before interest, tax and amortisation targets ('EBITA') and 30% based on ROCE. Details of actual performance against targets is set out below.

[3] For FY2019 this reflects the TSR element of the 2015 award cycle of £75,000, the share price on the date of vesting was 59.40p. It also includes both the EPS and TSR elements of the 2016 award cycle of £915,000. As the share price on the date of vesting for the 2016 award is not yet know, the three month average to the financial year end has been used (57.55p) to value this award. See further details on page 81. For 2018, this reflects the EPS element of the 2015 performance share award. The valuation of the vesting shares in relation to the EPS element has been restated to reflect the actual valuation on 28 August 2018, being the date of vesting. Chris Morgan did not participate in the 2015 award as he joined the Company after the commencement of the 2015 award cycle.

[4] David Shearer was appointed as Non-Executive Chairman on 1 October 2018. He was a Non-Executive director for the balance of FY2019.

[5] David Garman was appointed to the Board on 1 June 2017.

[6] Jan Åstrand resigned from the Board on 31 October 2018.

Annual bonuses awarded in respect of FY2019 performance

Russell Down and Chris Morgan were eligible to receive bonuses with a maximum opportunity of 100% of salary in respect of financial and operational performance in FY2019. Details of the performance targets and resulting bonus outcome are set out in the table below:

Measure	Weighting	Threshold/Target	Stretch	Result
Group earnings before interest, tax and amortisation targets ('EBITA')	70%	£32.6m	£35.9m	35.55% of salary (based upon EBITA of £32.66m)
Return on capital employed ('ROCE')	30%	12.5%	13.5%	19.35% of salary (based upon ROCE of 12.79%)
	100%	Bonus achieved for FY2019		54.90% of salary

In addition to the above financial measures, when assessing the extent to which any bonus should become payable, the Committee is also able to take into account the impact of major health, safety and environmental incidents during the year (there were none) and the performance of the individual Director. The bonus awards for the Executive Directors for FY2019 reflect the significant improvement in the financial and operational performance of the Company in the year and the Committee was satisfied that the pay-out levels were appropriate in the context of business and individual performance. The bonuses will be paid in cash in June 2019. As set out in the Remuneration Policy, clawback provisions apply for a period of three years following the payment of a bonus.

Long-term incentive plan awards granted in the year

Russell Down and Chris Morgan were granted the following awards under the 2014 Performance Share Plan on 24 May 2018 as set out below:

Executive Director	Date of grant	Basis of award	Maximum shares under award	Face value of awards[1]	Performance period[2]	Vesting period	% vesting at threshold
Russell Down	24/05/2018	100% of salary	638,608	£380,100	Three years ending 31 March 2021	Three years from grant	25% of an award
Chris Morgan	24/05/2018	100% of salary	419,522	£249,700	Three years ending 31 March 2021	Three years from grant	25% of an award

[1] Determined using the average mid-market closing share price of the Company for the 5 days preceding the date of grant.

[2] 50% of the award is subject to an EPS condition. 25% of this part of the award vests for EPS (before amortisation and exceptional costs) of 6.13 pence, with full vesting of this part of the award for EPS of 7.67 pence or better. A sliding scale operates between these points. 50% of the award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) measured over three financial years ending 31 March 2021. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the Company's TSR performance, no portion of the part of the award which is subject to TSR performance may vest unless the Committee is also satisfied that the Company's TSR performance is reflective of its underlying performance over the performance period.

Details of long-term incentive plan awards outstanding

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

Executive Director	Interest at 1 April 2018	Options/ awards granted during the year	Options/ awards exercised during the year	Options/ awards lapsed during the year	Interest at 31 March 2019	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
Russell Down							
PSP 2015[1,2]	676,328	–	–	450,198	226,130	nil	Aug 2018 – Aug 2025
PSP 2016[1,2]	978,336	–	–	–	978,336	nil	Jun 2019 – Jun 2026
PSP 2017[1,2]	628,482	–	–	–	628,482	nil	Jun 2020 – Jun 2027
PSP 2018[1,3]	–	638,608	–	–	638,608	nil	May 2021 – May 2028
SAYE 2015[4,5]	9,622	–	9,622	–	–	26.936	Feb 2019 – Jul 2019
SAYE 2016[4]	9,653	–	–	–	9,653	33.936	Feb 2020 – Jul 2020
SAYE 2017[4]	5,040	–	–	–	5,040	44.280	Feb 2021 – Jul 2021
SAYE 2018[4]	–	6,406	–	–	6,406	46.080	Feb 2022 – Jul 2022
Total	**2,307,461**	**645,014**	**9,622**	**450,198**	**2,492,655**		
Chris Morgan							
PSP 2016[1,2]	670,859	–	–	–	670,859	nil	Jun 2019 – Jun 2026
PSP 2017[1,2]	430,959	–	–	–	430,959	nil	Jun 2020 – Jun 2027
PSP 2018[1,3]	–	419,522	–	–	419,522	nil	May 2021 – May 2028
SAYE 2016[4]	13,260	–	–	–	13,260	33.936	Feb 2020 – Jul 2020
SAYE 2017[4]	7,073	–	–	–	7,073	44.280	Feb 2021 – Jul 2021
SAYE 2018[4]	–	2,578	–	–	2,578	46.080	Feb 2022 – Jul 2022
Total	**1,122,151**	**422,100**	**–**	**–**	**1,544,251**		

[1] The 2015, 2016, 2017 and 2018 Performance Share Plan awards, made under the 2014 Performance Share Plan, were granted as nil-cost options. No consideration was paid for the grant of these options.

[2] 50% of each 2015, 2016 and 2017 Performance Share Plan award is subject to an EPS condition. 25% of this part of the award vests in respect of the 2015 award: for EPS (before amortisation and exceptional costs) of 4.0 pence, with full vesting of this part of the award for EPS of 4.7 pence or better; in respect of the 2016: award for EPS (before amortisation and exceptional costs) of 2.92 pence, with full vesting of this part of the award for EPS of 5.11 pence or better; and in respect of the 2017: award for EPS (before amortisation and exceptional costs) of 5.41 pence, with full vesting of this part of the award for EPS of 6.95 pence or better. A sliding scale operates between the points. 50% of each 2015, 2016 and 2017 Performance Share Plan award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the Company's TSR performance, no portion of the part of the award which is subject to TSR performance may vest unless the Committee is also satisfied that the Company's TSR performance is reflective of its underlying performance over the performance period.

[3] The performance conditions for the 2018 Performance Share Plan awards are set out in Note 2 under 'Long-term incentive plan awards granted in the year' on page 79.

[4] All-employee scheme giving employees the opportunity to acquire shares at a discount of 20% of the market value of the shares at the time the invitation is issued. The maximum monthly contribution is £250.

[5] The gain on exercise for options issued under the SAYE 2015 in the year was c.£3,000.

The mid-market closing price of Speedy Hire Plc ordinary shares at 31 March 2019 was 54.2 pence and the range during the year was 47.0 pence to 66.0 pence per share.

Performance share awards granted in 2016 and vesting in 2019

The performance share awards granted in 2016 are due to vest in June 2019. Details of the performance targets set for the award and actual/estimated achievement against them are set out in the table below:

Performance measure	Weighting	Performance period end	Threshold performance hurdle (25% vesting)	Stretch performance hurdle (100% vesting)	Actual	% vesting for this part of the award
Adjusted earnings per share	50%	31 March 2019	2.92p	5.11p	4.90	92.81%
Total shareholder return	50%	31 March 2019	Median	Upper quartile	64.4% (ranked in upper quartile)	100%

Earnings per share performance for FY2019 was above the threshold hurdle (2.92 pence) and therefore this part of the award will vest at 92.81%. Relative Total Shareholder Return performance was 64.4% and therefore this part of the award will vest at 100%.

The value of the shares included in the Directors' remuneration for FY2019 table for the Executive Directors is based on the vesting level set out above and has been valued using the average share price over the period 1 January 2019 to 31 March 2019 (57.55p).

Performance share awards granted in 2015 and having vested in 2018

The performance share awards granted in 2015 vested in August 2018. Details of the performance targets set for the award and the actual achievement against them are set out in the table below:

Performance measure	Weighting	Performance period end	Threshold performance hurdle (25% vesting)	Stretch performance hurdle (100% vesting)	Actual	% vesting for this part of the award
Adjusted earnings per share	50%	31 March 2018	4.00p	4.70p	4.04p	29.29%
Total shareholder return	50%	5 August 2018	Median	Upper quartile	22.7% TSR (ranked between median and upper quartile)	37.58%

The value of the shares included in the Directors' remuneration for FY2018 table for the Chief Executive is based on the vesting level set out above for the earnings per share element only and has been restated using the share price on the date of vesting (28 August 2018). The value of the total shareholder return element of the award is included in the remuneration for FY2019 table using the same share price.

The Group Finance Director was not a participant in the 2015 performance share award.

Dilution

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

The Committee monitors the position prior to making awards under these schemes to ensure that the Company remains within these limits. As at the date of this report, 2.19% of the 5% limit and 4.92% of the 10% limit have been used.

Termination payments

No Executive Director left in the year and no compensation for loss of office was paid. The principles governing compensation for loss of office payments are set out on page 75.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's total remuneration (excluding the value of any long-term incentives and pension benefits receivable in the year) between FY2018 and FY2019 compared to that of the average for all UK & Ireland based employees of the Group.

	% change from FY2018 to FY2019		
	Salary	Benefits	Bonus
Chief Executive	7.0%	0.0%	7.1%
Average employees	2.2%	0.0%	(8.4)%

Shareholder voting at AGM

At the 2018 AGM, the Directors' Remuneration Report received the following votes from shareholders:

Remuneration Report	Total number of votes	% of votes cast
For	378,510,864	97.71
Against	8,868,506	2.29
Total votes cast (for and against)	387,379,370	100
Votes withheld[1]	15,000	n/a
Total votes cast (including withheld votes)	387,394,370	

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

The Policy Report was approved by shareholders at the 2017 AGM and received the following votes.

Policy Report	Total number of votes	% of votes cast
For	420,503,951	98.45
Against	6,606,428	1.55
Total votes cast (for and against)	427,110,379	100
Votes withheld[1]	2,866,453	n/a
Total votes cast (including withheld votes)	429,976,832	

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

Directors' interests in the share capital of the Company

The interests of the Directors (all of which were beneficial) who held office during FY2019, are set out in the table below:

	Legally owned		PSP Awards		Sharesave	Total	% of salary/fee of 100% share ownership guideline met[1]
	31 March 2018	**31 March 2019**	Unvested	Vested	Unvested	**31 March 2019**	%
Russell Down	294,871	**304,493**	2,245,426	226,130	21,099	**530,623**	80
Chris Morgan	250,713	**250,713**	1,521,430	–	22,911	**250,713**	57
Bob Contreras	40,000	**40,000**	–	–	–	**40,000**	43
Rob Barclay	48,000	**48,000**	–	–	–	**48,000**	58
David Garman	75,000	**75,000**	–	–	–	**75,000**	>100
David Shearer	150,000	**250,000**	–	–	–	**250,000**	>100
Jan Åstrand	500,000	**600,000**	–	–	–	**600,000**	>100

[1] Note that only legally owned shares and vested but unexercised PSP awards during the two year post vesting holding period only (on a net of tax basis) count towards the share ownership guideline. Shareholdings are valued on the basis of the average daily closing share price (of the three months prior to the 31 March and tested against the Directors' base salary/fee at 31 March).

There have been no changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2019 and the date of this report.

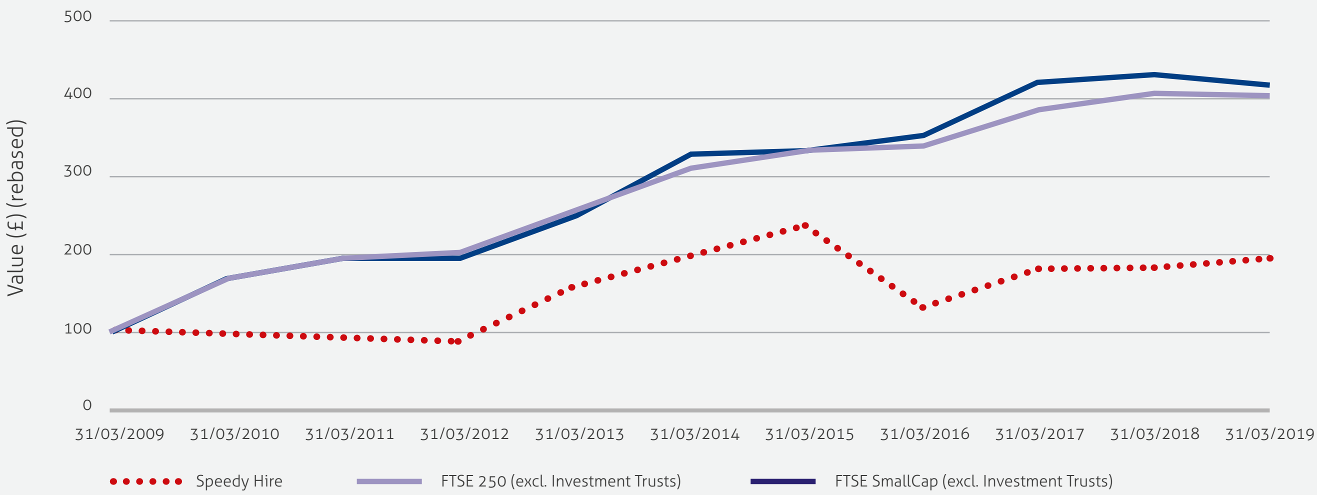
Share ownership guidelines

Executive Directors are expected to build and maintain a shareholding of 100% of salary. Taking account of the anticipated vesting of PSP awards detailed on page 80 and the requirement that Directors retain a proportion of shares vesting under their share awards (after tax) until such time as the guidelines are met, the Directors will meet the guideline in full.

Comparison of overall performance and pay

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

Total shareholder return



This graph shows the value, by 31 March 2019, of £100 invested in Speedy Hire on 31 March 2009, compared with the value of £100 invested in the FTSE 250 (excl. Investment Trusts) and FTSE SmallCap (excl. Investment Trusts) Indices on the same date.

The other points plotted are the values at intervening financial year-ends.

Source: FactSet & Capital IQ

The total remuneration figures for the Chief Executive during each of the last ten financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance (FY2010 to FY2019) and PSP awards based on three year performance periods ending just after the relevant year end. The annual bonus pay-out and PSP vesting level, as a percentage of the maximum opportunity, are also shown for each of these years.

	Steve Corcoran					Mark Rogerson			Russell Down			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017	FY 2018	**FY 2019**
Total remuneration (£'000s)	419	423	421	553	707	115	593	107	409	757	667[1]	**1,278[1]**
Annual bonus (% of max)	–	–	–	37.0%	–	–	60.0%	–	–	97.4%	54.8%	**54.9%**
PSP vesting (% of max)	–	–	–	–	82.0%	–	–	–	–	–	33.0%[2]	**96.4%[2]**

Steve Corcoran stepped down and Mark Rogerson was appointed as Chief Executive during FY2014. Mark Rogerson stepped down and Russell Down was appointed as Chief Executive during FY2016.

[1] Total remuneration for 2018 includes the EPS element of the 2015 PSP grant (of which 15% of the maximum vested). Total remuneration for 2019 includes the TSR element of 2015 PSP grant (of which 18.51% of the maximum vested) and both the EPS and TSR element of the 2016 PSP grant (of which 96.41% vested).

[2] The vesting percentage for 2018 shows the vesting of the 2015 PSP grant (EPS and TSR elements). The vesting percentage for 2019 shows the vesting of the 2016 PSP grant only.

Relative importance of spend on pay

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

	2018	2019	% change
Staff costs (£'m)	102.7	108.2	5.4%
Dividends (£'m)	6.1	9.1	49.2%

£752,000 of the staff costs figures relate to pay for the Executive Directors. This is different from the aggregate of the single figures for the year under review due to the way in which the share-based awards are accounted for. The dividend figures relate to amounts paid in respect of the relevant financial year.

This report was approved by the Board on 14 May 2019.

Rob Barclay
Chairman of the Remuneration Committee

Independent auditor's report

to the members of Speedy Hire Plc

1. Our opinion is unmodified

We have audited the financial statements of Speedy Hire Plc ("the Company") for the year ended 31 March 2019 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity, company cash flow statement and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;

— the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);

— the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors in October 2000. The period of total uninterrupted engagement is for the 19 financial years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£1.4m (2018:£1.2m) 4.6% (2018: 4.7%) of Profit before tax normalised to exclude exceptional items	
Coverage	92% (2018:100%) of Group profit before tax	
Key audit matters		**vs 2018**
Recurring risks	**Group** - Hire equipment	◄►
	Group – Recoverability of trade receivables	◄►
	Parent - Recoverability of parent's debt due from Group entities	◄►
Event driven risks	**New: Group** – Brexit	
	New: Group – Going concern	
	New: Group – Acquisition accounting of Geason Holdings Limited	

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit *Refer to page 43 (principal risks), page 45 (viability statement) and page 61 (Audit Committee Report)*	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in the acquisition accounting of Geason Holdings Limited below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent company's position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: — **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. — **Sensitivity analysis:** When addressing the contingent consideration recognised in the acquisition accounting of Geason Holdings Limited, going concern and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. — **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on the acquisition accounting of Geason Holdings Limited and going concern we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results** — As reported under acquisition accounting of Geason Holdings Limited, we found the resulting estimates and related disclosures of contingent consideration and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Going concern	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risk most likely to adversely affect the Group's and Company's available financial resources over this period was the potential decrease in activity levels in the construction sector as a result of the impact of Brexit on the economy as a whole consequently leading to a decrease in demand for the Group's services. There are also less predictable but realistic second order impacts, such as the impact of Brexit on the supply of assets and cost price inflation, which could result in a reduction of available financial resources. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: — **Funding assessment:** Assessed whether the availability of borrowings is consistent with our understanding of the loan facility documentation obtained and remains appropriate for the Group's requirements. — **Historical comparisons:** Assessed the track record of forecasts against actual cash flows achieved in the year. — **Sensitivity analysis:** We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively by stress testing the critical inputs to the Group's forecasts. — **Assessing transparency:** Assessing the completeness and accuracy of the matters covered in the going concern disclosure by comparing them to the Group's forecasts and sensitivity analysis and benchmarking the disclosures against our expectations. **Our results** — We found the going concern disclosure without any material uncertainty to be acceptable (2018: acceptable).

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Hire equipment (£217.5 million; 2018: £203.7 million restated) *Refer to page 60 (Audit Committee Report), page 106 (accounting policy) and page 121 (financial disclosures).*	**Physical quantities** The Group has a large number of items of hire equipment, and a high frequency of movement in individual assets, through asset purchases, physical hires and disposals. As such there is inherent difficulty in maintaining an accurate register of the Group's hire equipment. **Subjective estimate** Judgement is applied by the Group in the estimation of useful economic lives and residual values which are based on both historical experience and an assessment of the nature of the assets involved. The effect of these matters is that, as part of our risk assessment, we determined that the estimation of useful economic lives and residual values have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	Our procedures included: — **Control design and re-performance:** Testing the design and operating effectiveness of key controls including authorisation of asset purchases. — **Count design and attendance:** Testing the design of controls operating over hire equipment asset counts. Testing the operating effectiveness of these controls by performing counts to test the accuracy of the counting for a sample of hire equipment assets. For the sample, agreeing that the records from the counts had been accurately reflected on the register of the Group's hire equipment and in the financial statements. — **Test of details:** Agreeing a statistical sample of assets acquired and disposed of during the year to third party evidence and bank proceeds where applicable. Comparing the hire equipment register for the current year to prior year to determine any changes made to useful economic lives and residual values and challenging any changes to assess whether they are consistent with accounting policies. Reviewing profit or loss on disposal of hire equipment to support the reasonableness of the useful economic lives and residual values applied. — **Sector experience:** Comparing the hire equipment register to hire revenue information to identify the quantity and net book value of assets not recently hired to customers. Identifying from this analysis those assets we consider to be at highest risk of obsolescence, challenging the Group to provide evidence over the existence, and valuation, of these assets and inspecting this evidence. — **Assessing transparency:** Assessing the adequacy of the Group's disclosures in respect of the judgements and estimates involved in arriving at the valuation of hire equipment. **Our results** — As a result of our work we found that the carrying amount of hire equipment was acceptable (2018: acceptable).

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Acquisition accounting of Geason Holdings Limited (£12.0million of goodwill and £10.1m of contingent consideration; 2018: not applicable) *Refer to page 61 (Audit Committee Report), page 108 (accounting policy) and page 131 (financial disclosures).*	**Subjective estimate:** In December 2018 the Group acquired the entire issued shareholding of Geason Holdings Limited and its subsidiaries. The purchase price allocation valuation is subject to estimation uncertainty. Included within the purchase price allocation is the Geason brand and customer related intangibles. As part of the acquisition, the Group has recognised a significant contingent consideration liability. There is judgement involved in determining the value of contingent consideration to be recognised in a business combination. The estimate is based on forecasted trading results for which there is inherent uncertainty involved. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of intangible assets recognised on acquisition and the liability for contingent consideration have high degrees of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 20) disclose the range of contingent consideration estimated by the Group.	Our procedures included: — **Historical comparison:** Assessing the accuracy of management's forecasting method by performing a retrospective review of forecasts set in the prior year against actual results. — **Assessing application:** Inspecting the Sale and Purchase Agreement and assessing and challenging the treatment of contingent consideration based on the terms of the agreement and our understanding of the accounting requirements. — **Methodology choice:** With the assistance of our valuation specialist we assessed the model and methodology used in the estimate of the fair value of intangible assets acquired where there is subjectivity in its selection. — **Methodology implementation:** Challenging the methodology of the contingent consideration calculation by reference to the agreement. Challenging the key assumptions by comparing them to historical data. — **Sensitivity analysis**: Stress testing the key assumptions made in the contingent consideration calculations including the discount rate and synergies assumed. — **Benchmarking assumptions:** With the assistance of our valuation specialists, challenging the key inputs used in the estimate, in particular the discount rates and royalty rates, by comparing them to externally derived data and comparable transactions and our knowledge of the business and industry. — **Assessing transparency:** Assessing the adequacy of the Group's disclosures in relation to the valuation of intangible assets recognised on acquisition and the degree of estimation involved in arriving at the contingent consideration liability including the assumptions adopted in its calculation. **Our results** — We found the acquisition accounting to be acceptable.

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Recoverability of trade receivables (£96.6million; 2018: £91.7million) *Refer to page 61 (Audit Committee Report), page 109 (accounting policy) and page 122 (financial disclosures).*	**Subjective estimate:** The Group's customers operate in the construction market which may result in an increased risk of non-recoverability of trade receivables. The International business's customer base in the Middle East increases the risk associated with the recoverability of trade receivables as longer payment terms are given in those jurisdictions, which could delay the identification of irrecoverable trade receivables. The effect of these matters is that, as part of our risk assessment, we determined that the provision for doubtful debts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: — **Control design and re-performance:** Identification and testing of the operating effectiveness of key controls including credit control procedures. — **Historical comparison:** Assessing the methodology used to calculate the provision recorded against trade receivables, challenging the appropriateness of these provisions based on historical bad debt write-offs. — **Tests of detail:** After analysing the level of cash receipts post year end, identifying a risk based sample of receivables. For this sample, gaining a detailed understanding of the payment status of the receivable balance and the customer's likelihood of payment including independently agreeing the customer's latest credit score. — **Assessing transparency:** Assessing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the carrying amount of the trade receivables balance. **Our results** — From the evidence obtained, we considered the level of provisioning to be acceptable (2018: acceptable).
Recoverability of parent's debt due from Group entities (£332.9million; 2018: £319.4m) *Refer to page 138 (accounting policy) and page 140 (financial disclosures).*	**Low risk, high value:** The carrying amount of the intra-group debtor balance represents 76% (2018: 76%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Our procedures included: — **Tests of detail:** Assessing 100% of Group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making. — **Assessing subsidiary audits:** Assessing the work performed by the subsidiary audit team, and considering the results of that work, on those net assets, including assessing the liquidity of the assets and therefore the ability of the subsidiary to fund the repayment of the receivable. **Our results** — We found the Group's assessment of the recoverability of the Group debtor balance to be appropriate (2018: appropriate).

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

Materiality for the Group financial statements as a whole was set at £1.4m (2018: £1.2m), determined with reference to a benchmark of Group profit before tax, adjusted to exclude this year's exceptional items as disclosed in note 3, of £3.0m (2018: £7.7m), of which it represents 4.6% (2018: 4.7%).

Materiality for the parent Company financial statements as a whole was set at £1.0m (2018: £1.0m), determined with reference to a benchmark of Company total assets, of which it represents 0.2% (2018: 0.2%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.07m (2018: £0.06m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's twelve (2018: ten) reporting components, we subjected nine (2018: nine) to full scope audits for Group purposes and one to specified risk-focused audit procedures over hire equipment (2018: one, being a joint venture, to specified risk-focused audit procedures over share of revenue and profit for the period). The latter was not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed.

The work on the two of twelve (2018: two of ten) components, being the International entities, was performed by the component auditor. The work on the other ten (2018: eight) components, including the audit of the parent company, was performed by the Group audit team. This scoping is consistent with the prior year.

The Group team performed procedures on the exceptional items excluded from normalised Group profit before tax.

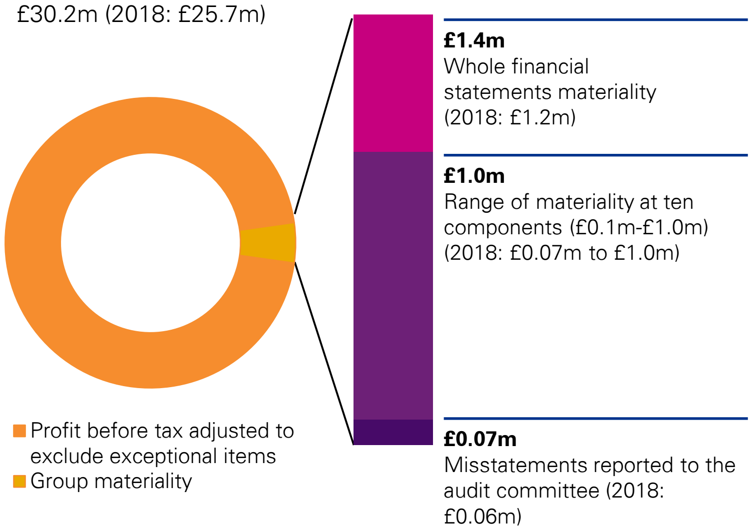
The components within the scope of our work accounted for the percentages illustrated opposite. The remaining 1% of total group revenue, 8% of group profit before tax and 3% of total group assets is represented by two reporting components, none of which individually represented more than 7% of any of total group revenue, group profit before tax or total group assets. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £0.1m to £1.0m (2018: £73k to £1.0m), having regard to the mix of size and risk profile of the Group across the components.

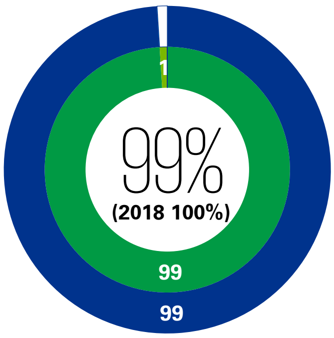
The Group audit team held telephone conference meetings with the component auditors. At these meetings, the findings reported to the Group audit team were discussed in more detail and any further work required by the Group audit team was then performed by the component auditor. The Group audit team reviewed the audit files of the component auditor.

Profit before tax adjusted to exclude exceptional items
£30.2m (2018: £25.7m)

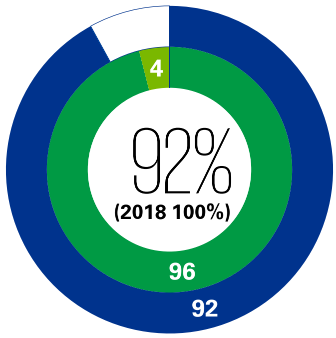
Group Materiality
£1.4m (2018: £1.2m)



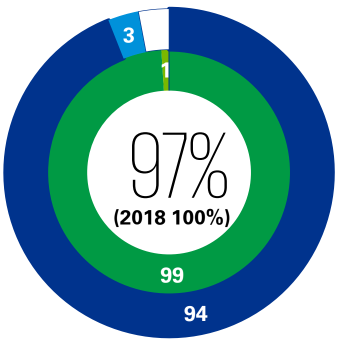
Group revenue



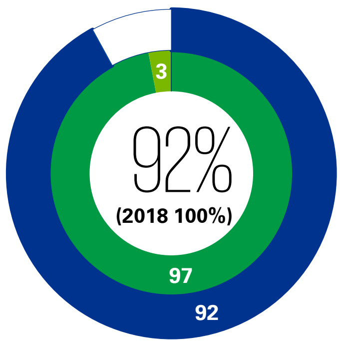
Group profit before tax

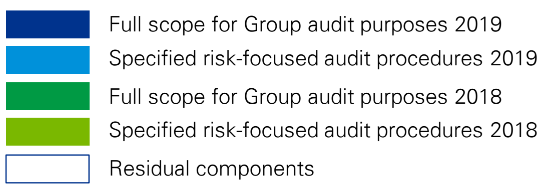


Group total assets



Group profit before exceptional items and tax





4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

— we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements ; or

— the related statement under the Listing Rules set out on page 51 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the Directors' Viability Statement on page 45 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and

— the directors' explanation in the Directors' Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Directors' Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— a corporate governance statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

— with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  – we have not identified material misstatements therein; and
  – the information therein is consistent with the financial statements; and

— in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

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

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 51, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

Chris Hearld (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

14 May 2019

Financial Statements

Consolidated Income Statement

For the year ended 31 March 2019

		Year ended 31 March 2019			Year ended 31 March 2018 Restated[1]		
	Note	**Before exceptional items £m**	**Exceptional items £m**	**Total £m**	Before exceptional items £m	Exceptional Items £m	Total £m
Revenue[1]	2	**394.7**	**–**	**394.7**	373.0	–	373.0
Cost of sales[1]		**(180.3)**	**–**	**(180.3)**	(168.3)	–	(168.3)
Gross profit		**214.4**	**–**	**214.4**	204.7	–	204.7
Distribution costs		**(37.7)**	**–**	**(37.7)**	(35.5)	–	(35.5)
Administrative expenses		**(142.4)**	**(2.3)**	**(144.7)**	(138.4)	(6.4)	(144.8)
Impairment of financial assets		**(2.3)**	**0.1**	**(2.2)**	(1.8)	(0.8)	(2.6)
Analysis of operating profit							
Operating profit before amortisation and exceptional items		**32.7**	**–**	**32.7**	29.2	–	29.2
Amortisation	12	**(0.7)**	**–**	**(0.7)**	(0.2)	–	(0.2)
Exceptional items	3	**–**	**(2.2)**	**(2.2)**	–	(7.2)	(7.2)
Operating profit		**32.0**	**(2.2)**	**29.8**	29.0	(7.2)	21.8
Share of results of joint venture	13	**1.9**	**–**	**1.9**	0.8	–	0.8
Profit from operations		**33.9**	**(2.2)**	**31.7**	29.8	(7.2)	22.6
Financial expense	7	**(3.7)**	**(0.8)**	**(4.5)**	(4.1)	(0.5)	(4.6)
Profit before taxation		**30.2**	**(3.0)**	**27.2**	25.7	(7.7)	18.0
Taxation	8	**(5.3)**	**0.2**	**(5.1)**	(4.9)	1.0	(3.9)
Profit for the financial year		**24.9**	**(2.8)**	**22.1**	20.8	(6.7)	14.1
Earnings per share							
Basic (pence)	9			**4.26**			2.71
Diluted (pence)	9			**4.22**			2.70
Non-GAAP performance measures							
EBITDA before exceptional items	11	**78.7**			73.0		
Profit before tax, amortisation and exceptional items	11	**30.9**			25.9		
Adjusted earnings per share (pence)	9	**4.90**			4.04		

[1] Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies).

Strategic Report Governance **Financial Statements** Corporate Information

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Profit for the financial year	**22.1**	14.1
Other comprehensive income that may be reclassified subsequently to the Income Statement:		
Effective portion of change in fair value of cash flow hedges	**(0.6)**	0.5
Exchange difference on translation of foreign operations	**0.2**	(1.5)
Tax on items	**0.1**	–
Other comprehensive income, net of tax	**(0.3)**	(1.0)
Total comprehensive income for the financial year	**21.8**	13.1

Consolidated Balance Sheet

At 31 March 2019

	Note	31 March 2019 £m	31 March 2018 Restated[1] £m
Assets			
Non-current assets			
Intangible assets[1]	12	**38.5**	10.5
Investment in joint venture	13	**5.8**	5.1
Property, plant and equipment			
Hire equipment[1]	14	**217.5**	203.7
Non-hire equipment	14	**32.8**	35.0
Deferred tax asset	21	**1.1**	1.4
		295.7	255.7
Current assets			
Inventories	15	**9.3**	7.9
Trade and other receivables	16	**106.1**	99.7
Cash	19	**11.5**	9.8
		126.9	117.4
Total assets		**422.6**	373.1
Liabilities			
Current liabilities			
Borrowings	19	**(1.3)**	(5.7)
Other financial liabilities	18	**(0.3)**	–
Trade and other payables[1]	17	**(84.9)**	(83.4)
Provisions	20	**(6.8)**	(1.6)
Current tax liability		**(4.6)**	(1.4)
		(97.9)	(92.1)
Non-current liabilities			
Borrowings	19	**(99.6)**	(73.5)
Provisions	20	**(7.0)**	(1.5)
Deferred tax liability	21	**(6.9)**	(8.2)
		(113.5)	(83.2)
Total liabilities		**(211.4)**	(175.3)
Net assets		**211.2**	197.8
Equity			
Share capital	22	**26.3**	26.2
Share premium		**0.4**	–
Merger reserve		**1.0**	1.0
Hedging reserve		**(0.7)**	(0.1)
Translation reserve		**(0.7)**	(0.9)
Retained earnings		**184.9**	171.6
Total equity		**211.2**	197.8

[1] Adjusted for fair value adjustments, see Note 24.

The Consolidated Financial Statements on pages 97 to 134 were approved by the Board of Directors on 14 May 2019 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director

Company registered number: 00927680

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2017	26.2	191.4	1.0	(0.6)	0.6	(29.0)	189.6
Total comprehensive income	–	–	–	0.5	(1.5)	14.1	13.1
Dividends	–	–	–	–	–	(6.1)	(6.1)
Tax on items taken directly to equity	–	–	–	–	–	(0.1)	(0.1)
Equity-settled share-based payments	–	–	–	–	–	1.2	1.2
Issue of shares under the Sharesave Scheme	–	0.1	–	–	–	–	0.1
Capital reduction transfer[1]	–	(191.5)	–	–	–	191.5	–
At 31 March 2018	26.2	–	1.0	(0.1)	(0.9)	171.6	197.8
Total comprehensive income	–	–	–	(0.6)	0.2	22.2	21.8
Dividends	–	–	–	–	–	(9.1)	(9.1)
Tax on items taken directly to equity	–	–	–	–	–	0.4	0.4
Equity-settled share-based payments	–	–	–	–	–	0.9	0.9
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	–	0.5
Purchase of own shares to satisfy share schemes	–	–	–	–	–	(1.1)	(1.1)
At 31 March 2019	**26.3**	**0.4**	**1.0**	**(0.7)**	**(0.7)**	**184.9**	**211.2**

[1] On 23 August 2017, the High Court of Justice confirmed the cancellation of the amount within the share premium account of the Company. The court order approving the cancellation was registered by the Registrar of Companies on 30 August 2017 and the cancellation became effective on that date. This follows the approval of the cancellation by the Company's shareholders at its Annual General Meeting held on 12 July 2017.

Consolidated Cash Flow Statement

For the year ended 31 March 2019

	Note	**Year ended 31 March 2019 £m**	Year ended 31 March 2018 £m
Cash generated from operating activities			
Profit before tax		**27.2**	18.0
Financial expense		**3.7**	4.1
Exceptional financial expense		**0.8**	0.5
Amortisation		**0.7**	0.2
Depreciation		**46.0**	43.8
Share of profit of joint venture		**(1.9)**	(0.8)
Profit on disposal of hire equipment		**(1.2)**	(0.7)
Increase in inventories		**(0.9)**	(1.0)
Increase in trade and other receivables		**(0.7)**	(4.5)
(Decrease)/increase in trade and other payables		**(3.2)**	2.5
Movement in provisions		**(0.5)**	1.1
Equity-settled share-based payments		**0.9**	1.2
Cash generated from operations before changes in hire fleet		**70.9**	64.4
Purchase of hire equipment		**(54.3)**	(44.8)
Proceeds from sale of hire equipment		**17.8**	17.6
Cash generated from operations		**34.4**	37.2
Interest paid		**(3.3)**	(4.7)
Tax paid		**(4.7)**	(1.6)
Net cash flow from operating activities		**26.4**	30.9
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment		**(6.5)**	(5.0)
Proceeds from sale of non-hire property, plant and equipment		**–**	1.6
Acquisitions, net of cash acquired		**(30.9)**	(10.7)
Investment in joint venture		**1.2**	0.6
Net cash flow from investing activities		**(36.2)**	(13.5)
Net cash flow before financing activities		**(9.8)**	17.4
Cash flow from financing activities			
Finance lease payments		**(0.3)**	(8.5)
Drawdown of loans		**468.7**	401.9
Payment of loans		**(442.9)**	(401.9)
Proceeds from the issue of Sharesave Scheme shares		**0.5**	0.1
Purchase of own shares to satisfy share schemes		**(1.1)**	–
Dividends paid		**(9.1)**	(6.1)
Net cash flow from financing activities		**15.8**	(14.5)
Increase in cash and cash equivalents		**6.0**	2.9
Net cash at the start of the financial year		**4.4**	1.5
Net cash at the end of the financial year		**10.4**	4.4
Analysis of cash and cash equivalents			
Cash	19	**11.5**	9.8
Bank overdraft	19	**(1.1)**	(5.4)
		10.4	4.4

Reconciliation of Net Debt

For the year ended 31 March 2019

	Note	2019 £m	2018 £m
Net increase in cash and cash equivalents		**6.0**	2.9
Increase in borrowings	19	**(25.8)**	(0.9)
Finance lease liabilities	19	**0.2**	0.3
Movement in capitalised loan costs	19	**(0.4)**	(0.3)
Change in net debt during the year		**(20.0)**	2.0
Net debt at 1 April		**(69.4)**	(71.4)
Net debt at 31 March		**(89.4)**	(69.4)

Notes to the financial statements

1 Accounting policies

Speedy Hire Plc is a company incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2019 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 14 May 2019.

Statement of compliance

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

Basis of preparation

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

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

The Group has a £180m asset based finance facility ('the facility') which matures in October 2022 and has no prior scheduled repayment requirements.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have presented a Viability Statement in the Strategic Report on page 45, which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant tests set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

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

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to variable returns and has the ability to use its power to alter its returns from its involvement with the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

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

Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in joint ventures are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

1 Accounting policies (continued)

New accounting standards and accounting standards not yet effective

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ('IASB') became effective during the year:

IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 40	Transfers of Investment Property

IFRS 9 'Financial Instruments' has been adopted in these consolidated Financial Statements. The revised standard replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidance for classification and measurement, impairment of financial instruments, and hedge accounting. The cumulative impact on adoption of this standard has not been material and therefore comparatives have not been adjusted.

IFRS 15 'Revenue from Contracts with Customers' has been adopted in these consolidated Financial Statements. The standard replaces IAS 18 Revenue. The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

A restatement has been made to reduce revenue and costs of sale relating to certain incidental fuel revenues impacted by IFRS 15 of £4.4m for the year ended 31 March 2018, with no net impact on gross profit, net profit after tax, earnings per share or diluted earnings per share. There has been no material impact on the balance sheet.

The other amendments to standards and interpretations noted above had no significant impact on the financial statements.

The IASB and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations at 31 March 2019 with an effective date of implementation after the date of these Financial Statements:

International Accounting Standards (IAS) / IFRS		Effective date (periods beginning on or after)
IFRS 16	Leases	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Various standards	Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 3[1]	Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8[1]	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

[1] Not yet endorsed by the EU.

1 Accounting policies (continued)

IFRS 16 'Leases' – In January 2016, the IASB issued IFRS 16 which applies to an entity's first annual statements beginning on or after 1 January 2019, and will therefore be applicable to the Group for the year ending 31 March 2020. The main principle of the standard is to eliminate the dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and to provide a single model for lessee accounting. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for leases. Accounting requirements for lessors are substantially unchanged from IAS 17.

The standard represents a significant change in the accounting and reporting of leases for lessees and it will impact the income statement and balance sheet as well as statutory and alternative performance measures used by the Group. The impact on the Financial Statements on transition to IFRS 16, where the Group is the lessee, will depend on the approach taken by the Group. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. Both approaches will impact the income statement, balance sheet and disclosure when adopted, including the opening balance sheet at 1 April 2018, although the amounts will differ dependent on the approach taken.

The Group intends to apply the fully retrospective transition approach, and will therefore restate comparative amounts as at 1 April 2018 and for the year ended 31 March 2019. The Group expects to recognise c.£81m additional lease liabilities and c.£67m of right-of-use assets upon transition at 1 April 2018 relating to operating leases existing at that date. A sub-lease finance receivable of c.£1m will also be recognised. Under IFRS 16, the Group will experience a different pattern of expense within the income statement, with the IAS 17 operating lease expense replaced by depreciation and interest expense. The interest expense is weighted towards the earlier years of the leases and as a result a reduction in reserves of c.£12m will be recognised upon transition, along with a corresponding c.£2m deferred tax asset. There is no impact on the Group's underlying cash flows.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer net of returns, trade discounts and volume rebates. Customer invoicing is typically performed multiple times a month on standard payment terms. The Group reports three revenue categories:

i) Hire and related activities

The Group recognises revenue for hire services on a straight-line basis over the period of hire, adjusted for rebates. Revenue is recognised for transport services provided at the point at which delivery or collection is completed. Revenue for repairs is recognised when damage is identified.

ii) Services revenue

The Group recognises revenue for rehire services on a straight-line basis over the period of hire, adjusted for rebates. The Group recognises revenue for training services over time as the service is provided to the customer. Revenue for testing is recognised at a point-in-time once certification is provided. The Group recognises revenue on the sale of consumables (including fuel) on a point-in-time basis when control is transferred to the customer.

iii) Disposals revenue

The Group recognises revenue on planned asset disposals on a point-in-time basis when control is transferred to the customer.

1 Accounting policies (continued)

Property, plant and equipment

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

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

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

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

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

1 Accounting policies (continued)

Leases

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

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

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

Financing income and costs

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

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

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

Income tax

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

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: Goodwill not deductible for tax purposes, the initial recognition of assets or liabilities affecting neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

IAS 12 'Income Taxes', does not require all temporary differences to be provided for. In particular, the Group does not provide for deferred tax on undistributed earnings of subsidiaries where the Group is able to control the timing of the distribution and the temporary difference created is not expected to reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

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

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

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

1 Accounting policies (continued)

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

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

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

Other intangible assets

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

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

Amortisation

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

Customer lists	Over the period of the expected benefit, up to ten years
Brands	Over the period of use in the business, up to ten years

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Impairments

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

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

Own shares held by Employee Benefits Trust

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

Inventories

Inventories are measured at the lower of cost and net realisable value, or, in the case of ex-hire equipment assets, at the lower of cost less accumulated depreciation and impairment at the date of transfer to inventory, or net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Derivative financial instruments

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

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

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

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight deposits.

1 Accounting policies (continued)

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Translation of foreign currencies

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

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

Gains and losses on intercompany foreign currency loans that are long-term in nature, and which the Company does not intend to settle in the foreseeable future, are also recorded in the foreign currency translation reserve.

Employee benefits

Pension schemes

The Group has automatically enrolled UK employees in a defined contribution pension plan and makes contributions to personal pension schemes for these UK employees and certain other non-UK employees. Obligations for contributions to these defined contribution pension plans are recognised as an expense in the income statement as incurred. In addition, a requirement exists in United Arab Emirates, where the Group operates, to pay terminal gratuities to employees based on their length of service when they leave the Group's employment.

Share-based payment transactions

The Group operates a number of schemes that allow certain employees to acquire shares in the Company, including the Performance Share Plan and the all-employee Sharesave Schemes. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured, using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where it is related to market based performance conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

Start-up expenses and lease incentives

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

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

Provisions

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

Exceptional items

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

1 Accounting policies (continued)

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Merger reserve

The merger reserve was created in prior periods in accordance with merger accounting principles as a result of Group restructuring.

Significant judgements and estimates

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

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

The following are significant sources of estimation uncertainty that management has made in the process of applying the accounting policies and that have the most significant risk of resulting in a material adjustment within the next financial year.

Hire equipment

In relation to the Group's hire equipment (Note 14), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2019, the carrying value of hire equipment was £217.5m (2018 restated[1]: £203.7m), representing 86.9% (2018 restated[1]: 85.3%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2019 was £35.9m (2018: £34.7m), which represents 9.6% (2018: 9.7%) of the average original cost of hire equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Valuation of trade receivables

The Group monitors the risk profile of trade receivables regularly and makes a provision for amounts that may not be recoverable on the basis of expected portfolio losses. When a trade receivable is not collectable it is written off against the bad debt provision. At 31 March 2019, the provision for bad debt was £2.2m (2018: £4.2m) against a total debtor book of £98.8m (2018: £95.9m). Further detail is provided in Note 16, including an ageing analysis of unprovided debt.

Contingent consideration

Contingent consideration may be payable by the Group in relation to the acquisition of Geason Holdings Limited ("Geason Training"). The consideration depends on the combined performance of Geason Training and the Group's training business in the three years post acquisition. The fair value of this consideration has been estimated using forecast cash flows for an equivalent period, discounted at a risk-adjusted rate of 25%. Total fair value of contingent consideration as at year end is £10.9m. There have been significant assumptions applied regarding the amount and timing of payments, and the discount rate applied in calculating this fair value.

[1] Adjusted for fair value adjustments, see Note 24

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker' ('CODM'). UK 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.

For the year ended 31 March 2019	UK and Ireland £m	International £m	Corporate items £m	Total £m
Revenue	358.6	36.1	–	394.7
Segment result:				
EBITDA before exceptional costs	74.9	8.0	(4.2)	78.7
Depreciation	(42.6)	(2.2)	(1.2)	(46.0)
Operating profit/(costs) before amortisation and exceptional items	32.3	5.8	(5.4)	32.7
Amortisation	(0.7)	–	–	(0.7)
Exceptional items	(2.2)	–	–	(2.2)
Operating profit/(costs)	29.4	5.8	(5.4)	29.8
Share of results of joint venture	–	1.9	–	1.9
Trading profit/(costs)	29.4	7.7	(5.4)	31.7
Financial expense				(3.7)
Exceptional financial expense				(0.8)
Profit before tax				27.2
Taxation				(5.1)
Profit for the financial year				22.1
Intangible assets	38.5	–	–	38.5
Investment in joint venture	–	5.8	–	5.8
Hire equipment	210.4	7.1	–	217.5
Non-hire equipment	30.3	2.5	–	32.8
Taxation assets	–	–	1.1	1.1
Current assets	102.5	12.0	0.9	115.4
Cash	–	–	11.5	11.5
Total assets	381.7	27.4	13.5	422.6
Liabilities	(83.5)	(11.4)	(4.1)	(99.0)
Borrowings	–	–	(100.9)	(100.9)
Taxation liabilities	–	–	(11.5)	(11.5)
Total liabilities	(83.5)	(11.4)	(116.5)	(211.4)

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 2018	UK and Ireland Restated[1] £m	International Restated[1] £m	Corporate items £m	Total Restated[1] £m
Revenue[1]	344.4	28.6	–	373.0
Segment result:				
EBITDA before exceptional costs	70.8	6.4	(4.2)	73.0
Depreciation	(40.6)	(2.4)	(0.8)	(43.8)
Operating profit/(costs) before amortisation and exceptional items	30.2	4.0	(5.0)	29.2
Amortisation	(0.2)	–	–	(0.2)
Exceptional (costs)/income	(8.2)	1.0	–	(7.2)
Operating profit/(costs)	21.8	5.0	(5.0)	21.8
Share of results of joint venture	–	0.8	–	0.8
Trading profit/(costs)	21.8	5.8	(5.0)	22.6
Financial expense				(4.1)
Exceptional financial expense				(0.5)
Profit before tax				18.0
Taxation				(3.9)
Profit for the financial year				14.1
Intangible assets[2]	10.5	–	–	10.5
Investment in joint venture	–	5.1	–	5.1
Hire equipment[2]	197.5	6.2	–	203.7
Non-hire equipment	32.4	2.6	–	35.0
Taxation assets	–	–	1.4	1.4
Current assets	97.0	9.7	0.9	107.6
Cash	–	–	9.8	9.8
Total assets	337.4	23.6	12.1	373.1
Liabilities[2]	(70.6)	(10.6)	(5.3)	(86.5)
Borrowings	–	–	(79.2)	(79.2)
Taxation liabilities	–	–	(9.6)	(9.6)
Total liabilities	(70.6)	(10.6)	(94.1)	(175.3)

[1] Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies).
[2] Adjusted for fair value adjustments, see Note 24.

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 2019		Year ended 31 March 2018	
	Revenue £m	**Total Assets £m**	Revenue Restated[1] £m	Total Assets Restated[2] £m
UK	**347.8**	**381.2**	335.3	337.4
Ireland	**10.8**	**14.0**	9.1	12.1
United Arab Emirates	**36.1**	**27.4**	28.6	23.6
	394.7	**422.6**	373.0	373.1

Revenue by type

Revenue is attributed to the following activities:

	Year ended 31 March 2019	Year ended 31 March 2018 Restated[1]
Hire and related activities	**236.4**	228.5
Services	**152.8**	138.7
Disposals	**5.5**	5.8
	394.7	373.0

[1] Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies).

[2] Adjusted for fair value adjustments, see Note 24.

Major customers

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

3 Exceptional items

For the year ended 31 March 2019

During the year, net exceptional items of £2.2m were charged to operating profit.

Further action has been taken in the year to manage the Group's property base, with a number of depots in the UK closed, repurposed for the training business or relocated. Property related costs of £1.2m were incurred as part of this programme. In addition, £0.2m of people costs have been incurred due to related redundancies.

During the year there has been a high level of acquisition activity undertaken, including a number of aborted transactions. The associated transaction costs which are not deemed consideration total £0.9m.

Offsetting the above exceptional costs is a credit of £0.1m due to the release of a provision relating to the liquidation of Carillion which is no longer deemed necessary.

An exceptional financial expense of £0.8m has been recognised in relation to changes in the fair value of contingent consideration between the date of the Geason Training acquisition and 31 March 2019.

3 Exceptional items (continued)

For the year ended 31 March 2018

During the year, net exceptional items of £7.2m were charged to operating profit. Exceptional financial expenses of £0.5m were incurred.

The number of operating divisions and distribution centres were reduced. Property related costs of £4.7m, including onerous lease costs, dilapidations and asset write offs, and redundancy costs of £1.3m were incurred as part of this programme.

The Group was a supplier to Carillion Plc, which entered compulsory liquidation on 15 January 2018. A charge of £2.1m was recognised in relation to trade receivables of £1.8m and asset related provisions of £0.3m.

Offsetting the above exceptional costs was a £1.0m credit due to the revision of the International receivables provision, following the receipt of all outstanding cash.

Integration costs of £0.1m were incurred in relation to acquisitions made in the year. As a result of settlement of debt acquired, an exceptional finance cost of £0.5m was incurred.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2019 £m	2018 £m
Amortisation of intangible assets	**0.7**	0.2
Depreciation of owned property, plant and equipment	**45.8**	43.6
Depreciation of leased property, plant and equipment	**0.2**	0.2
Profit on disposal of hire equipment	**(1.2)**	(0.7)
Operating lease rentals		
Of land and buildings	**14.4**	12.9
Of vehicles	**13.0**	12.7
Auditor’s remuneration		
Audit of these Financial Statements	**0.1**	0.1
Audit of financial statements of subsidiaries	**0.1**	0.1
Total audit fees	**0.2**	0.2
Non-audit fees: audit-related services – interim review fee: £31,300 (2018: £31,300)	**–**	–
Total fees	**0.2**	0.2

5 Employees

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

	Number of employees	
	2019	2018
UK and Ireland	**3,069**	3,002
International	**571**	508
Central	**233**	228
	3,873	3,738

The aggregate payroll costs of these employees (including bonuses) were as follows:

	2019 £m	2018 £m
Wages and salaries	**96.3**	91.4
Social security costs	**8.8**	8.5
Pension costs	**2.2**	1.6
Share-based payments	**0.9**	1.2
	108.2	102.7

6 Directors' remuneration

	2019 £'000s	2018 £'000s
Directors' emoluments		
Basic remuneration, including benefits	**959**	924
Value of long-term incentives	**990**	59
Performance related bonuses	**346**	328
Company pension contributions to personal pension plans	**94**	90
	2,389	1,401
Emolument of the highest paid Director		
Basic remuneration, including benefits	**394**	369
Value of long-term incentives	**618**	59
Performance related bonuses	**209**	195
Company pension contributions to personal pension plans	**57**	53
	1,278	676

Further analysis of Directors' remuneration can be found in the Remuneration Report.
All the Directors' remuneration is paid by Speedy Support Services Limited, a wholly-owned subsidiary of Speedy Hire Plc.

7 Financial expense

	2019 £m	2018 £m
Financial expense		
Interest on bank loans and overdrafts	**2.9**	3.0
Amortisation of issue costs	**0.4**	0.6
Total interest on borrowings	**3.3**	3.6
Hedge interest payable	**0.1**	0.4
Other finance costs	**0.3**	0.1
Exceptional financial expense (see Note 3)	**0.8**	0.5
	4.5	4.6

8 Taxation

	2019 £m	2018 £m
Tax charged in the Income Statement		
Current tax		
UK corporation tax on profit at 19% (2018: 19%)	**7.4**	3.1
Deferred tax (Note 21)		
UK deferred tax at 17% (2018: 17%)	**(1.8)**	0.8
Adjustment in respect of prior years	**(0.5)**	–
Total deferred tax	**(2.3)**	0.8
Total tax charge	**5.1**	3.9
Tax (credited)/charged in equity		
Current tax		
Current tax on equity-settled share-based payments	**(0.4)**	0.1
Deferred tax (Note 21)		
Deferred tax on interest rate swaps	**(0.1)**	–
Total tax (credited)/charged to equity	**(0.5)**	0.1

The adjusted tax rate of 17.2% (2018: 18.9%) is lower than the standard rate of UK corporation tax of 19% (2018: 19%).

The tax charge in the Income Statement for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%) and is explained as follows:

	2019 £m	2018 £m
Profit before tax	**27.2**	18.0
Accounting profit multiplied by the standard rate of corporation tax at 19% (2018: 19%)	**5.2**	3.4
Expenses not deductible for tax purposes	**1.2**	1.0
Share-based payments	**0.4**	0.2
Overseas profits not subject to tax	**(0.8)**	(0.4)
Share of joint venture income already taxed	**(0.4)**	(0.2)
Difference between current and deferred tax rates	**–**	(0.1)
Adjustment to tax in respect of prior years	**(0.5)**	–
Tax charge for the year reported in the Income Statement	**5.1**	3.9
Tax (credited)/charged in equity		
Current tax (credit)/charge	**(0.4)**	0.1
Deferred tax credit (Note 21)	**(0.1)**	–
Tax (credited)/charged to equity	**(0.5)**	0.1

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset and liability at 31 March 2019 have been calculated based on these rates.

9 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £22.1m (2018: £14.1m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2019	2018
Profit (£m)		
Profit for the year after tax – basic earnings	**22.1**	14.1
Intangible amortisation charge (after tax)	**0.5**	0.2
Exceptional items (after tax)	**2.8**	6.7
Adjusted earnings (after tax)	**25.4**	21.0
Weighted average number of shares in issue (m)		
Number of shares at the beginning of the year	**519.6**	519.4
Exercise of share options	0.3	0.1
Movement in shares owned by the Employee Benefit Trust	(1.4)	–
Weighted average for the year – basic number of shares	**518.5**	519.5
Share options	**4.4**	2.2
Employee share scheme	**1.2**	1.2
Weighted average for the year – diluted number of shares	**524.1**	522.9
Earnings per share (pence)		
Basic earnings per share	**4.26**	2.71
Amortisation	**0.10**	0.04
Exceptional costs	**0.54**	1.29
Adjusted earnings per share	**4.90**	4.04
Basic earnings per share	**4.26**	2.71
Diluted earnings per share	**4.22**	2.70
Adjusted earnings per share	**4.90**	4.04
Share options	**(0.05)**	(0.02)
Adjusted diluted earnings per share	**4.85**	4.02

Total number of shares outstanding at 31 March 2019 amounted to 525,281,026 (2018: 523,703,797), including 5,802,223 (2018: 4,118,744) shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

10 Dividends

The aggregate amount of dividend comprises:

	2019 £m	2018 £m
2017 final dividend (0.67 pence on 523.6m shares)	**–**	3.5
2018 interim dividend (0.50 pence on 523.7m shares)	**–**	2.6
2018 final dividend (1.15 pence on 523.7m shares)	**6.0**	–
2019 interim dividend (0.60 pence on 523.7m shares)	**3.1**	–
	9.1	6.1

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 (2018: 1.15 pence) per share, bringing the total amount payable in respect of the 2019 year to 2.00 pence (2018: 1.65 pence), to be paid on 9 August 2019 to shareholders on the register on 5 July 2019.

The Employee Benefit Trust established to hold shares for the Performance Share Plan and other employee benefits has waived its right to the interim and final proposed dividends. At 31 March 2019, the Trust held 5,802,223 ordinary shares (2018: 4,118,744).

11 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the Financial Statements in assessing the Group's performance 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.

	2019 £m	2018 £m
Operating profit	**29.8**	21.8
Add back: amortisation	**0.7**	0.2
Add back: exceptional items	**2.2**	7.2
Operating profit before amortisation and exceptional items ('EBITA')	**32.7**	29.2
Add back: depreciation	**46.0**	43.8
EBITDA before exceptional items	**78.7**	73.0
Profit before tax	**27.2**	18.0
Add back: amortisation	**0.7**	0.2
Add back: exceptional items	**3.0**	7.7
Adjusted profit before tax	**30.9**	25.9

12 Intangible fixed assets

	Goodwill £m	Customer lists £m	Brands £m	Total £m
Cost				
At 1 April 2017	96.4	38.2	5.0	139.6
Additions[1]	6.7	0.1	0.1	6.9
At 31 March 2018[1]	103.1	38.3	5.1	146.5
Additions	21.3	5.9	1.5	28.7
At 31 March 2019	124.4	44.2	6.6	175.2
Amortisation				
At 1 April 2017	95.1	36.6	4.1	135.8
Charged in year	–	0.1	0.1	0.2
At 31 March 2018	95.1	36.7	4.2	136.0
Charged in year	–	0.5	0.2	0.7
At 31 March 2019	95.1	37.2	4.4	136.7
Net book value				
At 31 March 2019	**29.3**	**7.0**	**2.2**	**38.5**
At 31 March 2018[1]	8.0	1.6	0.9	10.5
At 31 March 2017	1.3	1.6	0.9	3.8

[1] Adjusted for fair value adjustments, see Note 24.

The amount of goodwill that is tax-deductible is £nil (2018: £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. As explained in Note 2, the Group's reportable business segments comprise UK and Ireland, and International. 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.

12 Intangible fixed assets (continued)

The recoverable amounts of the assets allocated to the UK and Ireland CGU 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, net margin and the level of capital expenditure required to support trading, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections made up of the FY2020 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 the individual CGU and market-specific risks.

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

	31 March 2019		31 March 2018	
	Pre-tax discount rate	**Terminal value growth rate**	Pre-tax discount rate	Terminal value growth rate
UK and Ireland	**10.1%**	**2.5%**	10.9%	2.5%

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. A change of 1% in the pre-tax discount rate, with all other assumptions held constant, would impact discounted cash flows by £26m. A decrease of 1% in the forecast revenue growth, with all other assumptions held constant, would reduce discounted cash flows by £35m. In both cases, this would not result in an impairment charge.

13 Investment in joint venture

	Equity investment £m	Loan advances £m	Total £m
Cost			
At 1 April 2017	3.7	2.1	5.8
Effect of movement in foreign exchange rates	(0.4)	(0.2)	(0.6)
At 31 March 2018	3.3	1.9	5.2
Effect of movement in foreign exchange rates	0.3	–	0.3
At 31 March 2019	3.6	1.9	5.5
Share of post-acquisition results			
At 1 April 2017	0.4	(0.5)	(0.1)
Share of results for the year after tax	0.8	–	0.8
Share of other comprehensive income	(0.2)	–	(0.2)
Loan receipts	–	(0.6)	(0.6)
At 31 March 2018	1.0	(1.1)	(0.1)
Share of results for the year after tax	1.9	–	1.9
Share of other comprehensive income	(0.3)	–	(0.3)
Dividend received	(1.7)	–	(1.7)
Loan repayments	–	0.5	0.5
At 31 March 2019	0.9	(0.6)	0.3
Net book value			
At 31 March 2019	**4.5**	**1.3**	**5.8**
At 31 March 2018	4.3	0.8	5.1
At 31 March 2017	4.1	1.6	5.7

13 Investment in joint venture (continued)

On 11 November 2013, Speedy acquired 50% of the share capital of Turner and Hickman Limited, a joint venture company that controls the operations of Speedy Zholdas LLP. Speedy Zholdas LLP provides asset management and equipment rental services to the oil and gas sector in Kazakhstan. Total cash consideration for the purchase of shares in Turner and Hickman Limited was US$4.3m.

In addition to the investment in share capital, Speedy provided a loan of US$2.5m to the joint venture with an equivalent amount provided by the joint venture partner. A repayment of £0.5m ($0.6m) (2018: £0.6m ($0.8m)) was received during the year.

This joint venture is not considered to be individually material.

14 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2017	55.7	350.7	84.0	490.4
Foreign exchange	(0.4)	0.2	–	(0.2)
Acquisition through business combinations[1]	0.1	15.0	1.1	16.2
Additions	0.4	45.4	4.6	50.4
Disposals	(5.3)	(31.2)	(17.0)	(53.5)
Transfers to inventory	–	(16.1)	–	(16.1)
At 31 March 2018[1]	50.5	364.0	72.7	487.2
Foreign exchange	0.1	(0.2)	–	(0.1)
Acquisition through business combinations	0.3	11.3	0.9	12.5
Additions	1.4	55.1	5.3	61.8
Disposals	(0.1)	(25.5)	–	(25.6)
Transfers to inventory	–	(18.3)	–	(18.3)
At 31 March 2019	52.2	386.4	78.9	517.5
Depreciation				
At 1 April 2017	30.6	155.9	69.3	255.8
Foreign exchange	(0.1)	0.1	–	–
Charged in year	3.2	34.7	5.9	43.8
Disposals	(3.8)	(19.5)	(16.9)	(40.2)
Transfers to inventory	–	(10.9)	–	(10.9)
At 31 March 2018	29.9	160.3	58.3	248.5
Foreign exchange	0.1	–	–	0.1
Charged in year	3.2	35.9	6.9	46.0
Disposals	(0.1)	(14.5)	–	(14.6)
Transfers to inventory	–	(12.8)	–	(12.8)
At 31 March 2019	33.1	168.9	65.2	267.2
Net book value				
At 31 March 2019	**19.1**	**217.5**	**13.7**	**250.3**
At 31 March 2018[1]	20.6	203.7	14.4	238.7
At 31 March 2017	25.1	194.8	14.7	234.6

[1] Adjusted for fair value adjustments, see Note 24.

The net book value of land and buildings comprises freehold properties of £nil (2018: £nil) and short leasehold properties of £19.1m (2018: £20.6m).

At 31 March 2019, the net carrying amount of leased property, plant and equipment is £0.6m (2018: £0.8m).

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

15 Inventories

	2019 £m	2018 £m
Work in progress	**1.1**	0.8
Finished goods and goods for resale	**8.2**	7.1
	9.3	7.9

The amount of inventory expensed in the year amounted to £36.7m (2018: £30.3m) and is included within cost of sales. A £0.4m (2018: £0.4m) provision is recorded in respect of inventory held at the year-end.

16 Trade and other receivables

	2019 £m	2018 £m
Trade receivables	**96.6**	91.7
Other receivables	**6.4**	5.1
Prepayments and accrued income	**3.1**	2.9
	106.1	99.7

There are £34.7m (2018: £32.5m) of trade receivables that are past due at the balance sheet date that have not been provided against. There is no indication as at 31 March 2019 that customers will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are past due and unprovided. The ageing of trade receivables (net of impairment provision) at the year end was as follows:

	2019 £m	2018 £m
Not past due	**61.9**	59.2
Past due 0-30 days	**22.1**	21.6
Past due 31-120 days	**9.3**	8.2
More than 120 days past due	**3.3**	2.7
	96.6	91.7

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

	2019 £m	2018 £m
At 1 April	**4.2**	4.8
Impairment provision (credited)/charged as exceptional to the Income Statement	**(0.1)**	0.8
Impairment provision within subsidiaries acquired	**0.3**	–
Impairment provision charged to the Income Statement	**2.3**	1.8
Written off in the year	**(4.5)**	(3.2)
At 31 March	**2.2**	4.2

17 Trade and other payables

	2019 £m	2018 £m
Trade payables	**46.4**	45.2
Other payables	**8.3**	9.2
Accruals	**30.2**	29.0
	84.9	83.4
Non-current	**–**	–
Current	**84.9**	83.4
	84.9	83.4

18 Financial instruments

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

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

Fair value of financial assets and liabilities

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

	31 March 2019		31 March 2018	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Level 1				
Trade and other receivables	**106.1**	**106.1**	99.6	99.6
Cash	**11.5**	**11.5**	9.8	9.8
Bank overdraft	**(1.1)**	**(1.1)**	(5.4)	(5.4)
Secured bank borrowings	**(99.5)**	**(99.5)**	(73.3)	(73.3)
Finance lease liabilities	**(0.3)**	**(0.3)**	(0.5)	(0.5)
Trade and other payables	**(54.7)**	**(54.7)**	(54.4)	(54.4)
Level 2				
Interest rate swaps and caps, used for hedging	**(0.3)**	**(0.3)**	0.1	0.1
Level 3				
Contingent consideration (see Note 20)	**(10.9)**	**(10.9)**	–	–
	(49.2)	**(49.2)**	(24.1)	(24.1)
Unrecognised gain/(loss)		**–**		–

Basis for determining fair values

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

(a) Derivatives – Broker quotes are used for all interest rate swaps.

(b) Interest-bearing loans and borrowings – Fair value is calculated based on discounted expected future principal and interest cash flows.

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

Fair value hierarchy

The Group's financial assets and liabilities are principally short-term in nature and therefore their fair value is not materially different from their carrying value. The valuation method for the Group's financial assets and liabilities can be defined as follows in accordance with IFRS 13:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

18 Financial instruments (continued)

Credit risk

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

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

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

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

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

Liquidity risk

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

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

At 31 March 2019, the Group had a loan facility amounting to £180.0m (2018: £180.0m), as detailed in Note 19. The undrawn availability on this facility as at 31 March 2019 was £68.4m (2018: £73.5m) based on the Group's eligible hire equipment and trade receivables. In addition to the loan facility, the Group owns several assets under finance lease agreements.

The Group monitors available facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing. The Group maintains close contact with its syndicate of banks.

18 Financial instruments (continued)

The following analysis is based on the undiscounted contractual maturities on the Group's financial liabilities including estimated interest that will accrue.

	Undiscounted cash flows – 31 March 2019				
At 31 March 2019	**2020 £m**	**2021 £m**	**2022 £m**	**2023 £m**	**Total £m**
Asset based finance facility	**–**	**–**	**99.5**	**–**	**99.5**
Finance lease liability	**0.2**	**0.1**	**–**	**–**	**0.3**
Interest payments	**2.7**	**2.7**	**1.4**	**–**	**6.8**
Trade and other payables	**54.7**	**–**	**–**	**–**	**54.7**
Contingent consideration (see Note 20)	**5.2**	**7.0**	**4.0**	**–**	**16.2**
	62.8	**9.8**	**104.9**	**–**	**177.5**

	Undiscounted cash flows – 31 March 2018				
At 31 March 2018	2019 £m	2020 £m	2021 £m	2022 £m	Total £m
Asset based finance facility	–	–	–	78.7	78.7
Finance lease liability	0.2	0.2	0.1	–	0.5
Interest payments	2.4	2.4	2.4	1.4	8.6
Trade and other payables	54.4	–	–	–	54.4
	57.0	2.6	2.5	80.1	142.2

Market risk

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

Foreign exchange risk

With over 5% of the Group's revenue generated in currencies other than sterling, the Group's Balance Sheet and Income Statement are affected by movements in exchange rates. The revenue and costs of overseas operations normally arise in the same currency and consequently the exposure to exchange differences is not normally significant and consequently not hedged. Overseas operations maintain local currency bank facilities, which provide partial mitigation against balance sheet risk.

At 31 March 2019, if sterling had weakened or strengthened by 10% against the US dollar (to which key Middle Eastern currencies are linked) with all other variables held constant, post-tax profit for the year would have been £0.7m (2018: £0.4m) higher or lower respectively.

Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings. The Group's policy is to review regularly the terms of its borrowing facilities, to assess and manage the long-term borrowing commitment accordingly, and to put in place interest rate hedges to reduce the Group's exposure to significant fluctuations in interest rates. The Group adopts a policy of ensuring that between 40% and 80% of its net borrowings are covered by hedging instruments.

18 Financial instruments (continued)

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

	31 March 2019		31 March 2018	
	Fair value £m	**Notional amount £m**	Fair value £m	Notional amount £m
Designated as cash flow hedges				
Fixed interest rate swaps	**(0.3)**	**60.0**	0.1	65.0

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

The weighted average interest rate on the fixed interest rate swaps is 1.06% (2018: 1.09%) and the instruments are for a weighted average period of 19 months (2018: 20 months). The maximum contractual period is 36 months (2018: 36 months).

Contingent consideration

Contingent consideration may be payable by the Group in relation to the acquisition of Geason Holdings Limited. 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 this consideration has been estimated using forecast cash flows for an equivalent period, discounted at a risk-adjusted rate of 25%. Total fair value of contingent consideration as at year end is £10.9m.

Sensitivity analysis

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

At 31 March 2019 it is estimated that an increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.4m (2018: £0.3m). Interest rate swaps have been included in this calculation.

Capital management

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

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

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

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

19 Borrowings

	2019 £m	2018 £m
Current borrowings		
Bank overdraft	**1.1**	5.4
Finance lease liabilities	**0.2**	0.3
	1.3	5.7
Non-current borrowings		
Maturing between two and five years		
ABL facility	**99.5**	73.3
Finance lease liabilities	**0.1**	0.2
Total non-current borrowings	**99.6**	73.5
Total borrowings	**100.9**	79.2
Less: cash	**(11.5)**	(9.8)
Net debt	**89.4**	69.4

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 undrawn availability of this facility as at 31 March 2019 was £68.4m (2018: £73.5m), based on the Group's eligible hire equipment and trade receivables.

The facility amounts to £180m, but is 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 period, the effective margin was 1.80% (2018: 1.92%).

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

Analysis of consolidated net debt

	31 March 2018 £m	Non-cash movement £m	Cash flow £m	31 March 2019 £m
Cash at bank and in hand	9.8	–	1.7	**11.5**
Finance lease liabilities	(0.5)	(0.1)	0.3	**(0.3)**
Bank overdraft	(5.4)	–	4.3	**(1.1)**
Borrowings	(73.3)	(0.4)	(25.8)	**(99.5)**
	(69.4)	(0.5)	(19.5)	**(89.4)**

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2019 £m	2018 £m
Not later than one year	**0.2**	0.3
Later than one year and not later than five years	**0.1**	0.2
	0.3	0.5

Under the terms of the lease agreements, no contingent rents are payable. The difference between the total future minimum lease payments and their present value is immaterial.

20 Provisions

	Onerous property contracts £m	Contigent consideration £m	Total £m
At 1 April 2017	1.5	–	1.5
Created in the year	3.3	–	3.3
Provision utilised in the year	(1.7)	–	(1.7)
At 31 March 2018	3.1	–	3.1
Created in the year	1.6	10.1	11.7
Provision utilised in the year	(1.8)	–	(1.8)
Net changes in fair value	–	0.8	0.8
At 31 March 2019	**2.9**	**10.9**	**13.8**

Of the £13.8m provision at 31 March 2019, £6.8m (2018: £1.6m) is due within one year and £7.0m (2018: £1.5m) is due after one year. The onerous property contracts provision is calculated based on a gross liability to the estimated date of sub-let, or break clause, and includes estimated dilapidations at current market rates. The total liability is discounted to current values.

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 this consideration has been estimated using forecast cash flows for an equivalent period, discounted at a risk-adjusted rate of 25%. Total fair value of contingent consideration as at year end is £10.9m.

21 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items £m	Total £m
At 1 April 2017	6.1	(0.4)	(0.1)	(0.6)	5.0
Acquisition through business combinations	1.4	(0.3)	–	(0.2)	0.9
Recognised in income	0.7	0.1	(0.2)	0.2	0.8
Recognised in equity	–	–	0.1	–	0.1
At 31 March 2018	8.2	(0.6)	(0.2)	(0.6)	6.8
Acquisition through business combinations	0.6	1.2	–	–	1.8
Recognised in income	(2.6)	0.1	0.1	0.1	(2.3)
Recognised in equity	–	–	(0.4)	(0.1)	(0.5)
At 31 March 2019	**6.2**	**0.7**	**(0.5)**	**(0.6)**	**5.8**

The Group has gross trading losses carried forward at 31 March 2019 amounting to approximately £10.6m (2018: £12.1m). No deferred tax asset has been recognised in respect of these losses. The Group also has gross capital losses carried forward at 31 March 2019 amounting to approximately £3.3m (2018: £5.3m). No deferred tax asset has been recognised in respect of these losses.

22 Share capital

	2019 £m	2018 £m
Allotted, called-up and fully paid		
525.3m (2018: 523.7m) ordinary shares of 5 pence each	**26.3**	26.2

During the year, 1.6m ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2018: 0.1m).

An Employee Benefits Trust was established in 2004 (the 'Trust'). The Trust holds shares issued by the Company in connection with the Performance Share Plan. 1,694,789 shares were acquired by the Trust during the year and 11,310 shares were transferred to employees during the year. At 31 March 2019, the Trust held 5,802,223 (2018: 4,118,744) shares.

The movement in issued share capital was as follows:

	Number (m)	£m
At 1 April 2017	523.6	26.2
Exercise of Sharesave Scheme options	0.1	–
At 31 March 2018	523.7	26.2
Exercise of Sharesave Scheme options	1.6	0.1
At 31 March 2019	**525.3**	**26.3**

23 Share incentives

At 31 March 2019, options and awards over 13,138,115 shares (2018: 13,069,649) were outstanding under employee share schemes. The Group operates two share incentive schemes. During the year a weighted average 1,036,611 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2018: 137,306).

As at 31 March 2019, options to acquire 6,423,437 (2018: 6,934,945) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Schemes. These options are exercisable by employees of the Group at prices between 27 and 46 pence (2018: 27 and 56 pence) at dates between April 2019 and July 2022 (2018: April 2018 and July 2021). At 31 March 2019, options to acquire 6,714,679 shares (2018: 6,134,704) under the Performance Share Plans were outstanding. These options are exercisable at nil cost between June 2019 and June 2028 (2018: August 2018 and June 2027).

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

	2019		2018	
	WAEP pence	**Number**	WAEP pence	Number
Outstanding at 1 April	**20**	**13,069,649**	20	10,156,935
Granted	**24**	**5,055,910**	24	4,773,978
Exercised	**29**	**(1,036,611)**	45	(137,306)
Lapsed	**21**	**(3,950,833)**	27	(1,723,958)
Outstanding at 31 March	**20**	**13,138,115**	20	13,069,649
Exercisable at 31 March	**8**	**404,513**	56	650,884

Options and awards outstanding at 31 March 2019 have weighted average remaining contractual lives as follows:

	2019 Years	2018 Years
Exercisable at nil pence	**1.0**	1.4
Exercisable at 27 pence	**–**	0.7
Exercisable at 34 pence	**0.7**	1.7
Exercisable at 44 pence	**1.8**	2.8
Exercisable at 46 pence	**2.8**	–

23 Share incentives (continued)

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

Speedy Hire Sharesave Schemes

	December 2018	December 2017	December 2016	December 2015	December 2014
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	46p	44p	34p	27p	56p
Share price volatility	36.4%	41.0%	46.9%	44.9%	40.8%
Option life	3.25 years	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	3.2%	2.0%	1.4%	1.8%	0.8%
Risk-free interest rate	0.7%	0.6%	0.3%	0.9%	0.9%

Performance Share Plan

	June 2018	June 2017	July 2016	August 2015	November 2014
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil	Nil
Share price volatility	30.8%	49.5%	47.5%	41.8%	39.9%
Option life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	0.8%	0.3%	0.5%	1.0%	0.9%

24 Acquisitions of subsidiaries

In December 2018, the Group acquired 100% of the share capital of Geason Holdings Limited ("Geason Training").

Geason Training is a leading provider of construction and professional services training across the UK, operating from a head office in Scotland. The Group expects to realise both revenue and cost synergies from the acquisition, which will allow the Group to better support its customers in training and developing their staff and accelerate the growth of the Group's services businesses.

The acquisition has been accounted for using the acquisition method of accounting. A provisional assessment has been made of the fair value to the Group of the assets and liabilities acquired.

For the period to the end of 31 March 2019, the acquisition contributed revenue of £3.2m and operating profit of £0.4m to the Group results. If the acquisition had been part of the Group for the full year, it would have contributed c.£8.0m of revenue and c.£1.7m of operating profit.

The fair values of the assets and liabilities acquired are as follows:

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Intangible assets	–	6.7	6.7
Tangible fixed assets	0.1	–	0.1
Receivables	2.2	–	2.2
Cash	0.2	–	0.2
Current payables	(0.9)	–	(0.9)
Deferred tax	–	(1.2)	(1.2)
	1.6	5.5	7.1
Goodwill capitalised			12.0
Cash consideration			9.0
Contingent consideration			10.1
Total consideration			19.1

Cash consideration paid on completion amounted to £9.0m with net cash assumed of £0.2m. Additional consideration of up to £26.0m may be payable in cash based on a multiple of 3.25x EBITA, dependent on the combined performance of Geason Training and the Group's training business in the three years post acquisition. The Group has included £16.2m of contingent consideration, discounted at 25% resulting in a fair value of £10.1m. Net assets of £7.1m were acquired. Costs associated with the acquisition of £0.5m are included within exceptional administrative expenses for the year.

The customer relationship intangible asset of £5.4m has been valued using the 'excess earnings' method and is based on income forecast to be generated by the business acquired. Capital asset charges have been applied using a risk adjusted weighted average cost of capital in respect of fixed assets, working capital and the workforce. Other assumptions used in the valuation include an assumed growth in income from customers of 2.0% per annum, and a discount rate applied to the resulting income stream of 19.2%. The customer list intangible is being amortised over ten years, which is considered to be the period over which the majority of the benefits are expected to arise.

The brand intangible asset of £1.3m has been valued using the 'relief-from-royalty' method, using a royalty rate of 2.0% of income, discounted at a rate of 19.2%. The intangible is being amortised over a period of ten years, which is estimated to be the useful life within the business.

24 Acquisitions of subsidiaries (continued)

In March 2019, the Group acquired 100% of the share capital of Lifterz Holdings Limited ("Lifterz").

Lifterz specialises in providing powered access equipment, operating from a head office in Ossett. The Group expects to benefit from revenue synergies through the provision of a national offering to major customers from its owned fleet of equipment. Cost synergies will be realised from the operation of a national powered access business.

The acquisition has been accounted for using the acquisition method of accounting. A provisional assessment has been made of the fair value to the Group of the assets and liabilities acquired.

As the acquisition was completed close to the year end, the impact on the Group's results for the year ended 31 March 2019 was not material. If the acquisition had been part of the Group for the full year, it would have contributed c.£15.0m of revenue and c.£1.5m of operating profit.

The fair values of the assets and liabilities acquired are as follows:

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Intangible assets	–	0.3	0.3
Tangible fixed assets	12.3	–	12.3
Inventory	0.5	–	0.5
Receivables	3.5	–	3.5
Current payables	(3.0)	(0.3)	(3.3)
Non-current payables	(0.4)	(0.6)	(1.0)
	12.9	(0.6)	12.3
Goodwill capitalised			9.3
Total consideration			21.6

Cash consideration paid on completion amounted to £21.6m with £12.3m of net assets acquired. Costs associated with the acquisition of £0.3m are included within exceptional administrative expenses for the year.

Fair value adjustments have also been recognised for provisions not previously recognised.

24 Acquisitions of subsidiaries (continued)

Prior year acquisition

The Group acquired 100% of the share capital of both Prolift Access Limited ('Prolift') and Platform Sales & Hire Limited ('PSHL') in the prior year. The fair values disclosed as provisional in the 2018 Financial Statements in respect of these acquisitions have been finalised during the year at the end of the measurement period. As a result, the opening balance sheet has been restated to account for a £0.8m reduction to the fair value of tangible fixed assets previously recognised, and a £0.3m decrease in the fair value of payables previously recognised. This has resulted in £0.5m additional goodwill being recognised.

	Book value at acquisition £m	Fair value adjustment[1] £m	Fair value[1] £m
Intangible assets	–	0.2	0.2
Tangible fixed assets[1]	15.0	1.1	16.1
Inventory	0.3	(0.2)	0.1
Receivables	3.5	–	3.5
Cash	1.5	–	1.5
Current payables[1]	(7.1)	0.1	(7.0)
Non-current payables	(8.4)	(0.5)	(8.9)
	4.8	0.7	5.5
Goodwill capitalised[1]			6.7
Cash consideration			12.2
Debt assumed on acquisition			9.1
Total consideration			21.3

[1] Restated to show the fair value adjustments to the acquired values.

25 Contingent liabilities

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

The Directors do not consider any provision is necessary in respect of guarantees and bonds.

26 Commitments

The Group had contracted capital commitments amounting to £4.4m (2018: £7.5m) at the end of the financial year for which no provision has been made.

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

	Land and buildings		Other	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Total future minimum lease payments				
Not later than one year	**12.2**	12.5	**9.8**	8.6
Later than one year and not later than five years	**26.9**	28.0	**10.7**	9.4
Later than five years	**4.2**	6.3	**0.8**	0.3
	43.3	46.8	**21.3**	18.3

Where the Group has vacated a property prior to the end of the lease term, the Group will attempt to sub-let such vacant space on short-term lets. The sub-lease rental income for the year to 31 March 2019 was £0.6m (2018: £0.7m). The minimum rent receivable under non-cancellable operating leases is as follows:

	2019 £m	2018 £m
Total future minimum lease payments		
Not later than one year	**0.4**	0.6
Later than one year and not later than five years	**–**	0.5
Later than five years	**–**	–
	0.4	1.1

27 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 1.40 pence per share as a final dividend in respect of the year ended 31 March 2019. No charge in respect of the proposed dividend has been made in the Income Statement for the year, and there were no tax consequences. The total amount payable if the dividend is approved at the Annual General Meeting is as follows:

	2019 £m	2018 £m
1.40 pence (2018: 1.15 pence) on 525.3m (2018: 523.7m) ordinary shares	**7.4**	6.0

28 Related party disclosures

Key management remuneration

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

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

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

Full details of key management personnel compensation and interests in the share capital of the Company as at 31 March 2019 are given in the Remuneration Report.

Company Balance Sheet

At 31 March 2019

	Note	31 March 2019 £m	31 March 2018 £m
Assets			
Non-current assets			
Investments	30	**93.5**	93.5
		93.5	93.5
Current assets			
Trade and other receivables	31	**335.0**	321.5
Current tax receivable		**7.6**	3.5
Cash	34	**4.4**	–
		347.0	325.0
Total assets		**440.5**	418.5
Liabilities			
Current liabilities			
Bank overdraft	34	**–**	(1.4)
Trade and other payables	32	**(97.0)**	(96.1)
Other financial liabilities	33	**(0.3)**	–
		(97.3)	(97.5)
Non-current liabilities			
Borrowings	34	**(101.5)**	(75.9)
Total liabilities		**(198.8)**	(173.4)
Net assets		**241.7**	245.1
Equity			
Share capital	36	**26.3**	26.2
Share premium		**0.4**	–
Merger reserve		**2.3**	2.3
Hedging reserve		**(0.7)**	(0.1)
Retained earnings		**213.4**	216.7
Total equity		**241.7**	245.1

The Company Financial Statements on pages 135 to 142 were approved by the Board of Directors on 14 May 2019 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director

Company registered number: 00927680

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2017	26.2	191.4	2.3	(0.6)	24.0	243.3
Profit for the financial year	–	–	–	–	6.1	6.1
Effective portion of change in fair value of cash flow hedges	–	–	–	0.5	–	0.5
Dividends	–	–	–	–	(6.1)	(6.1)
Equity-settled share-based payments	–	–	–	–	1.2	1.2
Issue of shares under the Sharesave Scheme	–	0.1	–	–	–	0.1
Capital reduction transfer[1]	–	(191.5)	–	–	191.5	–
At 31 March 2018	26.2	–	2.3	(0.1)	216.7	245.1
Profit for the financial year	–	–	–	–	5.6	5.6
Effective portion of change in fair value of cash flow hedges	–	–	–	(0.6)	–	(0.6)
Dividends	–	–	–	–	(9.1)	(9.1)
Tax on items taken directly to equity	–	–	–	–	0.4	0.4
Equity-settled share-based payments	–	–	–	–	0.9	0.9
Purchase of own shares to satisfy share schemes	–	–	–	–	(1.1)	(1.1)
Issue of shares under the Sharesave Scheme	0.1	0.4	–	–	–	0.5
At 31 March 2019	**26.3**	**0.4**	**2.3**	**(0.7)**	**213.4**	**241.7**

[1] On 23 August 2017, the High Court of Justice confirmed the cancellation of the amount within the share premium account of the Company. The court order approving the cancellation was registered by the Registrar of Companies on 30 August 2017 and the cancellation became effective on that date. This follows the approval of the cancellation by the Company's shareholders at its Annual General Meeting held on 12 July 2017.

Company Cash Flow Statement

For the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Cash generated from operating activities		
Profit before tax	**6.2**	6.0
Financial income	**(6.2)**	(5.8)
(Increase)/decrease in trade and other receivables	**(13.5)**	3.6
Increase/(decrease) in trade and other payables	**0.4**	(1.4)
Equity-settled share-based payments	**0.9**	1.2
Cash generated from operations	**(12.2)**	3.6
Interest received	**6.6**	5.4
Tax paid	**(4.4)**	(4.9)
Net cash flow from operating activities	**(10.0)**	4.1
Cash flow from financing activities		
Drawdown of loans	**468.6**	401.9
Payment of loans	**(443.1)**	(401.0)
Proceeds from the issue of Sharesave Scheme shares	**0.5**	0.1
Purchase of own shares to satisfy share schemes	**(1.1)**	–
Dividends paid	**(9.1)**	(6.1)
Net cash flow from financing activities	**15.8**	(5.1)
Increase/(decrease) in cash and cash equivalents	**5.8**	(1.0)
Overdraft at the start of the financial year	**(1.4)**	(0.4)
Cash/(overdraft) at the end of the financial year	**4.4**	(1.4)

Notes to the Company financial statements

29 Accounting policies

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

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

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

30 Investments

	Investments in related undertakings £m
Cost	
At 1 April 2017, 31 March 2018 and 31 March 2019	113.3
Provisions	
At 1 April 2017, 31 March 2018 and 31 March 2019	(19.8)
Net book value	
At 1 April 2017, 31 March 2018 and 31 March 2019	93.5

Following the impairment testing performed in accordance with IAS 36 (see Note 12), the Company's carrying value of investment in related undertakings has been reviewed and no impairment has been made (2018: £nil).

The Company's related undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Allen Contracts Limited[1]	UK	Dormant	100%
Allen Investments Limited[1]	UK	Dormant	100%
Bucks Access Rentals Limited[1,2]	UK	Dormant	100%
Chestview (North East) Limited[1]	UK	Dormant	100%
Crewe Plant Hire Limited[1,2]	UK	Dormant	100%
Drain Technology (1985) Limited[2]	UK	Dormant	100%
Drain Technology Limited[3]	UK	Dormant	100%
Geason Holdings Limited[2,3]	UK	Holding company	100%
Hire-A-Tool Limited[1]	UK	Dormant	100%
Ian Kilpatrick Limited[2,3]	UK	Dormant	100%
Lifterz Holdings Limited[1,2]	UK	Holding company	100%
Lifterz Limited[1,2]	UK	Hire services	100%
Lifterz (Scot) Limited[1,2]	UK	Hire services	100%
OHP Limited[1,2]	UK	Holding company	100%
Platform Sales & Hire Limited[1,2]	UK	Dormant	100%
Prolift Access Limited[1,2]	UK	Dormant	100%
Prospects Training International Limited[2,3]	UK	Training services	100%
Rail Hire (UK) Limited[1,2]	UK	Dormant	100%
SHH 501 Limited[1,2]	UK	Dormant	100%
Speedy Asset Leasing Limited[1]	UK	Dormant	100%
Speedy Asset Services Limited[1]	UK	Hire services	100%
Speedy Engineering Services Limited[1]	UK	Dormant	100%
Speedy Hire (Ireland) Limited[4]	UK	Hire services	100%
Speedy Hire (Ireland) Limited[1,5]	Ireland	Hire services	100%

30 Investments (continued)

	Incorporation and operation	Principal activity	Ordinary share capital held
Speedy Hire (UK) Limited[1]	UK	Dormant	100%
Speedy Hire Centres (Midlands) Limited[1]	UK	Dormant	100%
Speedy Hire Centres Limited[1]	UK	Dormant	100%
Speedy Hire Direct Limited[1,2]	UK	Dormant	100%
Speedy Industrial Services Limited[1]	UK	Dormant	100%
Speedy International Asset Services (Holdings) Limited[1]	UK	Holding company	100%
Speedy International Asset Services Equipment Rental LLC[2,6,7]	UAE	Hire services	49%
Speedy International Asset Services LLC (Egypt)[2,8]	Egypt	Dormant	100%
Speedy International Asset Services LLC (Qatar)[2,6,9]	Qatar	Dormant	49%
Speedy International Leasing Limited[1,2]	UK	Leasing services	100%
Speedy LCH Generators Limited[3]	UK	Dormant	100%
Speedy LGH Limited[1]	UK	Dormant	100%
Speedy Lifting Limited[1]	UK	Dormant	100%
Speedy Plant Hire Limited[1]	UK	Dormant	100%
Speedy Power Limited[1]	UK	Dormant	100%
Speedy Pumps Limited[1]	UK	Dormant	100%
Speedy Rail Services Limited[1]	UK	Dormant	100%
Speedy Safemaker Limited[1,2]	UK	Dormant	100%
Speedy Services Limited[1]	UK	Dormant	100%
Speedy Space Limited[1]	UK	Dormant	100%
Speedy Support Services Limited[1]	UK	Provision of group services	100%
Speedy Survey Limited[1]	UK	Dormant	100%
Speedy Transport Limited[1]	UK	Provision of group services	100%
Speedy Zholdas LLP[1,10]	Kazakhstan	Hire services	–
Speedyloo Limited[1]	UK	Dormant	100%
Stockton Investments (North East) Limited[1]	UK	Dormant	100%
Tidy Group Limited[1]	UK	Dormant	100%
Turner & Hickman Limited[1,11]	UK	Holding company	50%
Waterford Hire Services Limited[1,12]	Ireland	Dormant	100%

[1] Registered office: Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.
[2] Indirect holding via a 100% subsidiary undertaking.
[3] Registered office: 123 St Vincent Street, Glasgow, G2 5EA.
[4] Registered office: Unit 2 Duncrue Pass, Duncrue Road, Belfast, Antrim, Northern Ireland, BT3 9DL.
[5] Registered office: Unit 2, Glen Industrial Estate, Broombridge Road, Glasnevin, Dublin 11, Republic of Ireland.
[6] Although the Group holds less than half of the voting rights, it is able to govern the financial and operating policies of the company. The Group therefore consolidates the company.
[7] Registered office: Sector # MW5, Inside ESNAAD Base, ICAD-1, Musafah Industrial Area, Near National Petroleum Construction Company, PO Box 127149, Abu Dhabi, UAE.
[8] Registered office: City Light Tower A3, Third Floor, Office No. 303, 1 Makram Ebeid Street, Nasr City, Cairo, Egypt.
[9] Registered office: PO Box 4619, Doha, Qatar.
[10] The Group has a 50% investment in Turner & Hickman Limited, which has a 90% investment in Speedy Zholdas LLP. The registered office of Speedy Zholdas LLP is Building 276, Traffic Atyrau – Dossor, Atyrau City, Kazakhstan.
[11] Registered office: 19 Woodside Crescent, Glasgow, G3 7UL.
[12] Registered office: Kingsmeadow Retail Park, Ring Road, Waterford, Republic of Ireland.

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

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31 Trade and other receivables

	2019 £m	2018 £m
Amounts owed by Group undertakings	**332.9**	319.4
Other receivables	**2.1**	2.1
	335.0	321.5

32 Trade and other payables

	2019 £m	2018 £m
Amounts owed to Group undertakings	**96.0**	95.3
Accruals	**1.0**	0.8
	97.0	96.1

33 Financial instruments

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

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

	31 March 2019		31 March 2018	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Trade and other receivables	**335.0**	**335.0**	321.4	321.4
Cash	**4.4**	**4.4**	–	–
Bank overdraft	**–**	**–**	(1.4)	(1.4)
Secured bank borrowings	**(101.5)**	**(101.5)**	(75.9)	(75.9)
Interest rate swaps and caps, used for hedging	**(0.3)**	**(0.3)**	0.1	0.1
Trade and other payables	**(96.0)**	**(96.0)**	(95.3)	(95.3)
	141.6	**141.6**	148.9	148.9
Unrecognised gain/(loss)		–		–

34 Borrowings

	2019 £m	2018 £m
Current borrowings		
Bank overdraft	**–**	1.4
Non-current borrowings		
Maturing between two and five years		
Asset based finance facility	**101.5**	75.9
Total borrowings	**101.5**	77.3
Less: cash	**(4.4)**	–
Net debt	**97.1**	77.3

The Company borrowings are stated in accordance with Note 19.

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

Analysis of net debt

	31 March 2018 £m	Non-cash movement £m	Cash flow £m	31 March 2019 £m
Cash	–	–	4.4	**4.4**
Bank overdraft	(1.4)	–	1.4	**–**
Borrowings	(75.9)	–	(25.6)	**(101.5)**
	(77.3)	–	(19.8)	**(97.1)**

35 Deferred tax

Company asset	Total £m
At 1 April 2017	0.1
Recognised in income	(0.1)
At 31 March 2018 and 31 March 2019	**–**

36 Share capital and share incentives

The Company share capital is stated in accordance with Note 22.

37 Contingent liabilities and commitments

The Company contingent liabilities and commitments are stated in accordance with Notes 25 and 26.

38 Post-balance sheet events

The Company post-balance sheet events are stated in accordance with Note 27.

39 Related party disclosures

The Company related party disclosures are stated in accordance with Note 28.

Five-year summary

	2019 £m	2018 Restated[1,2] £m	2017 £m	2016 £m	2015 £m
Income Statement					
Revenue[1]	**394.7**	373.0	369.4	329.1	386.0
Gross profit	**214.4**	204.7	191.7	184.2	210.9
Analysis of operating profit/(loss)					
Operating profit before amortisation and exceptional items	**32.7**	29.2	19.3	10.0	26.4
Amortisation	**(0.7)**	(0.2)	(1.8)	(2.7)	(2.7)
Exceptional items	**(2.2)**	(7.2)	–	(59.9)	(16.8)
Operating profit/(loss)	**29.8**	21.8	17.5	(52.6)	6.9
Share of results of joint ventures	**1.9**	0.8	1.7	0.7	0.6
Net financial expense	**(3.7)**	(4.1)	(4.8)	(5.7)	(5.1)
Net financial expense – exceptional	**(0.8)**	(0.5)	–	–	(0.3)
Total net financial expense	**(4.5)**	(4.6)	(4.8)	(5.7)	(5.4)
Profit/(loss) before taxation	**27.2**	18.0	14.4	(57.6)	2.1
Non-GAAP performance measures					
EBITDA before exceptional items	**78.7**	73.0	63.1	53.1	72.7
Adjusted profit before tax, exceptional items and amortisation	**30.9**	25.9	16.2	5.0	21.9
Balance sheet					
Hire equipment – original cost[2]	**386.4**	364.0	350.7	378.5	364.3
Hire equipment – net book value[2]	**217.5**	203.7	194.8	219.9	212.3
Total equity	**211.2**	197.8	189.6	178.4	234.0
Cash flow					
Cash flow generated from operations	**34.4**	37.2	48.9	25.9	13.3
Free cash flow	**(9.8)**	17.4	35.0	8.6	(16.2)
Purchase of hire equipment	**54.3**	44.8	40.5	57.8	68.6
Profit/(loss) on disposal of hire equipment	**1.2**	0.7	(1.5)	0.7	5.0
In pence					
Dividend per share (interim and final dividend in year)	**2.00**	1.65	1.00	0.70	0.70
Adjusted earnings per share[3]	**4.90**	4.04	2.45	0.79	3.23
Net assets per share	**40.2**	37.7	36.2	34.1	44.8
In percentages					
Gearing	**42.3**	35.1	37.7	57.2	45.0
Return on capital (operating)[3]	**12.8**	11.5	7.7	3.2	8.0
EBITDA margin[3]	**19.9**	19.6	17.1	16.1	18.9
In ratios					
Net debt/EBITDA[3]	**1.1**	1.0	1.1	1.9	1.5
Net debt/net tangible fixed assets[2]	**0.36**	0.29	0.30	0.39	0.42
In numbers					
Average employee numbers	**3,873**	3,738	3,641	3,657	3,889
Depot numbers	**222**	217	210	208	220

1 Restated as a result of the adoption of IFRS 15 – see Note 1.
2 Adjusted for fair value adjustments, see Note 24.
3 Before amortisation and exceptional items.

Shareholder Information

Annual General Meeting

The Annual General Meeting ('AGM') will be held at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES on 11 July 2019 at 11.00am.

Details of the business of the AGM and the resolutions to be proposed will be sent to those shareholders who have opted to continue receiving paper communications, which is also available to other shareholders and the public on our website at speedyservices.com/investors.

Shareholders will be asked to approve the Directors' Remuneration Report and the re-election of all Directors.

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

Share price information/performance

The latest share price is available at speedyservices.com/investors.

By selecting share price information under the investor information section, shareholders can check the value of their shareholding online or review share charts illustrating annual share price performance trends.

Shareholders can download copies of our Annual Report and Accounts and interim accounts from speedyservices.com/investors.

Dividend reinvestment plan (DRIP)

You can choose to reinvest dividends received to purchase further shares in the Company through a DRIP. A DRIP application form is available from our registrar, whose contact details are 0371 384 2769, or from overseas +44 (0)121 415 7047. Lines are open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Alternatively you can write to our registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Electronic communications

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

Enquiries on shareholdings

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

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

Boiler room fraud

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

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

- get the name of the person and organisation contacting you;
- search the list of unauthorised firms to avoid at fca.org.uk/consumers/scams to ensure they are authorised;
- only use the details on the FCA Register to contact the firm; and
- call the Consumer Helpline on 0800 111 6768 if you suspect the caller is fraudulent.

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

Forward-looking statements

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

Contact details

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

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Notes

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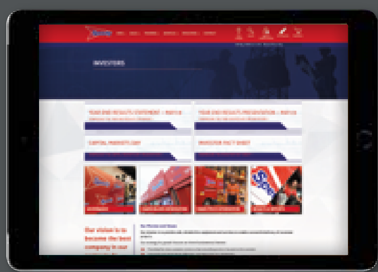

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