Customers at the core

Speedy Hire Plc
Annual Report and Accounts **2016**

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

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

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Our vision and strategy

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.

Our strategy for growth focusses on three fundamental themes:

> Providing first class customer service so that everything we do is focussed on the customer
> Innovating and doing things differently, and better than our competitors
> Cultivating strong client relationships

Underpinning these is our commitment to keeping our people and customers safe, and creating an empowered culture.

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 first class customer service

This approach to the way we do business will enable us to deliver sustainable growth through increasing revenue, reducing costs and improving ROCE.

In this report we highlight the progress we have made in response to the issues we identified earlier in the year, by focussing on our key strategic themes.

Delivering our strategy

01 Customer excellence

02 Innovation

03 Customer relationships

04 Safety

05 Empowerment

Read more about our strategy on **page 06**

Key figures

Hire assets:
£220.4m

Trading locations:
208

Revenue:
£329.1m

Employees:
3,644

Equipment availability:
24/7

Chairman's statement

Addressing our challenges

"We are beginning to see the business responding to the actions being undertaken by the new management team with an improvement in our culture of accountability, customer service and in driving greater efficiencies throughout our operations."

Jan Åstrand
Executive Chairman

Overview

I am pleased to report that the recovery action plan, undertaken by the new management team, has stabilised the business and is creating a solid platform for the future.

As soon as it became clear that we had experienced a significantly slower than expected start to the year, we initiated a comprehensive review of the Group's operations, information systems and customer service processes to identify the factors behind this. We concluded that the results for the year would be affected by:

> a lack of available equipment following the network optimisation programme
> a focus on Strategic accounts at the expense of SME customers
> poor customer service caused by disruption during the implementation of the new IT and MI system.

We announced a disappointing trading update on 1 July 2015 and a number of Board changes. I stepped up to Executive Chairman and Russell Down, who joined the Board as Group Finance Director on 6 April 2015, was additionally appointed as Chief Executive.

Results overview

Revenue was in line with our revised expectations at £329.1m (2015: £375.0m). Adjusted profit before tax (before amortisation and exceptional items) was £5.0m (2015: £21.9m) reflecting the lower revenues; adjusted earnings per share was 0.79 pence (2015: 3.23 pence per share).

Whilst these results are disappointing, revenue trended better over the second half when compared with the first. Net debt and cash flow performance were better than expected, due to tight operational management and the beneficial effects of the recovery action plan; our balance sheet remains strong. Overhead reductions which were required to bring the business back into shape were targeted at £13m; this target was exceeded.

Acquisition

On 8 February 2016 we announced that we had acquired the entire issued share capital of OHP Limited, a company specialising in the hire of overhead line equipment to the rail sector, for an initial cash consideration of £1.5 million and the assumption of £0.7m of debt. The addition of OHP has strengthened our rail activities and provides an indication of the way in which we intend to enhance shareholder value through carefully targeted bolt on acquisitions which can improve our offering in attractive market sectors.

Dividend

The Board has reviewed its dividend policy and its aspiration is to return as soon as practicable to a progressive policy with cover of between 2 and 3 times adjusted earnings per share.

This year, the Board is recommending a maintained final dividend of 0.40 pence a share. If approved at the forthcoming Annual General Meeting the total dividend for the year would be 0.70 pence per share (2015: 0.70 pence). The dividend will be paid on 12 August 2016 to shareholders on the register at close of business on 8 July 2016.

Board

Russell Down, who joined Speedy as Group Finance Director on 6 April 2015, was appointed Chief Executive on 1 July 2015. Chris Morgan, who joined as Interim Finance Director in December 2015 was appointed Group Finance Director and joined the Board on 1 April 2016.

I took on the role of Executive Chairman from 1 July 2015 to assist Russell Down in his new role as Chief Executive, and support the Executive team in their efforts to improve and accelerate operating performance. I intend to revert back to Non-Executive status in the near future and will continue to work closely with the Executive team to promote the Company's success.

During the year Dr Chris Masters and James Morley stepped down as Non-Executive Directors. On behalf of the Board, I would like to thank them both for their contribution to the business.

We were pleased to welcome Bob Contreras to the Board, as Senior Independent Director, and Rob Barclay as Non-Executive Director.

We now have a strong Board which combines deep industry and operational expertise and I am confident that it is the right one to take us forward.

Outlook

We are beginning to see the business responding to the actions being undertaken by the new team with an improvement in our culture of accountability, customer service and in driving efficiencies throughout our operations.

Jan Åstrand
Executive Chairman

Chief Executive's review

Strong focus on improving our customers' experience

"The business is starting to respond positively to the actions we are undertaking. With a renewed focus on sales, tighter overhead control and better management information with which to manage return on capital we are creating a solid platform for the future."

Russell Down
Chief Executive

Overview

On becoming Chief Executive I immediately launched our recovery action plan to address the issues which were uncovered by the Board review. I am pleased to report the early signs are that the business is starting to respond to these actions.

> Action: We reviewed our processes for testing and repairing equipment and increased engineering resources across the depot network to address equipment availability.
Result: A significant improvement in available equipment and customer response times.

> Action: The sales function was restructured to ensure that we were meeting customer requirements at all levels from Strategic to SME.
Result: Ownership and accountability for SME customers is now held at regional level, improving our relationships with these customers.

> Action: We invested in upgrades to our IT and management information systems and in embedding these fully across the business.
Result: A significant reduction in invoice queries, improvement in cash collections, better system response times and better management information with which to manage the business.

Financial performance

As previously reported the significant fall in Group revenues early in the year necessitated a fundamental review of our operations and structure. A priority has been the need to create a leaner, more effective structure, and competitive overhead base. At the half year our stated aim was to achieve overhead cost savings of at least £13m, of which £10m were expected to be realised in the UK and Ireland. We have exceeded this target and have reported overhead costs which are £16.5m lower than the prior year; £12.2m of these savings were achieved in the UK and Ireland. The savings have resulted in a cost base much more closely aligned with our revenues and have been achieved through a combination of actions including the removal of roles, better fleet management and an overall tighter control on costs throughout the Group.

Exceptional items totalled £59.9m (2015: £17.1m). These comprise the previously announced impairment of £45.9m of goodwill, £7.7m of restructuring costs, £5.5m of bad debt provisions in relation to a Middle East debtor and £0.8m relating to losses on disposals of assets in the Middle East.

Our net debt position has been improved to £102.6m (2015: £105.3m) after the acquisition of OHP Limited for an upfront consideration of £2.2m. This improvement in performance has been achieved following major upgrades to our IT system which stabilised invoicing routines, improved collections and led to a significant reduction in debtor days.

Operational review

UK and Ireland

Our UK and Ireland business contributes 94% of Group revenues. Total UK and Ireland revenue declined to £308.7m (2015: £351.3m) as a result of the factors identified by the Board review. The recovery action plan subsequently resulted in much needed internal change across the business. Core hire revenue reduced to £198.5m (2015: £223.7m). Partnered Services revenue was £45.4m (2015: £48.4m). During the period our actions drove an improving revenue trend from the first to the second half, particularly in the final quarter.

EBITA was £14.5m (2015: £37.4m) before central costs of £5.1m (2015: £5.4m). The reduction in profitability reflects the lower revenues achieved and the high level of operational gearing in the business.

We improved product availability and utilisation during the second half, making it our priority to ensure that the right equipment was available by increasing engineering resources and redistributing assets throughout the depot network. We also made significant improvements to our IT and management information systems, stabilised and enhanced the platforms, and embedded them into all areas of the business.

There has consequently been an improvement in the substance and timeliness of management information which is now also enabling us to better monitor performance against KPIs in relation to asset utilisation, engineering and logistics, and return on asset classes. This has already led to a reduction in invoice queries, improved cash collections and an enhanced customer experience. Over time, this will significantly enhance the management of the Group and consequently return on capital employed.

Our asset fleet is the largest of its type in the UK and Ireland at £211.3m and consists of over 320,000 SKUs. During the year we invested £54.8m in hire assets in the UK and Ireland, and will continue to invest in the equipment that our customers need and which provides us with an appropriate return on capital.

We have rationalised our property network during the year reducing the number of Speedy branded depots from 220 to 206 by closing and combining locations to enhance efficiency. We are improving and standardising the Express Depot network to ensure that our customers experience the highest standard of facility and service wherever they do business with us. We invested £0.4m during the year and we have budgeted an increased level of investment over the coming years to ensure that all Speedy branded depots attain a uniform standard.

The acquisition of rail overhead line equipment specialist, OHP, has now been fully integrated and significantly enhances our offering in the rail sector. The UK rail market is in a period of growth with the continuation of Network Rail's Enhancement and Renewal Projects, investment in London Underground and various light-rail projects such as the Manchester Metrolink Extension and Birmingham's Centro Expansion. Speedy is well positioned in this important and growing market.

Over the medium and longer term we will continue to complement our organic growth initiatives with carefully targeted bolt on acquisitions of specialist businesses which enhance the services we can offer to customers.

International

Our International business contributes 6% of Group revenues. During the year, we refocussed on the Oil and Gas market for national government clients in Abu Dhabi, and reported a profit of £0.6m (2015: loss £5.6m). Revenue was £20.4m (2015: £23.7m) following the closure of our businesses in Qatar, Egypt and Oman. The business operates at lower margins than the UK and Ireland due to the broad range of equipment supplied and the consequent mix of core hire and Partnered Services revenue.

The operations have been restructured further during the year and overhead costs reduced. Consequently we anticipate that in spite of the recent weakness in oil prices the business will continue to trade profitably. During the year we provided £5.5m within exceptional costs in relation to the non-recovery of amounts invoiced for asset disposals in the prior year. Following negotiations undertaken during the second half year we are now receiving payments against an agreed payment plan for the majority of the amount outstanding. Future payments will be recognised as exceptional credits as the requirement for provision is re-assessed.

People

As a result of the revenue decline we experienced early in the year, we reduced our headcount by 6.5% in the UK and Ireland this year. Whilst I do not underestimate the effect that this has had on all our people, it was a necessary action and Speedy is now operating as a stronger, more efficient and effective organisation.

I would like to thank everybody at Speedy for their perseverance and professionalism during a challenging time. I am confident that with our renewed focus on customer service, empowerment and accountability, we are now in a position to prosper once again.

Safety

Safety is at the core of everything we do and I am delighted to report that we lead our industry in this area. We have recently been awarded our second RoSPA gold medal, have been re-certified under OHSAS18001 and RISQS during the year, and have once again seen an increase in our near miss reporting which, following the learnings from these, has led to a significant fall in our major accident rate.

We are proud to have recently launched our 'intelligent safety' campaign which promotes safety related topics to the industry. The campaign is promoted through briefings on-site, with associated handouts for customers to use and updated through a dedicated online microsite. Training information is provided on safer products, and raises awareness of health and safety hazards in our industry including dust control, working at height and hand arm vibration.

Summary and outlook

We have restructured the business, cut overheads to more closely align them with revenues, enhanced the management information generated from our systems and improved our cash performance. We are now starting to see an improvement in our culture and greater efficiencies throughout our operations.

The business is starting to respond positively to the actions we are undertaking. With a renewed focus on sales, tighter overhead control and better management information with which to manage return on capital we are creating a solid platform for the future.

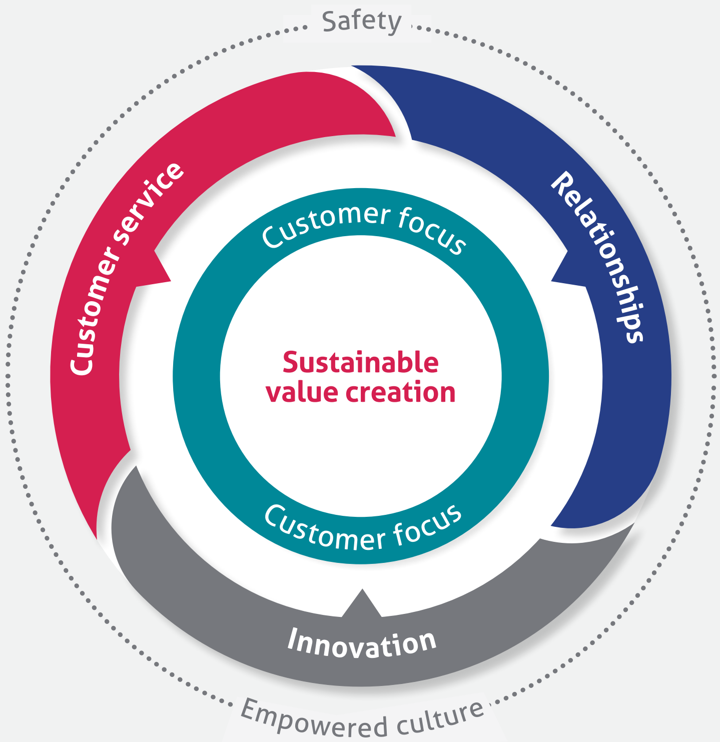
Russell Down
Chief Executive

Our customer focussed business model and strategy

We provide safe, reliable hire equipment and services to enable successful delivery of customer projects. We have a wide and varied customer base, ranging from our Strategic and National clients to our Regional and SME clients. In FY2016 we rolled out a three-part strategy to focus on all of our customers' needs, essential in a business with customers ranging from large corporations to sole traders.

Our business has a three-part customer focus:

> Service excellence
> Differentiation and innovation
> Strong relationships



Service excellence

We are prioritising improvements to the customer experience throughout the organisation.

Service industry experts have helped us to map out the customer journey and enhance the experience of doing business with us. This has resulted in us setting new performance measurement criteria that will engage customers and our people in this process. At its most fundamental, we need to ensure that we can provide our products to our customers on time and in the right working order. To this end, during FY2016 we initiated a programme to increase engineering resources and re-distribute assets throughout the depot network. This has improved asset availability and utilisation. We are investing time in talking to our customers, and asking them what they need and want from Speedy. Based on their feedback we are working on a number of initiatives that will improve the customer experience.

Differentiation and innovation

We continue to bring innovative products and services to our customers.

We have introduced over 100 new products into the fleet in the last year, and we are also working on bringing innovation in the way we service customers. During FY2016 we have put in place measures to improve our systems and processes to make it easier for our customers to do business with us. Amongst these innovations are the improvements to our IT systems, and our investment in new Smart Devices for our frontline colleagues. These hand-held devices have improved delivery scheduling and reporting, along with improved customer communications by providing automated delivery notifications when equipment is en-route. By operating electronically they reduce paperwork for the customer and the time it takes to hire a piece of equipment.

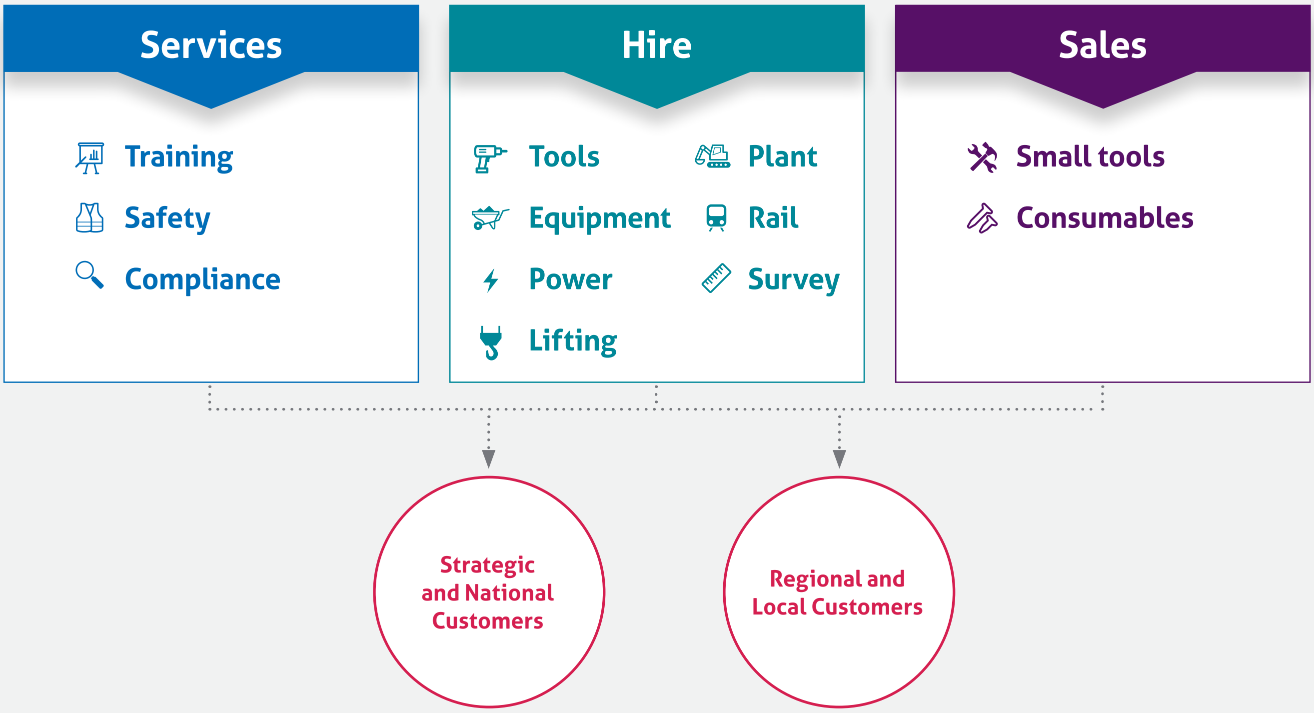
Cultivating relationships

We are developing long-term customer relationships across our customer base.

This investment runs throughout the whole organisation, from the Executive Board through to our employees on the frontline and in the back office. During FY2016, Speedy's Executive Board has been meeting regularly with customers to build stronger relationships and learn about how we can improve our service to them. This activity is enabling us to better anticipate our customers' needs through an increased knowledge of their requirements. We have re-engaged with our SME customers through the introduction of a proactive customer contact programme throughout our depot network and Speedy Direct operation, and through improving our marketing techniques.

How it works

Customers at the core of our business



A safe and empowered culture

Our three-part customer focussed strategy is underpinned by a commitment to keeping our people and customers safe, and creating an empowered culture where everyone is valued.

The safety of our people and customers is a constant within Speedy and at the heart of everything we do. Empowering our people is also important to running our business effectively. During FY2016 we re-organised the business into divisions that aligns sales, operations and engineering together, and empowers the Managing Directors of the divisions to make more localised decisions within a governance framework.

All of this happens in our chosen markets

Construction:
Working with central Government departments, local authorities and private businesses to support both new build and housing stock repair and maintenance.

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

Industrial:
Supporting manufacturing, specifically fast-moving consumer goods, technology, mining, and the oil and gas industry (both onshore and offshore).

Delivering a first class customer experience, so that everything we do is focussed on the customer

Focussing on the customer experience

We are prioritising improvements to customer service throughout the organisation and are committed to improving the customer's experience of Speedy. For us to continuously improve, it is vital that we are able to evolve and enhance technology and business processes to better deliver the customer journey. In the latter part of FY2016 we have been working with service industry experts to help us deploy a best practice customer experience management framework. The framework will allow us to clearly identify customer focussed priorities for improvement, whilst recognising the opportunities to differentiate our experience from others. Combining the engagement of our people with these tools and techniques will allow us to refocus on getting back to basics, while looking forward to sustainably growing in the future.

As a direct result of this work, during FY2017 we will be focussing on three specific areas of performance measurement:

> Creating a structured mechanism for capturing customer feedback

> Identification and refinement of the key processes that will ultimately provide improvements to the customer experience

> Capturing and acknowledging our people's perspective, and engaging them in the continual process of improving the customer experience

"We have a wide and varied set of customers, ranging from Strategic clients to our SME base. To both keep these valued customers and attract new ones, we need to focus on all of our customers' differing needs. Therefore we are prioritising improvements to the customer experience throughout the organisation so that our decisions are based on what is best for the customer."

Angela Turner
Services Director

Working 'As One' to improve customer service

During FY2016 we re-structured our operations into divisions. As part of this re-organisation we changed the reporting structure of our sales force so that regional sales people would become part of their respective regional divisions. This approach reflects one of our core values, working As One, and ensures that sales people are aligned with their operational colleagues as they work towards enhancing the end-to-end service to our customers. Within a governance framework, we have empowered regional managers with more local decision making to further improve customer service.

Improving availability

At its most fundamental, we need to ensure that we can provide our products to customers on time and in the right working order. Both the availability of products and the Test and Run process became challenging when the network optimisation programme was completed towards the end of FY2015. During FY2016 we made it our priority to get the right amount of equipment available for customers to hire. We initiated a programme to increase engineering resources and redistribute assets throughout the depot network, which has improved asset availability and is optimising utilisation. With the introduction of our Asset Information Cell (AIC), we have also improved the efficiency of the logistical process of moving equipment around the network.

Developing our systems

The right systems and technology enables our people to deliver first class customer service. In FY2015 we undertook a significant upgrade to our existing IT operating system. As with any implementation on this scale, we experienced a number of technical and cultural challenges. During FY2016 we have worked hard to rectify these challenges and have invested to make significant improvements in the system. This has resulted in a reduction in response times and invoice queries which has improved the customer experience of dealing with us. The new system is now embedded into all areas of our business and is beginning to provide more efficient customer processes that make it easier for our customers to do business with us. Internally the system is now providing us with much better management information, and is enabling better decision making in relation to asset holdings and investments.

In addition to embedding the system upgrade during FY2016 we have also rolled out a new Group Telephony System. The system has improved our business communications by providing instant messaging, video conferencing, and better call handling reporting.

Enhancing our depot network

During FY2015 we completed our network of Multi-Service Centres and Superstores. During the last financial year we have turned our focus to improving our Express Depot network. Our Express Depots are a crucial part of how we trade with both national and local customers. We are planning for each and every store to have the same look and feel and follow the same operating model. This will not only make it easier for employees to move from one site to another, but also ensure our customers are provided with the same consistent high standards of facilities and service wherever they do business with us.

Innovating to do things differently, and better than our competitors

We have a reputation within our sector for delivering innovation in the products we bring to customers, and we are now working on bringing more innovation in the way that we service them.

We are investing time in talking to customers, and asking them what they need and want from Speedy. Their feedback has enabled the development of new products, as well as new initiatives including new Smart Devices and the roll-out of a new Customer Relationship Marketing (CRM) system.

This customer focussed approach is introducing value added products and services that are increasingly differentiating us from our peer group.

Innovating in print, mobile and online

It's important that our customers are able to access comprehensive product information through channels that best suit their individual needs, and as browsing and buying behaviours change we have to make sure that customers can get product information in the way they want it. To enable this we have refreshed our catalogue, which has over 2,800 of our most popular products, updating it with improved product and technical information. At the same time we have also refreshed our website, improving the navigation and search functionality, and alongside this have launched a new mobile app so customers can now access all of the same product information in print, online or via their mobile devices.

Innovation from within – our Big Idea initiative

From the wealth of creativity and talent amongst our people, we encourage innovative thinking from the ground up. To facilitate this we run an active 'Big Idea' initiative that enables employees to suggest ideas around how we can improve in all areas both internally and externally, to improve our customers experience. We are committed to recognising and rewarding people for suggesting improvements in how our business is run, and all ideas are considered within the Innovation category of our annual employee Excellence Awards.

Partner Excellence Programme

The Speedy Partner Excellence Programme (PEP) has the specific aim of achieving a collaborative working approach with our supply chain. The programme focusses on key sustainability and safety issues, sharing best practice and, wherever appropriate, innovations and new ideas.

Whilst PEP has around 50 supplier members, it is also attended by our customers. During FY2016 the programme ran five events, where customers took the opportunity to share some of their own best practice on specific topics and to talk about the challenges they are facing.

The events also include presentations by industry experts in such areas as Business Information Modelling (BIM) and Health and Safety, and have led to the development of our industry leading Green Option (GO) product range. The range now has over 100 products, many of which are a direct result of ideas and issues raised at the PEP events. By taking this innovative approach to product development, we are championing a sustainable supply chain.

PEP themes in FY2016

- Sustainability in the construction industry
- Innovation
- Carbon management and reduction
- Health and safety and risk management
- Social impact

Smart Device technology

In the second half of FY2016 we commenced the roll-out of new mobile Smart Devices to our customer facing operational employees. These hand-held, hardwearing devices have improved delivery scheduling, incident reporting, and customer communications through providing the customer with automated delivery notifications when their equipment is en-route to them. The technology is linked to our centralised Speedy Direct operation which services our Strategic and National customers, providing staff servicing these customers with real-time visibility of the equipment delivery process. The Smart Devices also enable a significant reduction in paperwork, with the removal in paperwork completely in some areas, making our service to customers simpler, quicker and more seamless. This is improving the Speedy customer experience and enhancing customer satisfaction.

"Thank you for the demonstration of your new Smart Devices; I was very impressed. All the questions I had regarding hire and off-hire documentation, and receiving advice notes via email were answered directly. Reducing the paper trail is also great as this is one of the targets Carillion task on every contract."

Mark Etheridge
Carillion

"Our experience of the new Smart Devices has been excellent. The biggest impact has been the reduction in paperwork, and the ability to improve our service to customers by keeping them up to date about the progress of their orders and delivery electronically and in real-time."

Dave Cheek
General Manager, Newcastle Cluster

Innovation in action: Working with suppliers to meet customer needs

Contractors working on the London Underground were using a diesel welder that weighed over 160kg. The machine was causing Health and Safety issues regarding manual handling of the heavy unit into the tunnels to carry out maintenance work. They asked Speedy and its supplier MHM Plant to develop a product that weighed less than 100kg but could deliver the same power output. They also wanted to improve the safety features.

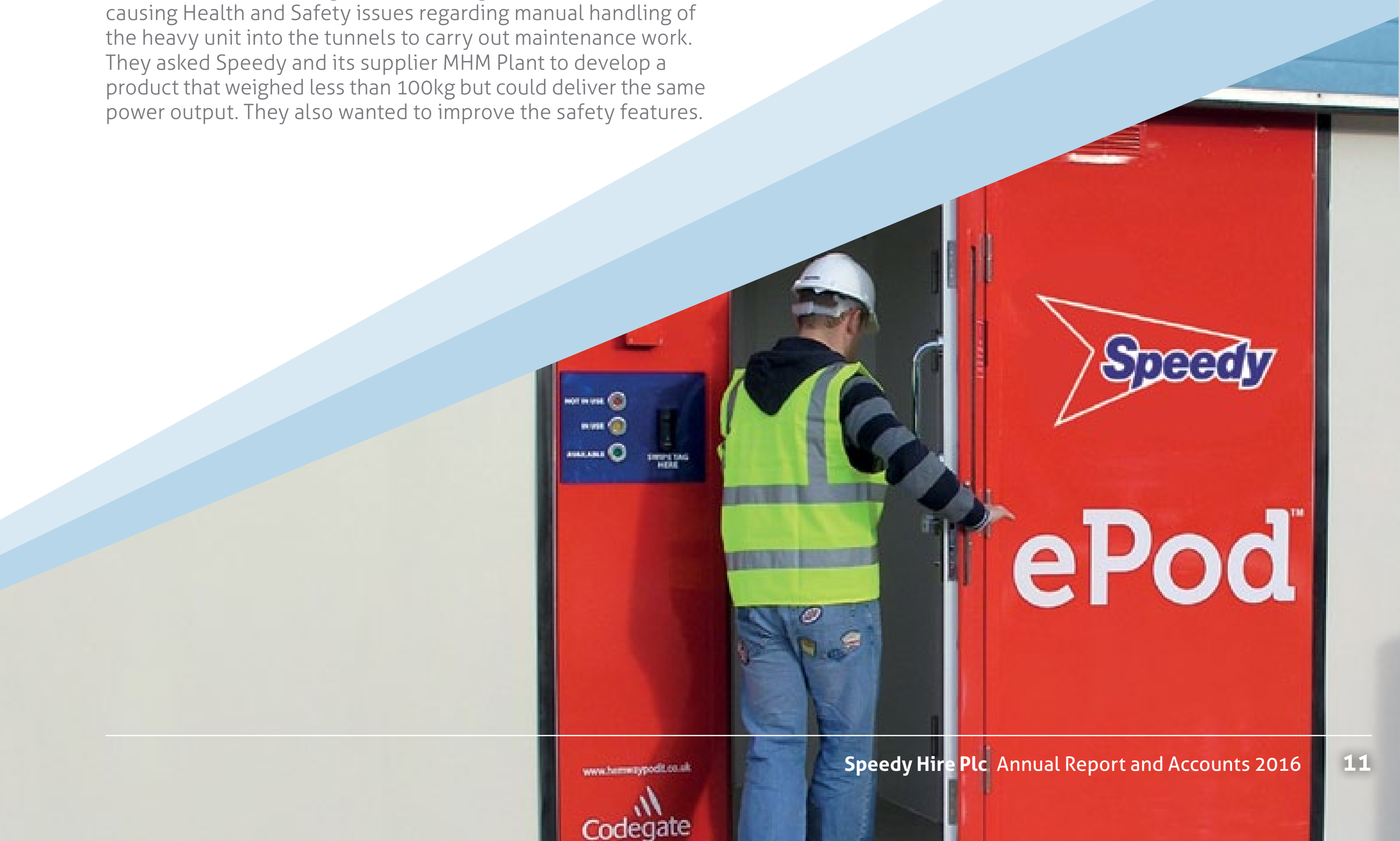
Speedy worked with MHM and developed a prototype to the customer's specification which is now called the Underground Welder. Using the latest Permanent Magnet technology, the team covered off all the specifications required, achieving the customers' most urgent need by building a machine that weighed just 54kg. The collaboration between MHM, Speedy and the contractor has produced the lightest diesel welder available on the global market today, and the contractor now has 40 units on hire for a three-year period.

Product innovation in demand

During FY2016 we introduced over 100 new and innovative products to our fleet. The innovations focus on either improving safety, efficiency or reducing the environmental impact, with many of them achieving more than one of these benefits.

One of our flagship innovations is the ePod® (electronic point of delivery system). These are unmanned units that store our hire equipment onsite, 24/7. They provide a specialist and efficient service to accommodate the needs of our customers operating outside traditional business hours, working in remote locations, or those who require a secure storage solution onsite. This year, we have more than trebled the number of units we have on hire from 8 to 28.

We have also increased the number of our unique fPods® on hire. The fPod® is an onsite refuelling station which improves site safety and reduces site carbon emissions by limiting the need for vehicle movements. The number has almost doubled this year from 16 to 30 stations now on site.



Cultivating strong client relationships

We have engaged with our Strategic, National and SME customers through re-aligning the sales force. We are introducing a proactive customer contact programme throughout our depot network and Speedy Direct operation, and are improving our marketing and customer communications.

A sales focussed structure

Approximately half of our revenue is generated by our Strategic and National customers, with the other half coming from our Regional and SME customer base. Whilst every single customer is vitally important to us, they all have different needs depending on their size and complexity.

During FY2016 we re-structured the Sales function to better address the needs of our range of customers. Our Strategic and National customers are managed by our team of National Account Directors, and supported centrally by dedicated customer desks within our Speedy Direct operation. Regional and SME customers are now regionally managed, enabling us to better align the sales force with the local operations in order to improve our service to them.

Building relationships

During FY2016, the business embarked on a new programme of building deeper relationships with our customers. The objective is for directors from all parts of Speedy to connect with their counterparts in our customers' organisations, meeting regularly with them to build stronger relationships and learn about how we can improve our service to them. These relationship building days are designed to create an open dialogue with our largest customers to complement the supplier/customer relationships that we already hold with them, whilst helping us to anticipate our customers' needs through getting to know them better.

Engaging with SMEs through improved marketing techniques

During FY2016 we have re-focussed our sales and marketing efforts to better engage with our SME customer base. At the start of the year we launched our 'Engage' campaign. Supported by the marketing team, the campaign's objective is to enable our local depot teams and sales people to re-engage with their local customers through a pro-active customer contact programme. We have directly contacted over 19,000 active and lapsed SME customers to engage with them about their hire needs, gaining vital marketing contact details and email addresses for many of them in the process.

We have also developed and launched a series of targeted, themed and seasonal marketing campaigns designed to help drive revenue and customer engagement. Online and digital marketing are now much more embedded into our SME customer communications, with dedicated microsites developed for each campaign.

We will continue to focus on building our SME customer contact and profile data, enabling us to communicate more directly and cost effectively with these customers, informing them about specific offers and promotions tailored to their needs.

Customer Innovation Days

During the year, we have established a number of Customer Innovation Days hosted at our network of Multi-Service Centres across the UK. The events, which are attended by our Strategic and National customers, as well as local contractors, give us the opportunity to introduce existing innovations as well as new and exciting products with the assistance of our loyal suppliers. The aim of the events is to create awareness about how our products deliver operational efficiency, compliance and management of risk, cost reduction and environmental benefits. Feedback from our customers has been positive, both from a product awareness perspective and as an engagement exercise in building closer relationships with them. We will continue to run these events in FY2017.

Forging relationships with new customers

In September we entered into an agreement with TradePoint as their preferred partner for hire services. This alternative channel to market enables us to forge new relationships and promote a specially selected range of competitively priced hire tools and small equipment direct to TradePoint's extensive customer base.

The Speedy Expo

Our annual event, the Speedy Expo, helps us to build relationships with customers, suppliers and employees. The event, which was held in October at the Telford International Conference Centre, is the largest private exhibition of its kind in the UK. Over 1,500 people attended with more than 125 suppliers showcasing their products to our customers and developing our employees' product knowledge. The Expo also included workshops on initiatives and issues such as dust control, noise pollution and the opportunities offered by Business Information Modelling (BIM). We also recognise the innovation that suppliers bring to our business through the Supplier Excellence Awards. Winners this year included Hilti, for their new product range that reduces inhalable dust intake by up to 99%, and Wacker Neuson for their heavy duty trench tool that enables customers to work completely emission free. With the opportunity to discover new innovative products and network with our suppliers and employees, the event is highly valued by customers.

Leading the industry in safety and sustainability

Our approach

The nature of our operations is such that employees are regularly exposed to hazards on customer sites and in the workplace. We aim to manage these hazards effectively, to ensure the safety of our employees and customers through the deployment of a robust safety management system which includes appropriate policies and procedures.

Having reduced the reported number of RIDDOR accidents leading to lost time (those reported to the Health and Safety Executive), during FY2015, we are pleased to announce that we have continued that trend in FY2016, reporting a further reduction from 0.18 accidents per 100,000 hours worked, to 0.12. This represents a 33% reduction in the last financial year, and an 80% drop since 2014. These results put us ahead of our peer group, align us more closely with our Strategic and National customers, and are testament to the work our people have done in this critical area.

During FY2015, we reduced our Major Accident Frequency Rate (MAFR) to 0.07, and we are pleased to be able to report that during FY2016 we also reduced that figure further to 0.01 per 100,000 hours worked.

Accurate reporting is an essential part of building a robust safety management system. At Speedy we encourage the reporting of all incidents through a simple common near-miss/unsafe condition reporting system at every operational site.

Educating our industry through 'Intelligent Safety'

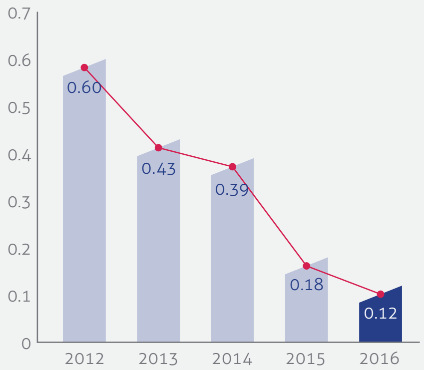
Over the course of FY2016, we have developed an in-house behavioural safety programme, branded as 'Speedy Intelligent Safety'. The programme, which is promoted through both printed booklets for customers to keep onsite and a dedicated online microsite, focusses on intelligent safety training for our employees and on customer sites across the UK and Ireland, providing safer products, and raising awareness of safety hazards in our industry. The campaigns to date have focussed on three major risks facing the safety and wellbeing of people in our industry; Dust Control, Working at Height and Hand Arm Vibration (HAV), and we will continue with new campaigns in FY2017, with the first focussing on Manual Handling.

As part of our Dust Control initiative, Speedy has supported the national Breathe Freely campaign run by BOHS, The Chartered Society for Worker Health Protection. The campaign facilitates free-to-attend regional events on preventing lung disease in the construction industry.

"Safety is at the heart of everything we do. It is part of our DNA and fundamental to our reputation. We aim to lead the industry in our approach."

Steve Giblin
Group HSSEQ Director

RIDDOR accident frequency rate
80% reduction in two years



33% YoY reduction in RIDDOR accidents per 100,000 hours worked *(2015: 0.18)*

0.12

Major Accident Frequency Rate (MAFR) per 100,000 hours worked *(2015: 0.07)*

0.01

Dust control

More than a nuisance, dust can lead to a whole series of illnesses and health concerns. According to the Health and Safety Executive (HSE) statistics, approximately 8,000 people a year die from dust related illnesses. Further to this, the HSE estimates that since 2003 a further 42,110 people have suffered from work related breathing or lung problems.

At Speedy we want to help address dust related issues, which in many cases are wholly avoidable.

Our eye catching posters and information materials are supported by onsite toolbox talks, training courses and a breadth of innovative products that minimise the effects of dust, and our customers' feedback has been excellent:

"The dust module of Speedy's Intelligent Safety campaign has proved invaluable. I have advised my site management to make use of this source and the material as often as they need."

Terry Meadows
Senior Safety Health and Environmental Manager
Transport & Highways, Morgan Sindall

For more information on our safety campaigns visit **http://intelligentsafety.speedyservices.com/**

Awards and accreditations

Speedy is proud to be an active member of the major industry accreditation schemes, and is committed to working with them to drive forward the standards of best practice.

During FY2016 we were proud to be the first company in our sector to achieve the ISO 50001 accreditation for energy saving, which will become a standard within the business for tracking and saving energy usage. Other current accreditations include:

- ISO 9001 for Quality Management
- ISO 14001 for Environmental Management
- OHSAS 18001 for Health & Safety Management through Intertek Certification Ltd

Speedy is accredited to Achilles Building Confidence with a 5-star rating for the fourth year running. We have also maintained a 5-star rating for our Achilles RISQS accreditation for the second year running, demonstrating that we have not received any non-conformances for two years through this scheme.

During FY2016 we won a RoSPA Gold award for health and safety, providing further demonstrable evidence that we continue to lead the industry in our commitment to keeping our people and customers safe. We are delighted that at the beginning of FY2017 we won this award for the second year running.

Image taken from Speedy's Intelligent Safety campaign – Hand Arm Vibration

Focussing on people and culture, to help us become the best company to work for in our sector

At Speedy, we recognise that a great place to work is about much more than remuneration. We are constantly looking at how we can promote an empowered culture that rewards and recognises the contribution of our people, and making our Company one where they enjoy coming to work.

Empowering local decision making

During FY2016 we re-organised the business into five divisions, empowering the managing directors of these divisions to make more localised decisions within a governance framework. This shift in culture enables them to make decisions based on their local market conditions and customer base. As a consequence, local managers, who have the closest relationships with our customers, can make more decisions that are good for the customer, and the business. This strategy is enabling our people to begin delivering on our three-part customer focussed approach.

Specialist expertise

Whilst we have reduced our overall headcount in our drive to improve efficiency and reduce costs, during FY2016 we have re-focussed on recruiting personnel with specialist expertise in engineering. To improve turnaround times, and the backlog of equipment for testing and repair, we have recruited more than 40 specialist engineers into our Multi-Service Centre network.

We have also bolstered our specialist rail offering with the acquisition of the OHP Group, which primarily comprises Rail Hire (UK) Limited, a company specialising in the hire of overhead line electrification (OLE) equipment to the rail sector. The acquisition brought in a team of 25 people who are renowned in the rail industry for their in-depth specialist knowledge.

"Part of our vision is to become the best company to work for in our sector. We are committed to that goal by empowering our people to build their career journeys, providing them with great opportunities for training and development."

Cathy Dawson
Group HR Director

Celebrating loyalty – over 170 Long Service Awards since April 2015

170

Training and development

We are committed to ensuring that our people are trained and competent to not only do their jobs, but also empowered to develop their skills and build their careers.

Our training academy operates from our network of larger sites which house both classroom and practical training facilities. Every employee new to the business goes through a formal induction programme, as well as receiving further training depending on the nature of their job role. We also have a bespoke Apprentice Training facility in York, equipped as a virtual depot, attended by all of our apprentices whilst training for their formal qualifications. During FY2016, we are proud to announce that our training academy was awarded a Learning and Development Team of the Year Silver Award at the Training Journal Awards.

We are proud of our extensive record of training and development:

> 4,388 face-to-face internally delivered training courses
> 2,322 external supplier specialist training courses delivered
> 135 business and leadership diplomas awarded
> 96 Depot Managers undertaking Hire Association of Europe Leadership course
> 50 LEAN and Continuous Improvement Courses
> 45 Business Administration NVQ's
> 51 Senior Managers undertaking specialist business training at Henley Business School

Rewards and benefits

During FY2016 we reviewed employee rewards and benefits with the aim of enhancing remuneration in a cost effective manner. To do this we have introduced an approach that consolidates the number of benefit providers, whilst introducing a combination of employee retail discounts and salary sacrifice schemes. Our new Car Salary Sacrifice Scheme makes new car ownership more affordable for our employees whilst delivering tax and national insurance savings for the business. It offers employees a fully managed car for a monthly fee which is deducted from their salary before tax. The scheme, which is open to all employees, was launched at a special event at Speedy's head office and was supported by the vehicle manufacturers, so that employees could find out more and explore the vehicles on offer. In FY2017, we will be examining how we can further benefit our employees through introducing new flexible remuneration packages that will enable them to decide how best they want their salary and benefits package to work for them.

Recognition

Our managers are empowered to reward employees for excellent performance within their roles. This is delivered through a spot reward Red Letter Day recognition scheme. We also empower our people to nominate their colleagues for going above and beyond the call of duty through our annual Excellence Awards initiative. The awards publicly promote and recognise outstanding teams and individuals across all areas of the business, and in FY2016 more than 200 of our employees nominated their colleagues to win an award.

Putting social and environmental impact at the forefront of our activity

During FY2016 we have reviewed our Corporate Social Responsibility (CSR) Roadmap to ensure our Key Performance Indicators remain integral to our business objectives and strategy.

Our CSR Working Group operates within a framework which links directly to our KPI Roadmap, targeting performance improvement in areas that make a real difference to people, customers and communities. Our approach is categorised into four key areas that we call Intelligent Marketplace, Environment, Workplace and Community.

Intelligent Marketplace

Understanding our customers' challenges and the wider industry context they work in sits at the centre of our approach. Championing innovation is the driving force in shaping our approach to an intelligent marketplace. Collaborating with our customers enables Speedy to tailor sustainable solutions that offer benefits to all parties. Led by our supply chain team, we have over 100 Green Option (GO) products that deliver sustainable solutions to our customers.

Intelligent Environment

We have measured our carbon footprint for ten years and the process has been important for two specific reasons. Firstly it has shown our customers, our people and our wider communities that we are serious about playing our part in reducing the carbon impact of the construction industry. Secondly it has been integral in reducing our own carbon footprint from above ten tonnes per capita per annum when we started to less than seven today.

Intelligent Workplace

We are shifting the culture within the business so that performance management and recognition and reward reflect our vision to be the best company to do business with in our sector and the best to work for. During FY2016 we have re-assessed our performance review process and will be launching a standardised Personal Development Review programme during FY2017.

This learning and development programme will aim to ensure our people have the skills and expertise to provide first class service to our customers, and develop and enhance their own careers and personal development.

Intelligent Community

Under the guidance of our Charities Committee we look to contribute to the wellbeing of both the construction community and the local communities in which we operate. 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 support the production of their newsletter, and promote membership at our national conference, the Speedy Expo.

Wellchild help sick children and their families across the UK. During FY2016 we have supported their Helping Hands programme by providing tools and equipment as well as volunteers. In FY2017 we are extending this support by training their Programme Head and Project Manager on the IOSH Managing Safely course at our NDC Training Centre.

In addition to our two charity partners, we also run two prison workshops at HMP Garth in Lancashire and HMP Erlestoke in Bristol. We provide real work training to NVQ level 2 in electrical engineering for up to 60 inmates at any given time, providing the skills which will make finding work easier upon release.

We also support employees with their own fundraising activities, and our employees are proactive in running fundraising events that support both local charities, and nationally recognised fundraising days.

Human rights

Speedy's Human Rights Policy applies to all employees and commits Speedy to upholding the provision of basic human rights and eliminating any discriminatory practices. The policy emphasises 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

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

A breakdown by gender of the number of persons who were Directors of the Company, senior managers and other employees as at 31 March 2016, is set out below.

> Directors – Female 0:3 Male
> Senior management team – Female 7:37 Male
> All Speedy employees (UK) – Female 506:2620 Male

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, electricity consumed in our UK Mainland activities, Northern and Republic of Ireland operations and our joint venture International Asset Services and includes the business travel and waste disposal activities of our UK Mainland offices and depots.

Global GHG emissions

Data for period 1 January 2015 to 31 December 2015

Emissions from:	Tonnes of CO_2e Current reporting year 2015	Tonnes of CO_2e Comparison year 2014
Combustion of Fuel & Operation of Facilities	**17,403.61**	20,262.82
Electricity, Heat, Steam and Cooling Purchased for own use	**5,409.79***	5,387.67
Total Scope 1 and 2 Emissions	**22,813.39**	25,650.49
Scope 3 Business travel – rail	**1.30**	n/a
Scope 3 Business travel – air	**202.01**	n/a
Scope 3 Waste – Recycled/Recovered	**32.24**	n/a
Scope 3 Waste – Landfill	**355.36**	n/a
Total Scope 3 Emissions	**590.93**	n/a
Company's Chosen Intensity Measurement: Emissions reported above normalised to 'per Employee'	**6.69**	7.05

* Increase in 2015 is due to the inclusion of data for Ireland and International.

Methodology

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

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), Scopes 1, 2 & 3 and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2015. This year's report includes Well to Tank, Transmission and Distribution and Waste factors also.

The boundary of this report has been based on equity share and includes:

> Kazakhstan: 50% share
> Middle East: 49% share

Omissions

The combustion of diesel for the testing of equipment/machinery could not be established for this reporting period, however, processes and procedures are currently undergoing change and will be established in 2016 to capture this data for future years.

Data confidence

The data used to report the GHG emissions was reviewed and examined and gives a 'Good' level of confidence =/- 7.2%. This was established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty'.

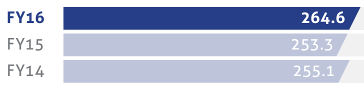
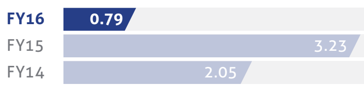
Key performance indicators

Measuring our progress against our strategy

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2016 performance
Revenue[1] £m	A measure of the work we are undertaking.	**£329.1m**	FY16 329.1 FY15 375.0 FY14 349.7
EBITA[1] £m	A measure of the profit we generate from our revenue.	**£10.0m**	FY16 10.0 FY15 26.4 FY14 22.1
EBITA[1] margin %	Highlights how successful Speedy is in maximising its return from the revenue generated.	**3.0%**	FY16 3.0 FY15 7.0 FY14 6.3
EBITDA[1] £m	A measure of operating return before depreciation.	**£53.1m**	FY16 53.1 FY15 72.7 FY14 68.7
EBITDA[1] margin %	Highlights value generated either through operational efficiency or the quality of the revenue.	**16.1%**	FY16 16.1 FY15 19.4 FY14 19.6
Return on capital employed[2] %	A measure of how well Speedy is delivering a return from the capital invested.	**3.2%**	FY16 3.2 FY15 8.0 FY14 7.0
Net debt £m	A measure of the Company's borrowings.	**£102.6m**	FY16 102.6 FY15 105.3 FY14 84.4
Net debt to EBITDA[1]	A measure of how leveraged the balance sheet is.	**1.9x**	FY16 1.9x FY15 1.5x FY14 1.2x

1 Before exceptional items.
2 The calculation used is EBITA divided by the average of our opening and closing capital employed (where capital employed equals shareholders' funds plus net debt).
3 Before exceptional items and amortisation.

KPI	Why this KPI is important to our strategy	How we have done	FY2016 performance
NBV of property, plant and equipment £m	As our assets are our core revenue generator, this effectively measures the scale of investment to support revenue.	**£264.6m**	
Earnings per share[3] pence	A measure of the return generated for each holder of our ordinary shares.	**0.79p**	

Non financial KPIs

KPI	Why this KPI is important to our strategy	Target	How we have done	Achieved
Keeping people safe	We recognise that we and our customers work in some of the UK's most dangerous industry sectors and therefore we have a responsibility towards keeping people safe.	0.1 accidents per 100,000 hours worked	We achieved 0.01	✓
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, work for and do business with.	7.5 tonnes per capita	We achieved 6.69 tonnes per capita	✓

Financial review

Focussing on the fundamentals

"Partial recovery was seen in the final quarter and a number of new contract wins and renewals were secured in the year. These include Morgan Sindall, Lorne Stewart, Whitbread and Siemens."

Chris Morgan
Group Finance Director

Group financial performance

Revenue[1] for the year to 31 March 2016 was £329.1m (2015: £375.0m) which included fleet disposals of £5.6m (2015: £13.7m); excluding these disposals, revenue declined 10.5% (2015: increased 6.2%). In the prior year exceptional revenue of £11.0m related to the disposal of Middle East assets.

The gross profit percentage[1] declined to 56.0% (2015: 57.9%) primarily due to the mix of partnered services revenue streams which have a lower margin than core hire and a £3.5m profit on disposal last year on two large deals which generated higher margins than the £0.7m profit on disposal in the current year.

The Group reported EBITA[1] of £10.0m before exceptional items (2015: £26.4m). Gross profit[1] declined by £32.9m, offset by a £16.5m saving in administrative expenses and distribution costs. The main cost savings arise from people (£12.2m) and vehicles (£2.1m). The International division generated EBITA[1] of £0.6m (2015: EBITA[1] loss £5.6m) following the exit from the non-oil and gas market in 2015. Profit before taxation, exceptional items and amortisation was £5.0m (2015: £21.9m). Loss after taxation was £52.7m (2015: £0.2m profit).

UK & Ireland performance

Revenue[1] fell by 12.1% to £308.7m (2015: £351.3m). Partial recovery was seen in the final quarter and a number of new contract wins and renewals were secured in the year. These include Morgan Sindall, Lorne Stewart, Whitbread and Siemens. The Rail division continued to grow and we acquired Rail Hire UK ('OHP Limited') to enhance our offering in the rail sector. Fuel revenue was down £3.0m compared to last year, driven by falling prices, but volume increased 7% year on year. The gross margin impact of the overall revenue fall was in part mitigated by £12.2m of savings in administration expenses and distribution costs.

International performance

The International division was restructured in the previous year with the closure of operations in Egypt and Qatar and the sale of the business in Oman in the current financial year. The Group withdrew from the UAE spot hire business in the previous year and the remaining Oil & Gas activities in the region are currently operating profitably. EBITA[1] was £0.6m (2015: EBITA[1] loss £5.6m). Revenue performance was encouraging, with strong underlying growth in the final quarter.

	Revenue[1] (£m)		EBITA [1] (£m)	
	2016	2015	**2016**	2015
UK & Ireland	**308.7**	351.3	**14.5**	37.4
International	**20.4**	23.7	**0.6**	(5.6)
Corporate costs	**–**	–	**(5.1)**	(5.4)
Total	**329.1**	375.0	**10.0**	26.4

1 Before exceptional items.

Exceptional costs

Exceptional items totalled £59.9m before taxation (2015: £17.1m) due to the impairment of goodwill (£45.9m) and business restructuring costs. A summary of costs treated as exceptional is provided below; full details are provided in note 3 to the Financial statements:

- £45.9m goodwill impairment, of which £34.9m relates to three acquisitions undertaken in 2006 and 2007;
- £5.5m bad debt provision in relation to an International debtor;
- £7.7m on the business restructure, consisting of £4.2m on management restructuring and £3.5m on the network optimisation programme; and
- £0.8m relating to losses on non-oil and gas asset disposals in the Middle East.

Interest and hedging

Net financial expense totalled £5.7m (2015: £5.4m). 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 40% of the applicable margin. During the year, the margin payable on the outstanding debt fluctuated between 2.00% and 2.75% dependent on the Group's performance in relation to leverage and the weighting of lending between receivables and plant and machinery. The effective average margin in the year was 2.49%. The current applicable margins are 2.25% on receivables and 2.75% on plant and machinery.

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was a liability of £0.7m at year end and they have varying maturity dates to February 2019. The incremental interest cost arising from these hedges amounted to £0.3m during the year (2015: £0.3m).

Taxation

The Group's income statement shows a tax credit for the year of £4.9m (2015: charge £1.9m), an effective tax rate of 8.5% (2015: 90.5%). The low effective tax rate is principally due to £28.8m of the goodwill impairment not being tax deductible. The effective rate of tax on adjusted profit amounts to 16.8% (2015: 24.7%). The adjusted effective tax rate is lower than the prevailing UK tax rate due to the impact of changes in future tax rates on deferred tax balances.

The Group has benefitted from a deferred tax credit of £0.6m which arises from restating the net deferred tax liability at an enacted future tax rate of 18%, down from 20%.

Tax paid in the year ending 31 March 2016 amounted to £0.6m (2015: £5.2m).

Shares, earnings per share and dividends

At 31 March 2016, 523,320,947 shares were outstanding, of which 4,160,483 were held in the Employee Benefits Trust.

Adjusted earnings per share before amortisation and exceptional items was 0.79 pence (2015: 3.23 pence). After amortisation and exceptional items, basic loss per share was 10.19 pence (2015: earnings per share 0.04 pence).

The Board remains committed to the payment of dividends when prudent to do so, and its aspiration is to return as soon as practicable to a policy with cover of between 2x and 3x adjusted earnings per share. Subsequent to the year end, it has recommended a final dividend of 0.40 pence per share (2015: 0.40 pence), which represents a cash cost of approximately £2.1m. If approved by shareholders, this gives a total dividend for the year of 0.70 pence per share (2015: 0.70 pence). It is proposed that the dividend will be paid on 12 August 2016 to shareholders on the register at 8 July 2016.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £69.0m (2015: £87.7m), of which £57.8m (2015: £68.6m) related to equipment for hire. The Group's property network was redeveloped and optimised during the previous year and consequently capital expenditure related to land and buildings decreased to £3.4m (2015: £13.7m).

The hire fleet is continually reviewed to optimise asset holdings for the target market. As a result of better management information informing decisions on asset utilisation, capital expenditure requirements reduced in the year. Disposal proceeds of £17.6m (2015: £39.8m) decreased during the year as a result of the sale of equipment held in the Middle East during 2015. At 31 March 2016, the average age of the fleet was estimated at 3.9 years (2015: 4.0 years).

Cash flow and net debt

Net cash flow generated from operating activities increased to £20.4m in the year (2015: £3.0m). Free cash flow (before dividends and financing activities) was an inflow of £8.6m (2015: outflow £16.2m), primarily as a result of better working capital management, especially within trade and other receivables. Trade receivables have decreased by 28.0% to £74.9m, following system improvements and reflecting lower revenue. In addition, capital expenditure reduced by £18.7m. Disposal proceeds reduced from £39.8m to £17.6m, primarily as a result of the International asset sales in 2015. Dividend payments in the year amounted to £3.6m (2015: £3.4m).

Accordingly, net debt has decreased from £105.3m at the beginning of the year to £102.6m at 31 March 2016, a £2.7m decrease, despite the £2.2m acquisition of OHP Limited, a company specialising in the hire of overhead line equipment to the rail sector. Net debt to EBITDA has increased to 1.93x (2015: 1.45x). Net debt as a percentage of hire fleet NBV has decreased to 46.6% from 49.6% as at 31 March 2015.

Balance sheet

Net assets at 31 March 2016 totaled £178.4m (2015: £234.0m).

Net assets per share amount to 34.1 pence, and tangible fixed assets per share, 50.6 pence. Net property, plant and equipment was £264.6m at 31 March 2016, of which equipment for hire represents approximately 83.3%. Net debt/property, plant and equipment of 0.39x at 31 March 2016 (2015: 0.42x) underlines the strong asset backing within the business.

Gross trade receivables totaled £85.8m at 31 March 2016 (2015: £110.4m). Bad debt and credit note provisions totaled £10.9m at 31 March 2016 (2015: £6.3m), equivalent to 12.7% of the debtor book (2015: 5.7%). The increase in total provisions reflects the specific exceptional provision discussed in note 3.

Capital structure and treasury

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

The Group's £180m asset-based revolving credit facility expires in September 2019.

At 31 March 2016 the gross amount utilised under the facility was £114.3m. The undrawn available amount, based on eligible receivables and plant and machinery, amounted to £54.8m (2015: £55.0m). The average gross borrowings under the facility during the year ended 31 March 2016 was £132.9m. The current facility includes quarterly leverage and fixed charge cover covenant tests which are only tested if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the year.

The Group will continue to closely monitor cash generation, whilst balancing the need to invest in the quality of its UK hire fleet and depot network.

Return on capital

The return on capital (based on EBITA before exceptional items) generated by the Group was 3.2%, down from 8.0% in FY2015. This is a key measure, and in addition to driving improved profitability and cash generation, the Group will closely monitor the impact on returns of future hire fleet changes.

Chris Morgan
Group Finance Director

Principal risks and uncertainties

Effective management of risks

The business strategy in place and the nature of the industry in which we operate expose the Group to a number of risks. As part of the risk management framework in place, the Board 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 is used by the Board to carry out a robust assessment of the principal risks.

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

Risk	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 systems, health and safety, and environment 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.
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.	The Group has invested substantially in its operational and back office processes, to continue to improve its service offering. New personal digital assistants (PDAs) are in the process of being rolled out to improve the on-site customer experience whilst the Group continues to invest heavily in its IT infrastructure to support its head office function. Speedy also 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.
Revenue and trading performance	**Competitive pressure** The hire market is fragmented and highly competitive. Whilst we continue to develop strategic relationships with Strategic and National customers, it is important that we continue to develop our Local and Regional accounts. **Reliance on high value customers** As revenue from Strategic customers grows there is a higher risk to future revenues should preferred supplier status be lost when such agreements may individually represent a material element of our revenues.	The Group monitors its competitive position closely, to ensure that it is able to offer its customers the best solution for their requirements. The Group provides a wide breadth of offerings, supplemented by its partnered services 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.

Risk	Potential impact	Strategy for mitigation
People	**Employee excellence** In order to achieve our strategic objectives, it is imperative that we are able to sufficiently 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, focussing on both short term 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 Partnered Services offering, where the contact point with the customer is 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.
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.

Effective management of risks
continued

Risk	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 support required for the business strategy. Business units create business cases and projects for a formal Investment Committee to agree spend where necessary and then implement any new/upgraded systems. The introduction of improved data reporting with dedicated analysts within the business provides improved business information and better data quality and consistency. 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 in unavailability issues. This could disadvantage the Group relative to its competitors and might adversely impact on its ability to command acceptable levels of pricing.	The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities. In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support. The Group's current £180m asset based revolving credit facility is not due to expire until September 2019.
Economic vulnerability	**Economy** Any changes in construction/industrial market conditions could affect activity levels and consequently the prices that the Group can charge for its services. Any reduction in Government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group.	The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast.
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 with managing their business and delivering results 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.

Risk	Potential impact	Strategy for mitigation
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 such as our National Distribution Centre.	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.
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.	A better 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 constantly review our range of assets and introduce progressive solutions to our customers as new products come to market, under our innovative and Green Option programmes.

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.

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, 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 2019.

Governance

Governance

Chairman's letter to shareholders

Jan Åstrand
Executive Chairman

Dear Shareholder

On behalf of the Board I am pleased to present the Governance report for FY2016. This section of the Annual Report highlights the Company's governance processes, alongside the work of the Board and Board Committees.

FY2016 has been a challenging year for the Company. We have continued to make changes at Board and senior management levels, including the promotion of Russell Down to Chief Executive on 1 July 2015 following the departure of Mark Rogerson. Chris Morgan was appointed as Group Finance Director with effect from 1 April 2016, having served in an interim capacity since December 2015. James Morley and Chris Masters stepped down from the Board during the year. Bob Contreras was appointed as Chairman of the Audit Committee and Senior Independent Director and Rob Barclay was appointed Chairman of the Remuneration Committee.

Following Russell Down's appointment as Chief Executive, we undertook an internal restructure with effect from 1 September 2015, aimed at better aligning the business with the needs of its stakeholders. This resulted in a number of senior employees leaving the business, but also in some new appointments to ensure that we have the right balance of skills and experience below Board level to properly implement the strategy and vision of the Board. I am pleased with the current structure and composition of the senior management team and I have no doubt that they will continue to progress the strategy during FY2017. I would like to express my sincere thanks to those Directors and senior managers who have left us during the year, and wish them all the very best for the future.

During the year, we have assessed our compliance with the UK Corporate Governance Code 2014 (the 'Code') and disclosures in this year's Annual Report describe how the Code's main principles are applied. We consider that the Code's principles are central to the effective management of the business, to maintaining the confidence of our investors and are in the best interests of all of our stakeholders. These disclosures highlight areas where the Company has not complied with certain provisions of the Code, but we have explained why we have departed from such provisions and what we are doing to ensure that we retain strong corporate governance within the Company for the benefit of our stakeholders. As you will see from the disclosures made, the departures from the Code's principles have, to the extent practicable, been remedied with effect from the commencement of the current financial year.

As noted on page 3 of this Annual Report, I took on the role of Executive Chairman from 1 July 2015 to assist Russell Down in his new role as Chief Executive, and to support the Executive team in their efforts to improve and accelerate operating performance. I intend to revert back to Non-Executive status in the near future and will continue to work closely with the Executive team to promote the Company's success.

Jan Åstrand
Executive Chairman

Directors' report

Strategic report
The Chairman's statement on pages 2 and 3 and the Strategic report on pages 1 to 27, the Corporate Governance review on pages 36 to 40 and the reports of the Audit, Nomination and Remuneration Committees on pages 41 to 61 are incorporated by reference into this report and are deemed to form part of this report.

The Strategic report was approved by the Board and authorised for issue on 16 May 2016.

Results and dividends
The consolidated loss after taxation for the year was £52.7m (2015: profit £0.2m). This is after a taxation credit of £4.9m (2015: charge £1.9m) representing an effective rate of 8.5% (2015: 90.5%). An interim dividend of 0.30 pence per share was paid during the year. The Directors propose that a final dividend of 0.40 pence per share be paid, which, if approved, would make a total dividend distribution in respect of the year of 0.70 pence per share (2015: 0.70 pence) and will be paid on 12 August 2016 to all shareholders on the register at 8 July 2016.

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

Buy-back of shares
At the Annual General Meeting held on 15 July 2015, 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 16 May 2016, no shares had been purchased under this authority. Shareholders will be requested to renew this authority at the forthcoming Annual General Meeting in July 2016.

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 19 of the Financial statements.

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

Substantial shareholders
As at 22 April 2016, the Company had been notified, including under the Disclosure and Transparency Rules, of the following holders of shares with 3% or more of the total voting rights in the issued share capital of the Company.

Shareholder name	Percentage of voting rights
Toscafund Asset Management	19.44
Schroder Investment Management	11.25
Aberforth Partners	9.90
FIL Investment International	7.69
Majedie Asset Management	6.50
Artemis Investment Management	5.25

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 60. Mark Rogerson, James Morley and Chris Masters stepped down as Directors during the financial year.

Bob Contreras, Chris Morgan and Rob Barclay have been appointed to the Board since the date of the last Annual General Meeting and offer themselves for election in compliance with the Company's Articles of Association.

The Board unanimously supports the election of Bob Contreras, Chris Morgan and Rob Barclay.

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

Equal opportunities

The Group employs 3,193 people in the UK and Ireland, and 451 people internationally. The Group has a clear policy that employees are recruited and promoted solely based on aptitude and ability. The Group does not discriminate in any way in respect of race, sex, marital status, age, religion, disability or any other characteristic of a similar nature. In the case of disability, all reasonable adjustments are considered to enable employment or continue employment as well as to ensure that any disabled employees receive equal treatment in matters such as career development, promotion and training. Managers at all levels are trained and developed to adhere to and promote this goal, including receiving training specifically on diversity matters. Further information on equal opportunities within the Group is set out at page 19 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.

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 51 to 52. The payments made to departing Directors in FY2016 are set out in the Remuneration Committee's report on page 59.

The Group has a people strategy in place aimed at being an employer of choice, as can be seen on pages 16 and 17 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.

Auditors

KPMG LLP was appointed at the Annual General Meeting of the Company held on 15 July 2015 and its appointment expires at the conclusion of this year's Annual General Meeting. The Board is recommending KPMG LLP be reappointed as auditors and a resolution concerning this will be put to the forthcoming Annual General Meeting in July 2016.

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 2016, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2016 the issued share capital was £26,166,047 comprising 523,320,947 ordinary shares of 5 pence each. There are no special rights or obligations attaching to the ordinary shares.

Restrictions on share transfers

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

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

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

Directors' report
continued

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

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

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

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

Each Director must also stand for re-election at the third Annual General Meeting following their last election or re-election. If the number of Directors standing for re-election is less than one-third of the current Board (which excludes any Directors appointed by the Board who are standing for election for the first time) then additional Directors must also stand for re-election in order that one-third of the Board is standing for re-election, save that where the number of Directors is not three or a multiple of three, the number of Directors which is nearest to but does not exceed one-third must stand for re-election. Bob Contreras, Chris Morgan and Rob Barclay will stand for election as it is the first Annual General Meeting since they were appointed as Directors by the Board.

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

Directors' powers
At the Annual General Meeting to be held on 13 July 2016, shareholders will be asked to renew the Directors' power to allot shares and buy back shares in the Company and to renew the disapplication of pre-emption rights.

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

Shares in the Company are held in the Speedy Hire Employee Benefits Trust for the purpose of satisfying awards made under the Company's Performance 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.

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, the Company has also indemnified Directors who held office during the year.

Annual General Meeting
The Company's Annual General Meeting will be held at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ on 13 July 2016 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 16 May 2016.

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 EU and applicable law and have elected to prepare the Parent Company Financial statements on the same basis.

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

> select suitable accounting policies and then apply them consistently;
> make judgements and estimates that are reasonable and prudent;
> state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
> prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a 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 issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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.

Jan Åstrand
Executive Chairman

Russell Down
Chief Executive

16 May 2016

Board of Directors

Jan Åstrand
Executive Chairman

Appointment to the Board and Committee memberships

Appointed to the Board in November 2014 as Non-Executive Chairman and Chairman of the Nomination Committee. Member of the Audit and Remuneration Committees, from February 2015. Assumed the role of Executive Chairman from 1 July 2015.

Skills and experience

Jan brings broad experience and a focussed, strategic approach to the Board as Speedy concentrates on the delivery of sustainable profit growth. He was a Non-Executive Director of Lavendon Group Plc from 2010 until early in 2014, latterly as Senior Independent Director. He has also held previous non-executive roles as Chairman of CRC Group PLC and Car Park Group AB in Stockholm as well as being Senior Independent Director of PHS Group PLC, Chairman of easyHotel Plc and Non-Executive Director of Northgate plc. Jan's executive experience includes roles as President and Chief Executive of Axus International Inc. (previously known as Hertz Leasing International), Vice President, Finance & Administration and Chief Financial Officer of Hertz (Europe) Limited and Chief Financial Officer of Commodore International.

Russell Down
Chief Executive

Appointment to the Board

Appointed to the Board as Group Finance Director in April 2015 and promoted to Chief Executive on 1 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. Russell is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with KPMG, and has previously worked for container leasing company Cronos as Director of Accounting.

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.

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. 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-focussed business. Bob was appointed as Chief Executive at Northgate plc, the FTSE 250 leading light commercial vehicle hire business in both the UK and Spain, in June 2010. He joined the business as Finance Director in June 2008. Prior to his appointment at Northgate, Bob was Managing Director 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.

Rob Barclay
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. Member of the Audit and Nomination Committees.

Skills and experience
Rob brings a wealth of sector experience to the Board. He is currently Managing Director UK, Ireland and Middle East of SIG plc, the market leading supplier of specialist products to the building and construction industry.

Rob joined SIG plc, a FTSE 250 company, in 1997 and has 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.

James Blair
General Counsel and Company Secretary

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

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

Corporate governance

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 below, 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. The Company first reported fully against the UK Corporate Governance Code 2012 in its 2014 Annual Report and is now reporting against the UK Corporate Governance Code 2014 (the 'Code') for the first time.

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

Except for the matters which are explained below, the Company complied fully with the principles and provisions of the Code.

During the year, there were eight divergences from full compliance with the Code:

> **Paragraph A.4.1. (Senior Independent Director), B.1.2. (Composition of the Board) and B.2.1., C.3.1. and D.2.1. (Composition of Committees)**
From 1 July 2015 when Jan Åstrand was appointed Executive Chairman, the Company had an equal number of Executive Directors to Non-Executive Directors. From 18 November 2015 when Chris Masters stepped down from the Board, the Company has had a majority of Executive Directors.

From 18 November 2015 when Chris Masters stepped down from the Board, the Nomination, Audit and Remuneration Committees did not consist of at least two independent Non-Executive Directors as required by the Code. This position was restored on 1 April 2016 in respect of each Committee following the appointment of Rob Barclay to the Board. During this period the Company also had no person appointed as Senior Independent Director, a position which was also remedied on 31 March 2016 when Bob Contreras was appointed as Senior Independent Director. Throughout this period, the Committees continued to function as required by the Code.

> **Paragraph B.2.1. (Role of the Nomination Committee)**
The appointment of Bob Contreras as Non-Executive Director was made at a time when the Nomination Committee was not made up of a majority of independent Non-Executive Directors, as required by paragraph B.2.1. of the Code. Consequently, the appointment was made following an expedited process and input from the Executive Chairman and Chief Executive to ensure that the Company retained a functioning Board notwithstanding the changes within that month. This process is detailed in the report of the Nomination Committee on page 47.

> **Paragraph B.6: Main Principle and Paragraph B.6.3. (Evaluation of the Board and the Chairman)**
No formal Board evaluation has taken place within the year, as a result of the directorship changes. The Board intends to carry out such a review in FY2017. Similarly, the requirement for the Non-Executive Directors, led by the Senior Independent Director, to undertake a performance review of the Chairman was not complied with. The intention is that such an evaluation will be carried out during FY2017.

Directors

The Board

In the year ended 31 March 2016, the Board met six times. The Board also meets as required on an ad hoc basis to deal with urgent business, including the consideration and approval of transactions and, during FY2016, changes in Board composition. The table below lists the Directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2016.

Russell Down joined the Board on 6 April 2015 as Group Finance Director and was promoted to Chief Executive on 1 July 2015 when Mark Rogerson stepped down from the Board. Russell Down also retained his position as Group Finance Director until 3 December 2015 when Chris Morgan was appointed as Interim Group Finance Director. This position was made permanent and Chris Morgan was appointed to the Board as Group Finance Director with effect from 1 April 2016. Jan Åstrand took on the role of Executive Chairman from 1 July 2015 to assist Russell Down in his new role as Chief Executive, and to support the Executive team in their efforts to improve and accelerate operating performance. Chris Masters stepped down from the Board on 18 November 2015 and James Morley stepped down on 30 November 2015, with Bob Contreras being appointed as Non-Executive Director and Chairman of the Audit Committee from 23 December 2015. Rob Barclay was appointed to the Board on 1 April 2016 as Non-Executive Director and Chairman of the Remuneration Committee, and Bob Contreras was appointed as Senior Independent Director on 31 March 2016.

Board and Committee attendance

	Board (6)	Audit Committee (3)	Nomination Committee (2)	Remuneration Committee (5)
Executive Directors				
Russell Down[1]	6/6	–	–	–
Mark Rogerson MBE[2]	1/1	–	–	–
Chris Morgan[3]	–	–	–	–
Non-Executive Directors				
Jan Åstrand[4]	5/6	3/3	2/2	5/5
Chris Masters CBE[5]	4/4	3/3	2/2	5/5
James Morley[6]	4/4	3/3	2/2	5/5
Bob Contreras[7]	2/2	–	–	–
Rob Barclay[8]	–	–	–	–

1 Appointed 6 April 2015.
2 Stepped down on 30 June 2015.
3 Appointed 1 April 2016.
4 Classed as an Executive Director from 1 July 2015.
5 Stepped down on 18 November 2015.
6 Stepped down on 30 November 2015.
7 Appointed 23 December 2015.
8 Appointed 1 April 2016.

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

The Board has approved a schedule of matters reserved for decision by it. This schedule, which forms part of the UK Corporate Governance Code Compliance Statement, was formally adopted by the Board on 30 March 2011 and most recently reviewed and amended on 15 April 2016. 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 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.

The posts of Executive Chairman and Chief Executive are held by Jan Åstrand and Russell Down, respectively. The Board includes two independent Non-Executive Directors: Bob Contreras and Rob Barclay. Together they bring a strong and independent Non-Executive element to the Board. The Senior Independent Director is Bob Contreras. The Company considers Bob Contreras to be independent, notwithstanding that he has previously served with Jan Åstrand on the board of Northgate plc, and believes that Bob's stature, track record and abilities add significant value to the Board.

The Audit Committee is chaired by Bob Contreras. Its other members are Rob Barclay and Jan Åstrand. As the Company had only two Non-Executive Directors, excluding the Chairman, Jan Åstrand was appointed a member of the Committee in February 2015 and has retained membership throughout FY2016. The Board considers that Jan Åstrand was independent on his appointment as Chairman, satisfying the requirement of paragraph C.3.1. of the Code.

The Remuneration Committee is chaired by Rob Barclay. Its other members are Bob Contreras and Jan Åstrand. As the Company had only two Non-Executive Directors excluding the Chairman, Jan Åstrand was appointed a member of the Committee in February 2015 and has retained this position throughout FY2016. As noted above, the Company considers that Jan Åstrand was independent on his appointment as Chairman, satisfying the requirement of paragraph D.2.1. of the Code.

The Nomination Committee is chaired by Jan Åstrand. Its other members are Bob Contreras and Rob Barclay.

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 will usually meet at least annually without the Chairman present to appraise the Chairman's performance as part of the Board annual appraisal process, although as noted in this section this did not take place within FY2016.

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.

Corporate governance
continued

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.

Chairman and Chief Executive

A statement as to the division of the responsibilities between the Chairman and Chief Executive is included in the UK Corporate Governance Code Compliance Statement. 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. Jan Åstrand was appointed as Executive Chairman on 1 July 2015 to assist Russell Down following his appointment as Chief Executive.

Board balance and independence

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

The Board considers that all of the Non-Executive Directors are independent, on the basis of the criteria specified in paragraph B.1.1. of the Code and, generally, are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Company considers Bob Contreras to be independent notwithstanding that he has previously served with Jan Åstrand on the board of Northgate plc. During his time with the Company, Bob has demonstrated that he exercises strong and independent judgement and the Board feels that his proven track record and success with Northgate plc can and will be used to add significant value to the Board.

The Board is both balanced and diverse in respect of its experience and skills, although the Board does not currently have any female representation. The Board remains committed to maintaining and building on its diversity, including appointing women at Board and senior management levels based on merit.

Appointments to the Board

The Board has established a Nomination Committee. Its terms of reference are also included in the UK Corporate Governance Code Compliance Statement. 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 46 and 47. The principal functions of the Nomination Committee are to consider and review the structure and composition of the Board and membership of Board Committees. It also considers candidates for Board nomination including job description, re-election to the Board for those candidates retiring by rotation and succession planning generally. A specification for the role of Chairman, including anticipated time commitment, is included as part of the written statement of division of responsibilities between the Chairman and Chief Executive. Details of the Chairman's other material commitments are set out on page 34 and are disclosed to the Board in advance and included in a register of the same maintained by the Company Secretary.

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

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

Information and professional development

Before each scheduled Board meeting all Directors receive appropriate information regarding the Group, comprising a financial report and briefings from senior executives. The Chief Executive 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, through other companies of which they are Directors or through associated professional firms.

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 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
As a result of the Board changes during the year, and Company's plan to refresh the Board, it was determined that a formal performance evaluation of the Board would not be beneficial. Consequently, no formal Board evaluation was undertaken during the year. It is the Board's current intention that a Board evaluation will take place during FY2017.

Re-election
Under the Company's Articles of Association, all Directors are subject to election by shareholders at the first Annual General Meeting following appointment and all Directors are subject to retirement by rotation provisions requiring re-election at intervals of no more than three years. Biographical details of all the Directors 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.

There are two Directors who would be eligible to retire by rotation under the Articles of Association. The Articles provide that the number of Directors who should so retire is the number which is closest to, but does not exceed, one third of those eligible. This means that there is no need for any Director to retire by rotation, and given that there are three Directors standing for election for the first time the Board has decided that it would not be appropriate for either of the eligible Directors to retire by rotation. Both Russell Down and Jan Åstrand were elected in 2015.

Directors' remuneration
The performance-related elements of the remuneration of the Executive Directors form a significant proportion of their potential total remuneration packages. The performance-related elements of the schemes in which the Executive Directors are entitled to participate are set out in more detail in the Remuneration report. The Remuneration Committee, with the advice of New Bridge Street (part of Aon PLC) (NBS), reviews 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 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 Non-Executive Directors is dealt with by a Committee of the Board specifically established for this purpose comprising the Chief Executive and the Group Finance Director without the presence of the Non-Executive Directors. It is the policy of the Board to review the remuneration of Non-Executive Directors periodically. As detailed in the report of the Remuneration Committee Jan Åstrand received additional fees for work carried out in his capacity as Executive Chairman during the year. Details of the remuneration of Non-Executive Directors is set out on pages 56 and 57. With the appointment of Bob Contreras and Rob Barclay, the opportunity was taken to review the fees payable to Non-Executive Directors and move these closer to market levels. Details of the changes are shown in the report of the Remuneration Committee.

The service contracts for Russell Down and Chris Morgan provide for termination by the Company on one year's and nine months' notice respectively.

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

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

The 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 continued remuneration policy for the next year is contained on pages 48 to 61.

Corporate governance
continued

Accountability and audit

Financial reporting
The Directors' report and Independent auditor's report appear on pages 30 to 32 and pages 62 to 65 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 three times during the year. The terms of reference of the Audit Committee are set out in full in the UK Corporate Governance Code Compliance Statement. Such terms of reference are compatible with the provisions of paragraph C.3.2. of the Code. The Board is satisfied that the Chairman of the Audit Committee, Bob Contreras, has appropriate recent and relevant financial experience.

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 annual and interim results, and recommending their approval to the Board.

The Committee meets on a regular basis with the external auditors and internal audit function, without the Executive Directors being present, to review and discuss issues arising from internal and external audits and to agree the scope and planning of future work. The effectiveness of the Group's internal audit function is one of the matters reviewed in conjunction with the external auditors.

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. The policy of the Audit Committee is to ensure auditor objectivity and independence is safeguarded at all times. As further detailed on page 44, 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 41 to 45.

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

The Board, via the Audit Committee, conducts a review, at least annually, of the Group's systems of internal control. Such a review considers all material controls, including financial, operational and compliance controls and risk management systems, and accords with the recommendations contained in the Turnbull Guidance. A formal report is prepared by the external auditors, KPMG LLP (KPMG), highlighting matters identified in the course of its statutory audit work, and is reviewed by the Audit Committee in the presence of KPMG and, by invitation, the Chief Executive, the Group Finance Director, the Group Financial Controller 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 in relation to the Company's interim and full-year results. The Chief Executive, with assistance from the Company's brokers, collates feedback from such presentations and reports the findings to the next meeting of the Board. The Group Finance Director will take on these duties once he has become embedded in his role. The Chairman has met with major shareholders during the year and discussed, 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 at the Annual General Meeting.

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

Audit Committee report

Bob Contreras
Chairman of the Audit Committee

The Audit Committee presents its report in relation to the financial year ended 31 March 2016.

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 feels 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 robust 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 Committee and can be found at **www.speedyservices.com/investors** and are also available in hard copy from the Company Secretary.

Composition of the Audit Committee

The Audit Committee comprises three members: Bob Contreras (Chairman), Rob Barclay and Jan Åstrand. Bob Contreras and Rob Barclay are considered by the Board to be independent Non-Executive Directors. Biographies of each of the members of the Audit Committee are set out on pages 34 and 35. Because of the size of the Board, the Company believes it is appropriate that Jan Åstrand, despite both being Chairman of the Company and serving in an Executive capacity during the year, is also a member of the Audit Committee. Jan Åstrand was considered independent on his appointment as Chairman and it is felt that his skills and experience will enhance the work of the Audit Committee. During the year, Chris Masters and James Morley served as members of the Audit Committee before stepping down on 18 and 30 November 2015 respectively. Rob Barclay became a member of the Audit Committee on 1 April 2016.

Bob Contreras is a chartered accountant with over 19 years' experience as a board member at both listed and private companies. He is currently the Chief Executive Officer of Northgate plc, the FTSE 250 leading light commercial vehicle hire business in both the UK and Spain. Previously, Bob was Managing Director 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. The Board is satisfied that Bob Contreras has recent and relevant financial experience.

Audit Committee report
continued

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

Audit Committee members and meetings attended

Name	Position	Meetings attended
Bob Contreras Chairman[1]	Non-Executive Director	0/0
Jan Åstrand	Executive Chairman	3/3
Rob Barclay[2]	Non-Executive Director	0/0
James Morley[3]	Non-Executive Director	3/3
Chris Masters[4]	Non-Executive Director	3/3

1 Appointed 23 December 2015.
2 Appointed 1 April 2016.
3 Stepped down on 30 November 2015.
4 Stepped down on 18 November 2015.

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

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

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

Internal controls and risk
- monitoring the effectiveness 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 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 the Head of Risk and Assurance 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 FY2016

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

> the non-payment of a material receivable in the International division;
> the existence and valuation of hire equipment;
> the potential for impairment of goodwill, other intangible assets and property, plant and equipment; and
> the going concern basis for the preparation of the Financial statements.

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

Non-payment of International receivable

As noted by the Company in its half year announcement on 10 November 2015, the Group made an impairment of £7.5m following default by a single purchaser on outstanding payments. This related to an asset sale agreement entered into during FY2015. Management produced a report to the Audit Committee, recommending that the outstanding amount plus associated costs be fully provided for and, given the uncertainty in any of the debt being recovered at that time, the Audit Committee agreed with the recommendation of management.

Since the half year announcement, the Group has entered into a settlement agreement with the purchaser. Prior to the date of this report £847,080 has been received, of which £588,540 was in FY2016. Given the inherent uncertainty that all the outstanding debt will be recovered, the Audit Committee considers that the remaining provision is reasonable.

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.

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

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

The Committee considers on an ongoing basis whether any impairment in the value of assets would be appropriate. In considering this position the Committee considers the discounted value of future cash flows compared with the carrying value of the assets. In order to form a judgement over the reasonableness of the discount value of future cash flows, the Audit Committee challenge management's view of the future cash flows, applying sensitivities where appropriate, and concludes on an appropriate discount rate to apply in order to discount the cash flows. In addition, and where appropriate to do so, the Audit Committee takes account of the external valuation reports prepared in connection with the Group's financing arrangements.

Following this thorough review, the Audit Committee has concluded that the value of acquired goodwill on the Balance Sheet should be written off as a non-cash exceptional item, and therefore an impairment of £45.9m has been recorded.

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.

During the year, the Group has remained in compliance with its financial covenants under the Group's banking facilities which were renewed during FY2016. Net debt has fallen in the year, reflecting the focus on working capital and cost management. Based on the expectations of future cash flows and the continued availability of the banking facilities, the Committee has concluded that the available borrowing facilities are adequate for both existing and future levels of business activity. The Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the Financial statements.

Audit Committee report

continued

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 control. It helps to promote and develop further effective risk management in all areas of the business, including the embedding of risk registers and risk management procedures within individual business areas. The Audit Committee receives detailed reports from the Risk and Assurance Department at each meeting.

The Audit Committee has reviewed the effectiveness of internal control and risk management during the year taking consideration of 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 FY2016.

Review of internal audit

The Audit Committee reviews on an ongoing basis 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 FY2016.

In previous years, the Audit Committee has produced and circulated each year a questionnaire to Directors and senior managers asking questions and inviting comments on the internal audit function, as it also does in respect of the external auditors and the Audit Committee itself. Due to changes in the Audit Committee at the time this annual review normally takes place, these questionnaires were not circulated. It is the intention of the Audit Committee that these will be conducted before the end of 2016. Despite this, the Audit Committee did ensure that questionnaires were circulated to senior management requesting they notify internal audit of any significant irregularities. None have been reported.

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 Group has an established policy to control the provision of non-audit services by the external auditors in order to ensure that their objectivity and independence are safeguarded. This policy provides that preference should be given to retaining consultants other than from the external auditors unless strong reasons exist to the contrary, but the Company does not set a hard cap on such fees and does not feel that a hard cap would be beneficial. The policy further requires that the provision of any non-audit services by the external auditors or any of the other big four accounting firms is subject to prior approval by the Audit Committee, to ensure that the impact of such work on future tendering for audit services is controlled. The Audit Committee closely monitors the amount the Company spends with the external auditors on non-audit services.

During the year no non-audit services were provided to the Group by the external auditors. Non-audit services were undertaken by other accounting, or consulting, firms and the Group anticipates that this will continue. The amount payable to the external auditors for non-audit services was therefore nil.

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 reappointment of the external auditors for FY2017. PricewaterhouseCoopers will continue to perform the audit of the Group's Middle Eastern operations. KPMG LLP has expressed its willingness to continue as external auditor of the Group. Separate resolutions proposing its reappointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 13 July 2016.

As noted previously, the Group's external audit contract was last tendered in April 2001. The Audit Committee continues to monitor the ongoing deliberations by the European Commission and the Competition Commission in respect of auditor services and retendering. The Audit Committee recognises the change made by the UK Financial Reporting Council regarding the retendering of audit services at least once every ten years for companies in the FTSE 350 and above. KPMG LLP's own procedures require the rotation of the lead audit partner after five years, which applies to the current audit partner as at the end of FY2016. The Company has previously noted that it may have been an appropriate juncture to undertake a retender of audit services during FY2017. Having considered this, the current view of the Audit Committee is that KPMG LLP should remain as auditors, on the basis that the new audit partner proposed by 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 our whistleblowing policy. These policies are actively promoted within the Group. Code of Conduct training is covered in our New Employees induction programme 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 is closely involved with investor relations. The Group's new Group Finance Director will also be closely involved and the Group's Chairman intends to regularly meet with investors. The views of the Company's major shareholders are reported to the Board and are regularly discussed at meetings of the Board and at the various committees of the Board, including, where appropriate, the Audit Committee.

Approval of Annual Report and Financial statements

Having reviewed the Annual Report and Financial statements and verified its contents with key stakeholders, the Audit Committee advised the Board that in its opinion the Annual Report and Financial statements 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 16 May 2016.

Bob Contreras
Chairman of the Audit Committee

Nomination Committee report

Jan Åstrand
Chairman of the Nomination Committee

The Nomination Committee presents its report in relation to the financial year ended 31 March 2016. Chaired by Jan Åstrand, 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 three members: Jan Åstrand (Chairman), Bob Contreras and Rob Barclay. Bob Contreras and Rob Barclay are considered by the Board to be independent Non-Executive Directors. Biographies of the members of the Nomination Committee are set out on pages 34 and 35.

From 1 July 2015, Jan Åstrand took on an Executive Chairman role, but due to the size of the Board, has retained the Chairmanship of the Nomination Committee.

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

Attendance

The Nomination Committee met on two occasions during the year, with additional ad hoc meetings as required. 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 of the Nomination Committee and a representative of the Group's Human Resources function is also commonly invited to attend such meetings, particularly where discussions are taking place around succession planning within the Group.

Nomination Committee members and meetings attended

Name	Position	Meetings attended
Jan Åstrand Chairman	Executive Chairman	2/2
Bob Contreras[1]	Non-Executive Director	0/0
Rob Barclay[2]	Non-Executive Director	0/0
Chris Masters[3]	Non-Executive Director	2/2
James Morley[4]	Non-Executive Director	2/2

1 Appointed on 23 December 2015.
2 Appointed on 1 April 2016.
3 Stepped down on 18 November 2015.
4 Stepped down on 30 November 2015.

Operation of the Nomination Committee

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

The Nomination Committee's duties include, inter alia:

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

During the year the work of the Nomination Committee had a particular focus on the appointment of both Executive and Non-Executive Directors as a result of the Board changes through the year.

The Nomination Committee undertook a robust and coherent process in the circumstances for the appointment of a new Chief Executive, with Mark Rogerson stepping down from the Board on 30 June 2015. The Nomination Committee and the Board agreed a role description and determined that Russell Down, who had recently been appointed as Group Finance Director, was best placed to become the new Chief Executive. Russell Down took this post with effect from 1 July 2015, whilst retaining the responsibilities associated with his role as Group Finance Director until 3 December 2015 when Chris Morgan was appointed.

In looking to appoint a Group Finance Director, Lygon Partners (an external search consultancy which has no other connection to the Company) were engaged to undertake a search initially for an interim candidate whilst the Committee and the Board determined its preferred structure. Following meetings with both the Chief Executive and the Chairman, Chris Morgan was identified as the preferred candidate, and his appointment was recommended to the Board. Following a review of his performance in March 2016, the Committee recommended to the Board that Chris should be appointed to the Board on a permanent basis and the Board agreed to accept this recommendation, with Chris taking the role of Group Finance Director on a permanent basis from 1 April 2016. Chris was appointed as an Executive Director on the same date.

The Board also saw changes to its Non-Executive Director contingent. Following Michael Averill stepping down in February 2015, the remaining Non-Executive Directors – Chris Masters and James Morley – both stepped down from the Board in November 2015. The Company moved swiftly to appoint a Non-Executive Director to become Chairman of the Audit Committee. Several candidates were identified by the Chairman, in consultation with Lygon Partners. The Chairman together with the Chief Executive presented its preferred candidate, Bob Contreras, to the Board. References were obtained, and following receipt of these the decision was made to offer Bob Contreras the role of Non-Executive Director and Chairman of the Audit Committee with effect from 23 December 2015. The appointment of Bob Contreras was made at a time when the Nomination Committee was not made up of a majority of independent non-executive directors. Consequently, the appointment was made following an expedited process to ensure that the Company retained a functioning Board notwithstanding the changes within that month. The Company elected not to openly advertise the role as it was felt this would not enable the Company to make such a replacement within acceptable timescales. It was quickly identified that Bob Contreras was an excellent candidate and would be a strong appointment to the Board.

The Nomination Committee subsequently carried out a search in order to appoint an additional Non-Executive Director, to take on the role of Chairman of the Remuneration Committee. The Committee and the Board agreed a short role description and Lygon Partners were appointed to carry out a search and produce a shortlist of suitable candidates. Two particular candidates were identified, with Rob Barclay ultimately preferred as the most suitable candidate for the role. The Nomination Committee recommended Rob Barclay's appointment to the Board with effect from 1 April 2016, and the Board accepted this recommendation. The Committee also recommended, and the Board accepted, that Bob Contreras should take on the role of Senior Independent Director with effect from 31 March 2016.

Given the changes at Board level during the year, the Committee also considered staff turnover and retention, which had been running at a higher percentage than the industry average. The Committee noted the cost to the Group of a high staff turnover rate, and was supportive of efforts being undertaken by the Group to lower this whilst necessarily focussing on key employees. The Committee noted particularly that there were a number of reasons for the high attrition rate, including significant operational changes within the period and the targeting of specialist employees by the Company's competitors, and that consequently it was sensible to prioritise focus on those areas.

The Nomination Committee has recommended the election of Bob Contreras, Chris Morgan and Rob Barclay to the Board, as detailed in the Directors' report on page 30.

This report was approved by the Board on 16 May 2016.

Jan Åstrand
Chairman of the Nomination Committee

Remuneration report

Rob Barclay
Chairman of the Remuneration Committee

Annual statement

This report, which has been prepared by the Remuneration Committee and approved by the Board for the financial year ended 31 March 2016, sets out the remuneration policy for the Directors of the Company. The report has been divided into two sections:

> the Remuneration policy report, which sets out the Group's policy on the remuneration of Executive and Non-Executive Directors. 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 report on remuneration, which discloses details of the Committee, how the remuneration policy will operate for FY2017 and how the policy was implemented in FY2016.

As the Committee is not making any changes to the three-year remuneration policy (originally approved by shareholders at the 2014 Annual General Meeting (AGM)), only this Annual statement and the Annual report on remuneration will be put to an advisory shareholder vote at the 2016 AGM.

Remuneration Committee objectives and terms of reference

The Committee's key objectives are: to make recommendations to the Board on the Group's framework and policy for the remuneration of Directors and senior executives; to determine the basis on which the employment of executives is terminated; and to determine whether awards made under performance-related and other share incentive schemes should be made, the overall amount of those awards, and the individual awards to executives including the performance targets to be used.

The terms of reference of the Committee can be found at **www.speedyservices.com/investors** and are also available in hard copy from the Company Secretary.

Composition of the Remuneration Committee

The Committee comprises three members: Rob Barclay (Chairman), Bob Contreras and Jan Åstrand. Rob Barclay and Bob Contreras are considered by the Board to be independent Non-Executive Directors, and Jan Åstrand was considered independent on his appointment as Chairman of the Company. Biographies of the members of the Committee are set out on pages 34 and 35. Details relating to their membership of the Committee and attendance at the meetings during the year are as set out on page 54.

At the invitation of the Committee Chairman, the Chief Executive and HR Director may attend meetings of the 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 Committee.

Performance and reward for FY2016

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

The Committee considers that the remuneration paid fairly reflects Company performance during the year. No bonus for the year ended 31 March 2016 was payable and the Performance Share Plan ('PSP') awards granted in 2013, based on three-year relative total shareholder return targets, will lapse in 2016 (although neither Executive Director holds any such awards).

Remuneration policy for FY2017

The Committee is not proposing to make changes to the remuneration policy for FY2017. The key points to note are:

> Russell Down's base salary was set at £350,000 following his promotion from Group Finance Director to Chief Executive on 1 July 2015. No increase was awarded from 1 April 2016. Chris Morgan's base salary was set at £240,000 on his appointment as Group Finance Director on 1 April 2016;
> pension policy will remain unchanged;
> annual bonus opportunity will remain capped at 100% of base salary, with the majority based on Group profit before tax and the minority based on strategic/financial targets. Clawback and financial underpin provisions will continue to apply;
> the 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 and earnings per share growth. Consistent with FY2016, it is currently intended that awards to Executive Directors in FY2017 will be over shares worth no more than 100% of salary; and
> share ownership guidelines will continue to operate at 100% of salary although to the extent that award levels increase in the future, the Committee will consider a commensurate increase in the guidelines.

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. As there is no intention to change our current remuneration policy within the three-year policy period, we will not be seeking any such approval at the Company's 2016 AGM.

In conclusion, we firmly believe that our remuneration policy remains appropriately aligned with the strategic goals of the Group in delivering shareholder value and supporting the long-term success of the Group. A detailed review of the policy for the next three-year period will be carried out during FY2017 in advance of the 2017 AGM.

This report was approved by the Board on 16 May 2016.

Rob Barclay
Chairman of the Remuneration Committee

Remuneration report

continued

Remuneration policy report

This part of the Directors' Remuneration report sets out the remuneration policy for the Group. This policy, which has operated from 1 April 2014, was approved at the Company's 2014 AGM and became formally effective from that date.

Policy overview

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

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

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

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

The key principles of the policy are:

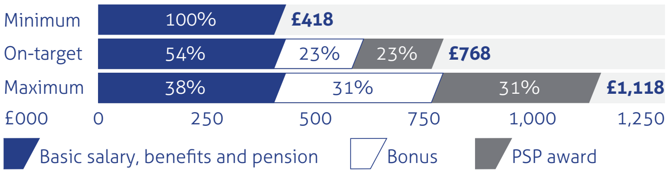
> base salaries between lower quartile and median, but with the potential to earn upper quartile rewards for sustained exceptional performance provided that stretching and demanding performance conditions, designed to promote the long-term success of the Group, are met;
> a reward structure that balances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

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

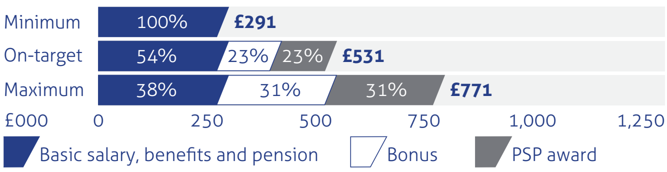
Remuneration scenarios for Executive Directors

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

Russell Down, Chief Executive



Chris Morgan, Group Finance Director



The charts above are based on:

> salary levels effective 1 April 2016;
> 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). No share price appreciation in respect of the PSP awards has been assumed.

The Executive Chairman's remuneration has not been included within the scenarios above given that it is expected to be a temporary situation.

Summary Director policy table

The table below summarises the remuneration policy for Directors, as effective from the Company's 2014 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, effective 1 April > Paid in cash on a monthly basis; pensionable > Comparison against companies with similar characteristics and sector comparators taken into account in review	> There is no prescribed maximum annual basic salary or salary increase > The Committee is guided by the general increase for the broader employee population but may decide to award a lower increase or a higher increase for Executive Directors to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements > Where an Executive Director's salary is set below market levels at appointment, future salary increases may include a 'catch up' element over and above the factors listed above	n/a
Bonus	> Incentivise delivery of specific Group, divisional 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	> 100% of salary p.a.	> Group profit before tax will apply for the majority > Personal and strategic KPIs may be applied for the minority > One-year performance period > Clawback provisions apply
Pension	> Provide competitive retirement benefits	> Defined contribution and/or cash in lieu of pension	> Up to 20% of basic salary p.a.	n/a
Performance Share Plan	> Aligned to main strategic objectives of delivering long-term value creation > Align Executive Directors' interests with those of shareholders > Retention	> Annual grant of conditional awards or nil or nominal cost options > The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures > A two-year post vesting holding period may be applied to the grant of awards	> 150% of salary p.a. normal limit > 200% of salary exceptional limit (e.g. for recruitment or retention) > Participants may benefit from the value of dividends paid over the vesting period (and any holding period operated) to the extent that awards vest. This may be delivered in cash or additional shares at the time awards vest	> Performance normally measured over three years > Relative Total Shareholder Return (TSR) targets and/or absolute Earnings Per Share (EPS) targets > Performance underpins may apply > 25% vests at threshold increasing to 100% vesting at maximum > Clawback provisions apply

Remuneration report
continued

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

Notes:

1 The choice of the performance metrics applicable to the annual bonus scheme reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of profit growth and strategic objectives.

2 The performance conditions applicable to the PSP awards were selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to shareholders and the Group's financial performance and are consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The TSR performance condition is monitored on the Committee's behalf by New Bridge Street whilst the Group's EPS growth is derived from the audited Financial statements.

3 The Committee operates the PSP and its all employee share plans in accordance with the plan rules, the Listing Rules and HMRC legislation and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plan.

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

5 For the avoidance of doubt, in approving this Directors' remuneration policy, authority was given to the Company to honour any commitments entered into with current or former Directors (such as the payment of the prior year's annual bonus or the vesting/exercise of share awards granted in the past). Details of any payments to former Directors will be set out in the Annual report on remuneration as they arise.

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

How the Executive 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 of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings growth and share price performance.

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

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

How shareholders' views are taken into account
The Committee continues to take an active interest in shareholder views on our executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders. This was reflected in our voting result at the 2015 AGM, with over 94% in favour of the Directors' Remuneration report resolution.

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

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

The Chairman and Non-Executive Directors do not have contracts of service, but their terms are set out in letters of appointment. Appointments are subject to termination by three months' notice on either side. The letters of appointment, copies of which are available for inspection at the Company's registered office during normal business hours, specify an anticipated time commitment of 50 days per annum in relation to Jan Åstrand and 15 days in relation to Bob Contreras and Rob Barclay. 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
Jan Åstrand	9 October 2014	July 2015	July 2018
Bob Contreras[1]	9 December 2015	n/a	July 2019
Rob Barclay[2]	30 March 2016	n/a	July 2019
James Morley[3]	31 March 2009	July 2015	n/a
Chris Masters[4]	10 June 2011	July 2014	n/a

1 Appointed 23 December 2015.
2 Appointed 1 April 2016.
3 Stepped down on 30 November 2015.
4 Stepped down on 18 November 2015.

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

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

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

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

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

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

Remuneration report

continued

Approach to leavers

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

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

External appointments

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

Annual report on remuneration

Remuneration Committee role and membership

The Committee comprises three members: Rob Barclay (Chairman), Bob Contreras and Jan Åstrand. Rob Barclay and Bob Contreras are considered by the Board to be independent Non-Executive Directors, and Jan Åstrand was considered independent on his appointment as Chairman of the Company. Biographies of the members of the Committee are set out on pages 34 and 35. 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[1]	Non-Executive Director	0/0
Jan Åstrand	Executive Chairman	5/5
Bob Contreras[2]	Non-Executive Director	0/0
Chris Masters[3]	Non-Executive Director	5/5
James Morley[4]	Non-Executive Director	5/5

1 Appointed 1 April 2016.
2 Appointed 23 December 2015.
3 Stepped down on 18 November 2015.
4 Stepped down on 30 November 2015.

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

The Committee's duties include:

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

During FY2016, the Committee reviewed the following matters at its meetings:

- approving the base salary levels for the Chief Executive and Group Finance Director upon appointment of Russell Down and Chris Morgan to those roles;
- determination of FY2015 bonuses for the Executive Directors and senior managers;
- determination of executive remuneration structure for FY2016;
- interim and final progress of employee share plan performance measures against targets and consequent approval of any vesting of awards;
- progress of bonus achievement for FY2016 executive bonuses;
- 25-year long service awards for FY2016;
- terms of reference for, and effectiveness of, the Committee;
- ongoing appropriateness and effectiveness of remuneration and benefits policies;
- performance of external remuneration advisers;
- use of equity for employee share plans in relation to dilution headroom limits; and
- determining remuneration arrangements for Board level and senior management joiners and leavers.

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

Advisers

During the year, the Committee received advice from New Bridge Street (part of Aon plc), an independent remuneration consultancy, in connection with remuneration matters including the provision of general guidance on market and best practice, the development of the Group's performance-related remuneration policy and the production of this report. New Bridge Street has no other connection or relationship with the Group, and provided no other services to the Group during FY2016. Fees paid to New Bridge Street for FY2016 totalled £35,827 (excluding VAT) in respect of advice provided to the Committee, including in connection with the production of this report. The Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the operation of the 2004 Performance Share Plan (now expired), the 2014 Performance Share Plan and the all employee scheme (SAYE).

Implementation of the remuneration policy for FY2017

The sections of the Annual report on remuneration that have been audited by KPMG LLP are page 56 from Non-Executive Directors to page 60 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 the AGM.

Base salary

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

	From 1 April 2016	From 1 July 2015	From 6 April 2015	% increase in year
Russell Down[1]	**£350,000**	£350,000	£275,000	27.2%
Chris Morgan[2]	**£240,000**	–	–	–

1 Russell Down was initially appointed as Group Finance Director, taking office with effect from 6 April 2015 with a base salary of £275,000. Following his promotion to Chief Executive on 1 July 2015 his base salary was set slightly below that of his predecessor, Mark Rogerson. It is the intention of the Committee that this will move to market levels over time, subject to Group and individual performance.

2 Chris Morgan was appointed as Group Finance Director on 1 April 2016.

The Executive Chairman will continue to receive a daily rate in excess of his normal fee to the extent that his actual time commitment exceeds that agreed for his Non-Executive Chairman role, albeit this is envisaged to be a temporary arrangement.

Benefits in kind and pension

The Group operates a policy whereby Executive Directors and senior management are offered a car or cash alternative (as appropriate), health insurance, life cover, accommodation allowance (where appropriate) and pension contributions, or cash in lieu of pension contributions (further details of which are set out on pages 51 and 52).

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

Remuneration report
continued

Performance-related annual bonus
The Committee's policy continues to be that Executive Directors in the Group should be included in some form of incentive scheme as soon as practicable after joining the Group.

For FY2017, the maximum bonus opportunity will continue to be limited to 100% of salary. The bonus opportunity will be split as follows:

> the majority based on Group profit before tax; and
> the minority based on strategic/financial targets.

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

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 FY2017 will be over shares worth no more than 100% of salary.

In respect of performance targets for awards to be granted in FY2017:

> 50% of each award will be subject to an EPS condition. 25% of this part of an award vests for threshold EPS (before amortisation and exceptional costs) with full vesting of this part of an award for maximum EPS or better. A sliding scale operates between these points. The threshold and maximum EPS targets had not been finalised at the date this report was signed, with full disclosure of the target range to be provided in the RNS stock exchange announcement issued following the grant;
> 50% of each 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 an award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group increasing pro-rata to full vesting of this part of an award for upper quartile performance or better;
> in addition to the above, no part of the award subject to the TSR condition will vest unless the Committee is also satisfied that the TSR performance of the Company is reflective of the Group'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 fee levels for Non-Executive Directors are as follows:

	Role	Committee chair role	**1 April 2016**	1 April 2015
Jan Åstrand[1]	Executive Chairman	Nomination	**£125,000**	£125,000
Bob Contreras	Non-Executive Director	Audit	**£47,000**	n/a
Rob Barclay	Non-Executive Director	Remuneration	**£47,000**	n/a

1 Jan Åstrand's fee arrangement in his capacity as Executive Chairman is set out on page 55.

Directors' remuneration for FY2016

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

	Financial year	Fees/basic salary £'000s	Benefits £'000s[7]	Pension £'000s	Annual bonus £'000s[8]	Value of long-term incentives £'000s[9]	Total remuneration
Russell Down[1]	**2016**	**328**	**32**	**49**	**–**	**–**	**409**
	2015	–	–	–	–	–	–
Mark Rogerson[2]	**2016**	**91**	**8**	**8**	**–**	**–**	**107**
	2015	320	31	50	192	–	593
Jan Åstrand[3]	**2016**	**219**	**–**	**–**	**–**	**–**	**219**
	2015	52	–	–	–	–	52
Bob Contreras[4]	**2016**	**13**	**–**	**–**	**–**	**–**	**13**
	2015	–	–	–	–	–	–
Chris Masters[5]	**2016**	**30**	**–**	**–**	**–**	**–**	**30**
	2015	38	–	–	–	–	38
James Morley[6]	**2016**	**28**	**–**	**–**	**–**	**–**	**28**
	2015	42	–	–	–	–	42
Former Directors	2015	254	7	22	–	142	425
Totals	**2016**	**709**	**40**	**57**	**–**	**–**	**806**
	2015	706	38	72	192	142	1,150

1 Russell Down was promoted to Chief Executive on 1 July 2015 whereupon his base salary increased to £350,000.

2 Mark Rogerson stepped down from the Company on 30 June 2015. Emoluments since 30 June 2015 are set out in the Termination payments section of this report.

3 Jan Åstrand assumed the role of Executive Chairman from 1 July 2015 and was paid an additional £94,375 in addition to his £125,000 annual fee to reflect the additional responsibilities and time commitment required for this executive role.

4 Bob Contreras joined the Company on 23 December 2015.

5 Chris Masters stepped down from the Company with effect from 18 November 2015. The above table excludes £11,125 which he received in respect of his notice period as set out in the Termination payments section of this report.

6 James Morley stepped down from the Company with effect from 30 November 2015. He did not receive any payment for unexpired notice.

7 Taxable benefits comprise a car or cash alternative, health insurance, life insurance and relocation allowances (where applicable). The above table includes £19,000 which Russell Down received as a relocation allowance. Russell Down also received £13,000 in lieu of pension contributions which is included in the Pension column above.

8 For FY2016 the maximum bonus opportunity for the Executive Directors was 100% of salary, with 51% of the opportunity based on adjusted profit before tax (PBT) targets, 24% based on ROCE and 25% based on strategic objectives. Details of actual performance against targets is as follows:

Measure	Weighting	Threshold	Stretch	Result
Adjusted profit before tax	51%	£16.5 PBT	£22.7 PBT	0% of salary (based on an adjusted PBT of £5m, max 51%)
ROCE	24%	6.5%	8.2%	0% of salary (based on 3.2% ROCE)
Strategic target	25%	Key personal objectives relating to asset holding and utilisation strategy and UK & Ireland core hire revenue		0% of salary (based on an assessment by the Committee whether the key performance indicators were achieved, max 25%)
	100%	**Bonus achieved for FY2016**		**0% of salary**

9 No PSP awards held by Executive Directors vested during FY2016 (or after the year end based on performance to 31 March 2016).

Remuneration report
continued

Long-term incentive plan awards granted in the year

Russell Down was granted the following award under the 2014 Performance Share Plan on 6 August 2015:

Executive Director	Date of grant	Basis of award	Maximum shares under award	Face value of awards	Performance period[1]	Vesting period	% vesting at threshold performance
Russell Down	06/08/15	100% of salary	676,328	£350,000	TSR: Three years ending 5 August 2018 EPS: Three years ending 31 March 2018	Three years from grant	25% of an award

1 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 4.0 pence, with full vesting of this part of the award for EPS of 4.7 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) 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.

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 2015	Options/awards granted during the year	Options/awards exercised during the year	Options/awards lapsed during the year	Interest at 31 March 2016	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
Mark Rogerson							
PSP 2013[1, 2]	407,587	–	–	(132,752)	274,835	nil	Dec 2016 – Apr 2017
PSP 2014[3, 4]	567,879	–	–	(454,928)	112,951	nil	Nov 2017 – Nov 2024
SAYE 2014	16,187	–	–	(16,187)	nil	55.6	Feb 2018 – Jul 2018
Total	**991,653**	**–**	**–**	**(16,187)**	**387,786**		
Russell Down							
PSP 2015	–	676,328	–	–	676,328	nil	
SAYE 2015	–	9,622	–	–	9,622	26.936	Feb 2019 – Jul 2019
Total	**–**	**685,950**	**–**	**–**	**685,950**		

1 The 2013 Performance Share Plan awards, made under the 2004 Performance Share Plan, were granted as options to acquire shares for an aggregate £1 exercise price for all the award shares. No consideration was paid for the grant of these options.

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

3 The 2014 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.

4 50% of each 2014 Performance Share Plan award is subject to an EPS condition measured over three financial years ending 31 March 2017. 25% of this part of an award vests for EPS (before amortisation and exceptional costs) of 3.5 pence, with full vesting of this part of an award for EPS of 4.5 pence or better. A sliding scale operates between these points. 50% of each 2014 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 measured over three financial years ending 31 March 2017. 25% of this part of an award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of an award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the Company's TSR performance, no portion of the part of an 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.

The market price of Speedy Hire Plc ordinary shares at 31 March 2016 was 39.0 pence and the range during the year was 28.5 pence to 76.75 pence per share.

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, 1.67% of the 5% limit and 3.66% of the 10% limit have been used.

Termination payments

On 30 June 2015, Mark Rogerson ceased to be a Director and employee of Speedy Hire Plc. Mark Rogerson's Service Agreement contained a 12-month notice period and it was agreed that he would receive a maximum payment by monthly instalments equating to 12 months' salary and benefits and that the Company would make pension contributions monthly up to 30 June 2016. Such instalments and pensions contributions would be reduced by any monies that he earns from other work. In the period from 30 June 2015 to 31 March 2016, Mark Rogerson was paid £235,000 and the agreed monthly pension contributions. In addition, healthcare was continued until the end of January 2016 and a payment of £5,000 was made as a contribution to legal fees incurred by him in connection with his departure.

Mark Rogerson was not entitled to a bonus in respect of the FY2016 financial year and the outstanding Save As You Earn share option which he held in the capital of the Company lapsed at cessation. The award granted to Mark Rogerson under the Company's 2004 Performance Share Plan on 6 December 2013 (407,587 shares under award) ('2013 PSP Award') and the award granted to him under the Company's Performance Share Plan 2014 on 24 November 2014 (567,879 shares under award) ('2014 PSP Award') may continue to vest on their respective normal vesting dates subject to the relevant performance conditions being met. The number of shares that may vest in accordance with the extent to which the performance conditions are met shall, under both the 2013 PSP Award and the 2014 PSP Award, be reduced on a time pro-rated basis to reflect the proportion of the relevant vesting or performance period worked. In addition, Mark Rogerson has agreed that he will waive an entitlement to receive a certain number of shares that might otherwise vest under both the 2013 PSP Award and the 2014 PSP Award in order to reflect the fall in the Company's share price following the announcement to the London Stock Exchange on 1 July 2015 although the 2013 award will lapse in 2016 as a result of the performance conditions not being met.

Chris Masters stepped down from the Board as a Non-Executive Director with effect from 18 November 2015. He received £11,125 in respect of his fee for the remainder of his three months' notice period but no compensation for loss of office or termination payments was paid.

James Morley stepped down from the Board as a Non-Executive Director with effect from 30 November 2015. He did not receive any payment for unexpired notice or any termination payment linked to leaving office.

Payments to past Directors

Steve Corcoran exercised the award granted to him under the PSP on 20 June 2012 in respect of 505,577 shares and was also entitled to receive a total of 12,321 shares representing accrued dividends in respect of such award as a result of its exercise. The pre-tax value of the shares at exercise was £269,307. Details of the awards held by Steve Corcoran in respect of the outstanding 2013 PSP award, which will lapse in 2016 as a result of the performance conditions not being met, will be provided in the Annual report on remuneration for FY2017.

Lynn Krige exercised the award granted to her under the PSP on 20 June 2012 in respect of 515,765 shares and was also entitled to receive a total of 12,570 shares representing accrued dividends in respect of such award as a result of its exercise. The pre-tax value of the shares at exercise was £277,376. Details of the awards held by Lynn Krige in respect of the outstanding 2013 PSP and 2013 COIP awards, which will lapse in 2016 as a result of the performance conditions not being met, will be provided in the Annual report on remuneration for FY2017.

Share ownership guidelines

Executive Directors are expected to build and maintain a shareholding of 100% of salary. Russell Down currently holds 151,276 shares in the Company and has options over a further 685,950 shares of which 676,328 are subject to future performance conditions. Chris Morgan currently does not have a shareholding in the Company.

Remuneration report
continued

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 FY2015 and FY2016 compared to that of the average for all UK & Ireland based employees of the Group.

	% change from FY2015 to FY2016		
	Salary	Benefits	Bonus
Chief Executive[1]	n/a	n/a	n/a
Average employees	0.9%	9.0%	(72.1)%

1 Mark Rogerson stepped down from the Company on 30 June 2015 and Russell Down was appointed Chief Executive with effect from 1 July 2015.

Shareholder voting at AGM
At the 2015 AGM, the Annual Statement and Annual report on remuneration received the following votes from shareholders:

	Total number of votes	% of votes cast
For	395,805,100	94.68
Against	22,241,315	5.32
Total votes cast (for and against)	418,046,415	100
Votes withheld[1]	116,443	n/a
Total votes cast (including withheld votes)	418,162,858	–

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 FY2016, are set out in the table below:

	Legally owned		PSP & COIP Awards		Sharesave	Total	% of salary under share ownership guideline (met?)
	31 March 2015	31 March 2016	Unvested	Vested	Unvested	31 March 2016	(100% of salary)
Mark Rogerson	–	–	975,466	–	–	975,466[1]	n/a
Russell Down	–	151,276	676,328	–	9,622	837,226	16.9% (No)
Jan Åstrand	200,000	350,000	–	–	–	350,000	109.2% (Yes)
Bob Contreras	–	–	–	–	–	–	0% (No)
Chris Masters	175,000	175,000	–	–	–	175,000[2]	n/a
James Morley	165,000	195,000	–	–	–	195,000[3]	n/a

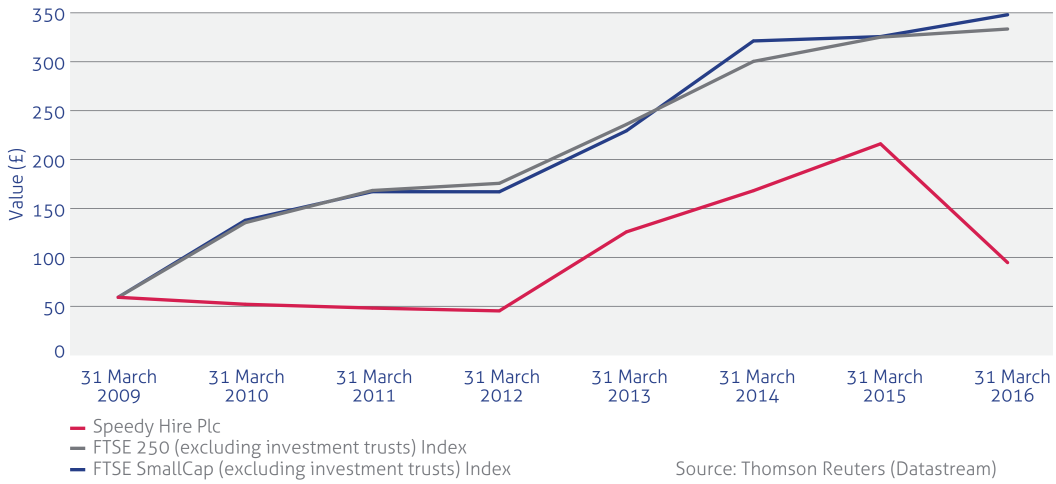
1 As at 30 June 2015, the date Mark Rogerson stepped down as a Director.
2 As at 18 November 2015, the date Chris Masters stepped down as a Director.
3 As at 30 November 2015, the date James Morley stepped down as a Director.

Chris Morgan and Rob Barclay were appointed following the end of FY2016 and consequently are not included in the above table. There have been no changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2016 and the date of this report.

Comparison of overall performance and pay

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

Total shareholder return



Source: Thomson Reuters (Datastream)

This graph shows the value, by 31 March 2016, of £100 invested in Speedy Hire Plc on 31 March 2009 compared with the value of £100 invested in the FTSE 250 Index (excluding investment trusts) and the FTSE SmallCap Index (excluding investment trusts). The other points plotted are the values at intervening financial year ends.

The total remuneration figures for the Chief Executive during each of the last seven financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance (FY2010 to FY2016) and PSP awards based on three-year performance periods ending just after the relevant year end. The annual bonus payout and PSP vesting level, as a percentage of the maximum opportunity, are also shown for each of these years.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014	FY2015	FY2016	FY2016
	Steve Corcoran					Mark Rogerson			Russell Down
Total remuneration (£'000s)	419	423	421	553	707	115	593	107	409
Annual bonus (% of max)	–	–	–	37%	–	–	60%	–	0%
PSP vesting (% of max)	–	–	–	–	82%	–	–	–	–

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.

Relative importance of spend on pay

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

	2015	**2016**	% change
Staff costs (£'m)	107.3	**95.1**	(11.4)
Dividends (£'m)	3.7	**3.6**	(2.7)

£840,000 of the staff costs figures relate to pay for the Executive Directors. This is different to the aggregate of the single figures for the year under review due to the way in which the share based awards are accounted for. The dividends figures relate to amounts payable in respect of the relevant financial year.

This report was approved by the Board on 16 May 2016.

Rob Barclay
Chairman of the Remuneration Committee

Independent auditor's report

to the members of Speedy Hire Plc only

Opinions and conclusions arising from our audit

1. Our opinion on the Financial statements is unmodified

We have audited the Financial statements of Speedy Hire Plc for the year ended 31 March 2016 set out on pages 67 to 109. 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 2016 and of the Group's loss 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.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the Financial statements, the risks of material misstatement that had the greatest effect on our audit, in descending order of audit significance, are set out below.

These risks are consistent with those identified during the prior year audit, except that we consider the risk of a material misstatement in relation to the impairment of property, plant and equipment held within the International division to have reduced. Whilst we continue to perform procedures over this area, following the disposal of a significant proportion of those assets in the prior year we have not assessed this as one of the risks that had the greatest effect on our audit and, therefore, it is not separately identified in our report this year.

Potential for an impairment of goodwill and other intangible assets £1.6m (2015: £48.6m)

Level of risk versus 2015: ◀▶

Refer to page 43 (Audit Committee report), page 79 (accounting policy) and page 89 (financial disclosures).

> **The risk** – The performance of the Group is strongly influenced by the performance of the UK's construction and infrastructure sectors, which are in turn affected by the economic cycle. As referred to in the Chief Executive's review, the Group faced a number of challenges which affected revenue and profitability during this year. In addition the market capitalisation of the company was below the net asset value. As such there is a risk that the carrying amount of the Group's goodwill and other intangible assets needs to be impaired.

The Directors prepare a Value in Use, Net Present Value of estimated future cash flows (NPV) calculation for the Group's two cash generating units (CGUs: UK and Ireland and International) and compare the total cash flows from those calculations to the carrying value of each relevant CGU. If the NPV is below the carrying value of a CGU, then an impairment may be required. Certain of the key inputs to the calculations, specifically revenue growth, discount rate, cost inflation, working capital assumptions and the timing of replacement capital expenditure, require significant estimation and judgement in their selection, and can have a significant impact on the derived NPV.

> **Our response** – Our audit procedures included detailed testing of the Directors' impairment assessment for both CGUs performed at the year end. For each of the key inputs noted above, we critically assessed the reasonableness of the Directors' assumptions by reference to internal and external data, and reviewed the sensitivity analysis performed by the Group finance team. We sense-checked the NPV calculated by management against market data for the relevant industry peer group, such as EBITDA multiple and Enterprise Value. In addition we performed our own, additional sensitivity analysis in respect of the key assumptions. We also challenged management on the forecast revenue and EBITDA increases in their calculations given the recent, sharp decline in trading performance. We utilised our own valuation specialists, in particular in respect of the appropriateness of the discount rate applied by the Directors.

We evaluated the adequacy of the Group's disclosures in respect of their testing and the subsequent impairment of goodwill recorded in the Financial statements, including the disclosure of the impairment as an exceptional item, and whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuations.

Existence and valuation of hire equipment £220.4m (2015: £212.3m)

Level of risk versus 2015: ◀▶

Refer to page 43 (Audit Committee report), page 79 (accounting policy) and page 91 (financial disclosures).

- **The risk** – Hire equipment represents the most significant amount on the balance sheet. Given that there are more than 4.5 million items of equipment, and there is a high frequency of movement in individual assets (through asset purchases, physical hires and disposals), there is inherent difficulty in maintaining an accurate fixed assets register. In addition there is a high level of judgement involved in applying accounting policies to hire equipment. Judgement is applied by the Management in, for example, the estimation of useful economic lives, residual values, and in determining whether repair work carried out to assets has extended their useful economic life. As noted above, in light of current trading performance, the Directors have carried out impairment testing, at the CGU level, to assess the carrying value of the Group's assets including hire equipment.
- **Our response** – In this area our audit procedures included the identification and testing of the operating effectiveness of key controls in respect of the existence and valuation of hire equipment, such as the authorisation of additions, the use of unique asset identification numbers, the authorisation of repair work deemed to be capital in nature and the reconciliation of the fixed asset register to the accounting ledgers.

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

  We also selected a sample of significant assets acquired during the year and agreed the amounts recorded on the asset register to third party evidence such as the invoice from the supplier. Using data analytics techniques we compared the itemised hire fleet register to historic hire revenue information. We identified the value of assets not recently hired to customers. We challenged the Management to provide evidence over the existence, and valuation, of these assets.

  Using data analytics techniques we recalculated the depreciation included in the fixed asset register for the current year to test its accuracy.

  In relation to the judgemental areas noted above we challenged, for a sample of assets, the useful economic lives and residual values applied by the Management. By using data analytics we compared the full Fixed Asset Register this year to the Fixed Asset Register last year to obtain a complete list of changes made to useful economic lives and residual values. We also tested, for a sample of items, if the process to determine whether repair work had extended the useful economic life of an asset had been followed.

  As noted above, we undertook detailed testing in relation to the impairment calculations provided by the Directors. This testing applied equally to the valuation of hire equipment.

  We evaluated the adequacy of the Group's disclosures in respect of the judgements and estimates involved in arriving at the valuation of hire equipment.

Carrying amount of trade receivables £74.9m (2015: £104.1m)

Level of risk versus 2015: ◀▶

Refer to page 43 (Audit Committee report), page 79 (accounting policy) and page 92 (financial disclosures).

- **The risk** – The Group trades with a large number of customers, across a number of sectors, and is exposed to the risk of non-recoverability of trade receivables. Within the UK a number of the Group's customers operate in the construction market, which, due to the current economic climate, 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. Given the judgement involved in assessing the appropriate level of bad debt provision required against trade receivables, this is an area that our audit is concentrated on.
- **Our response** – In this area our audit procedures included the identification and testing of the operating effectiveness of key controls in respect of the valuation of trade receivables, such as credit control procedures and the application of the Group's bad debt provisioning policy.

  Our audit testing concentrated on those receivables perceived to be at a higher risk of non-recoverability based on the value and age of the receivable, or other factors such as the financial position of the customers. For a sample of these receivables we obtained a detailed understanding of the payment status of the receivable balance and the customer's likelihood of payment. We assessed the methodology used to calculate the provision recorded against trade receivables, challenged the appropriateness of these provisions, and analysed the level of cash receipts received post year end.

  We evaluated 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.

Independent auditor's report

to the members of Speedy Hire Plc only
continued

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

The materiality for the Group Financial statements as a whole was set at £0.5 million (2015: £1.1 million), determined with reference to a benchmark of Group profit before tax, normalised to exclude exceptional items (as disclosed in note 3 to the Financial statements) and, this year, averaged over a three year period due to the recent volatility in this reported level of profit (2015: there was no averaging over a three year period), of which it represents 4.5% (2015: 6.0%). We used a measure of Average Group profit before exceptional items and tax over a three year period during our audit for 2016 as we considered that, given the trading performance during the current year, this was a better reflection of the principal consideration for members of the Company in assessing the financial performance of the Group.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £25,000 (2015: £55,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

All of the Group's seven reporting components (2015: seven) were subjected to audit for Group reporting purposes. The work on the International components was performed by component auditors and the remainder by the Group audit team. This scoping is consistent with the prior year.

The Group audit team instructed the component auditors as to the significant areas to be covered during their audit, including the relevant risks detailed above, and the information to be reported to them.

We communicated the significant risk in relation to the recoverability of trade receivables to the Component auditor in the UAE to ensure they obtained sufficient audit evidence in this area. We reviewed this work as part of our review of their audit file, in particular the evidence they obtained in relation to the reasonableness of the provision held against specific older trade receivables.

The Group audit team approved the component materialities to be applied, which ranged from £63,000 to £475,000 (2015: a range of £87,000 to £825,000) 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 auditors.

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

In our opinion:

> the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and

> the information given in the Strategic report and the Directors' report for the financial year for which the Financial statements are prepared is consistent with the Financial statements.

5. We have nothing to report on the disclosures of principal risks

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

> the Directors' Viability statement on page 27, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the three years to 31 March 2019; or

> the disclosures in note 1 of the Financial statements concerning the use of the going concern basis of accounting.

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

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

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

> we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' report 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 Audit Committee report does not appropriately address matters communicated by us to the Audit Committee.

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

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

Under the Listing Rules we are required to review:

> the Directors' report, set out on page 30 and 31, in relation to going concern and longer-term viability; and
> the part of the Corporate governance report on page 36 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Scope of report and responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the Directors are responsible for the preparation of the Financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of Financial statements is provided on the Financial Reporting Council's website at **www.frc.org.uk/auditscopeukprivate**. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at **www.kpmg.com/uk/auditscopeukco2014a**, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

Chartered Accountants
One St. Peter's Square
Manchester
M2 3AE

16 May 2016

Financial statements

Financial statements

Consolidated income statement
For the year ended 31 March 2016

	Note	Year ended 31 March 2016 Before exceptional items £m	Exceptional items £m	Total £m	Year ended 31 March 2015 Before exceptional items £m	Exceptional items £m	Total £m
Total revenue		**333.4**	**–**	**333.4**	378.5	11.0	389.5
Less: share of jointly controlled entity's revenue		**(4.3)**	**–**	**(4.3)**	(3.5)	–	(3.5)
Revenue	2	**329.1**	**–**	**329.1**	375.0	11.0	386.0
Cost of sales		**(144.9)**	**–**	**(144.9)**	(157.9)	(17.2)	(175.1)
Gross profit		**184.2**	**–**	**184.2**	217.1	(6.2)	210.9
Distribution costs		**(31.8)**	**–**	**(31.8)**	(35.1)	–	(35.1)
Administrative expenses		**(145.1)**	**(59.9)**	**(205.0)**	(158.3)	(10.6)	(168.9)
Analysis of operating profit/(loss)							
Operating profit before amortisation and exceptional items		**10.0**	**–**	**10.0**	26.4	–	26.4
Amortisation	12	**(2.7)**	**–**	**(2.7)**	(2.7)	–	(2.7)
Exceptional costs	3	**–**	**(59.9)**	**(59.9)**	–	(16.8)	(16.8)
Operating profit/(loss)		**7.3**	**(59.9)**	**(52.6)**	23.7	(16.8)	6.9
Share of results of jointly controlled entity	13	**0.7**	**–**	**0.7**	0.6	–	0.6
Profit/(loss) from operations		**8.0**	**(59.9)**	**(51.9)**	24.3	(16.8)	7.5
Financial expense	7	**(5.7)**	**–**	**(5.7)**	(5.1)	(0.3)	(5.4)
Profit/(loss) before taxation		**2.3**	**(59.9)**	**(57.6)**	19.2	(17.1)	2.1
Taxation	8	**(0.6)**	**5.5**	**4.9**	(5.2)	3.3	(1.9)
Profit/(loss) for the financial year		**1.7**	**(54.4)**	**(52.7)**	14.0	(13.8)	0.2
(Loss)/earnings per share							
– Basic (pence)	9			**(10.19)**			0.04
– Diluted (pence)	9			**(10.19)**			0.04
Non-GAAP performance measures							
EBITDA before exceptional items	11	**53.1**			72.7		
Profit before tax, amortisation and exceptional items	11	**5.0**			21.9		
Adjusted earnings per share (pence)	9	**0.79**			3.23		

Consolidated statement of comprehensive income

For the year ended 31 March 2016

	2016 £m	2015 £m
(Loss)/profit for the financial year	**(52.7)**	0.2
Other comprehensive loss that may be reclassified subsequently to the income statement:		
– Effective portion of change in fair value of cash flow hedges	**(0.3)**	(0.3)
– Exchange difference on translation of foreign operations	**–**	(2.7)
Other comprehensive loss, net of tax	**(0.3)**	(3.0)
Total comprehensive loss for the financial year	**(53.0)**	(2.8)

Consolidated balance sheet
At 31 March 2016

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Intangible assets	12	**1.6**	48.6
Investment in jointly controlled entity	13	**4.9**	5.2
Property, plant and equipment			
– Hire equipment	14	**220.4**	212.3
– Non-hire equipment	14	**44.2**	41.0
Deferred tax asset	22	**1.5**	1.1
		272.6	308.2
Current assets			
Inventories	15	**6.0**	9.5
Trade and other receivables	16	**85.2**	114.5
Assets held for sale	17	**–**	1.9
Current tax asset		**3.1**	–
Cash	20	**4.4**	0.2
		98.7	126.1
Total assets		**371.3**	434.3
LIABILITIES			
Current liabilities			
Borrowings	20	**(0.1)**	(1.6)
Other financial liabilities	19	**(0.7)**	(0.4)
Trade and other payables	18	**(73.9)**	(80.2)
Provisions	21	**(2.5)**	(2.9)
Liabilities held for sale	17	**–**	(0.1)
Current tax liability		**–**	(0.8)
		(77.2)	(86.0)
Non-current liabilities			
Borrowings	20	**(106.9)**	(103.9)
Trade and other payables	18	**(0.8)**	(0.7)
Provisions	21	**(0.9)**	(1.3)
Deferred tax liability	22	**(7.1)**	(8.4)
		(115.7)	(114.3)
Total liabilities		**(192.9)**	(200.3)
Net assets		**178.4**	234.0
EQUITY			
Share capital	23	**26.1**	26.1
Share premium		**191.4**	191.0
Merger reserve		**1.0**	1.0
Hedging reserve		**(0.9)**	(0.6)
Translation reserve		**(1.7)**	(1.9)
Retained earnings		**(37.5)**	18.4
Total equity		**178.4**	234.0

The consolidated Financial statements on pages 67 to 102 were approved by the Board of Directors on 16 May 2016 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director

Company registered number: 927680

Consolidated statement of changes in equity

For the year ended 31 March 2016

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earning £m	Total equity £m
At 1 April 2014	26.0	190.9	1.0	(0.4)	0.8	21.0	239.3
Total comprehensive loss	–	–	–	(0.3)	(2.7)	0.2	(2.8)
Dividends	–	–	–	–	–	(3.4)	(3.4)
Tax on items taken directly to equity	–	–	–	0.1	–	(0.1)	–
Equity-settled share-based payments	–	–	–	–	–	0.7	0.7
Issue of shares under the Sharesave Scheme	0.1	0.1	–	–	–	–	0.2
At 31 March 2015	26.1	191.0	1.0	(0.6)	(1.9)	18.4	234.0
Total comprehensive loss	–	–	–	(0.3)	–	(52.7)	**(53.0)**
Dividends	–	–	–	–	–	(3.6)	**(3.6)**
Tax on items taken directly to equity	–	–	–	–	0.2	(0.1)	**0.1**
Equity-settled share-based payments	–	–	–	–	–	0.5	**0.5**
Issue of shares under the Sharesave Scheme	–	0.4	–	–	–	–	**0.4**
At 31 March 2016	**26.1**	**191.4**	**1.0**	**(0.9)**	**(1.7)**	**(37.5)**	**178.4**

Consolidated cash flow statement

For the year ended 31 March 2016

	Note	2016 £m	2015 £m
Cash generated from operating activities			
(Loss)/profit before tax		**(57.6)**	2.1
Financial expense		**5.7**	5.4
Amortisation		**2.7**	2.7
Depreciation		**43.1**	46.3
Share of profit of equity accounted investments		**(0.7)**	(0.6)
(Profit)/loss on disposal of hire equipment		**(0.7)**	1.8
Impairment of goodwill		**45.9**	–
Decrease in inventories		**3.6**	2.3
Decrease/(increase) in net assets held for sale		**1.8**	(1.8)
Decrease/(increase) in trade and other receivables		**30.0**	(21.1)
(Decrease)/increase in trade and other payables		**(6.8)**	3.4
Movement in provisions		**(0.8)**	1.8
Equity-settled share-based payments		**0.5**	0.7
Cash generated from operations before changes in hire fleet		**66.7**	43.0
Purchase of hire equipment		**(57.8)**	(68.6)
Proceeds from sale of hire equipment		**17.0**	38.9
Cash generated from operations		**25.9**	13.3
Interest paid		**(4.9)**	(5.1)
Tax paid		**(0.6)**	(5.2)
Net cash flow from operating activities		**20.4**	3.0
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment		**(11.2)**	(19.1)
Proceeds from sale of other property, plant and equipment		**0.6**	0.9
Acquisition of subsidiary, net of cash acquired	25	**(1.5)**	–
Investment in jointly controlled entity		**0.3**	(1.0)
Net cash flow from investing activities		**(11.8)**	(19.2)
Net cash flow before financing activities		**8.6**	(16.2)
Cash flow from financing activities			
Drawdown of loans		**393.9**	596.3
Payment of loans		**(393.5)**	(580.8)
Proceeds from the issue of Sharesave Scheme shares		**0.4**	0.1
Dividends paid		**(3.6)**	(3.4)
Net cash flow from financing activities		**(2.8)**	12.2
Increase/(decrease) in cash and cash equivalents		**5.8**	(4.0)
(Overdraft)/cash at the start of the financial year		**(1.4)**	2.6
Net cash/(overdraft) at the end of the financial year		**4.4**	(1.4)
Analysis of cash and cash equivalents			
Cash	20	**4.4**	0.2
Bank overdraft	20	**–**	(1.6)
		4.4	(1.4)

Reconciliation of net debt

	Note	2016 £m	2015 £m
Net increase/(decrease) in cash and cash equivalents		**5.8**	(4.0)
Increase in borrowings	20	**(1.1)**	(15.5)
Finance lease liabilities	20	**(1.2)**	–
Amortisation of loan costs	20	**(0.8)**	(1.4)
Change in net debt during the year		**2.7**	(20.9)
Net debt at 1 April		**(105.3)**	(84.4)
Net debt at 31 March		**(102.6)**	(105.3)

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 2016 comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated and Parent Company Financial statements were approved by the Board of Directors on 16 May 2016.

Statement of compliance

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

Basis of preparation

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

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, note 19 to the Financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and market risk.

The Group signed a £180m asset-based revolving credit facility ('the Facility') in September 2014, which matures in September 2019 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 27 which confirms that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the Facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

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

Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity, be exposed to variable returns, and have 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.

(b) Jointly controlled entities

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

New accounting standards and accounting standards not yet effective

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

> Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

> Annual improvements to IFRSs 2010-2012 Cycle and 2011-2013

Notes to the Financial statements
continued

1 Accounting policies continued

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations at 31 March 2016 with an effective date of implementation after the date of these Financial statements:

International Accounting Standards (IAS/IFRSs)		Effective date (periods beginning on or after)
IFRS 14*	Regulatory Deferral Accounts	1 January 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial statements	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016
Various standards	Annual improvements to IFRSs 2012-2014	1 January 2016
IFRS 15*	Revenue from Contracts with Customers	1 January 2018
IFRS 9*	Financial Instruments	1 January 2018
IFRS 16*	Leases	1 January 2019

* Not yet endorsed by the EU.

The Directors are currently assessing the impact on the Group's Financial statements in the period of initial application.

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

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

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

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

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

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

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

Hire equipment
- Tools and general equipment – between three and seven years straight-line
- Access equipment – five to ten years straight-line
- Surveying equipment – five years straight-line
- Power equipment – between five and ten years straight-line

Non-hire assets
- Freehold buildings, and long leasehold improvements – over the shorter of the lease period and 50 years straight-line
- Short leasehold property improvements – over the period of the lease
- Fixtures and fittings and office equipment (excluding IT) – 25%-45% per annum 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

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

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

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.

Notes to the Financial statements
continued

1 Accounting policies continued

Non-current assets held for sale
A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement, although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment, once classified as held for sale or distribution, are not amortised or depreciated.

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

> **Goodwill**

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

For acquisitions on or after 1 April 2010, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- 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 profit or loss.

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

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

> **Other intangible assets**

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

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

> **Amortisation**

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

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

1 Accounting policies continued

Impairments
The carrying amounts of the Group's non-financial assets, other than 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 stated 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. Cost comprises direct materials and, where appropriate, overheads that have been incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in 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.

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

Notes to the Financial statements
continued

1 Accounting policies continued

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

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

Gains and losses on intercompany foreign currency loans which are long-term in nature, 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 all UK employees in a defined contribution pension plan and makes contributions to personal pension schemes for these UK employees and certain other non-UK employees. Obligations for contributions to these defined contribution pension plans are recognised as an expense in the income statement as incurred. 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 which allow certain employees to acquire shares in the Company, including the Performance Plan, the Co-investment Plan, and the all-employee Sharesave Schemes. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured, using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where 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.

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

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

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

1 Accounting policies continued

Impairment

Goodwill is reviewed annually to assess the requirement for impairment; at 31 March 2016 goodwill was £nil (2015: £44.3m). Other intangible assets totalled £1.6m at 31 March 2016 (2015: £4.3m) and are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the carrying value of such assets is not supportable. Impairment testing on goodwill is carried out in accordance with the analyses described in note 12. Such calculations require assumptions relating to the appropriate discount factors and long-term growth prevalent in particular markets as well as short-term business performance. The Directors draw upon experience as well as external resources in making these assumptions. In the year to 31 March 2016, an impairment review was undertaken in respect of intangible assets and property, plant and equipment, applying the basis and key assumptions set out in note 12.

Whether an investment is a subsidiary or associate

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

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

Property, plant and equipment

In relation to the Group's property, plant and equipment (note 14), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2016, the carrying value of hire equipment was £220.4m (2015: £212.3m) representing 83.3% (2015: 83.8%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2016 was £35.2m (2015: £39.3m), which represents 9.5% (2015: 10.5%) of the average original cost of hire equipment. Both useful economic lives and residual values are reviewed on a regular basis.

Onerous lease provision

The Group has a number of properties which are leased but no longer occupied. The future cost of these ongoing lease obligations is provided for by way of an onerous property contract provision (see note 21), and at 31 March 2016 the amount provided was £3.4m (2015: £4.2m). In determining the level of provision required, the Group assesses the likelihood of mitigating future lease costs as a result of break clauses in leases, or the likelihood of sub-letting the property to third parties. In doing so, the Group obtains external professional advice where the amounts involved are material.

Bad debt provision

The Group monitors the risk profile of debtors regularly and makes a provision for amounts that may not be recoverable. When a trade receivable is not collectable it is written off against the bad debt provision. At 31 March 2016, the provision for bad debt was £8.7m (2015: £4.1m) against a total debtor book of £85.8m (2015: £110.4m).

Notes to the Financial statements
continued

2 Segmental analysis

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

For the year ended 31 March 2016	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total equity £m
Revenue	308.7	20.4	–	329.1
Segment result:				
EBITDA before exceptional costs	54.2	3.2	(4.3)	53.1
Depreciation	(39.7)	(2.6)	(0.8)	(43.1)
Operating profit/(loss) before amortisation and exceptional items	14.5	0.6	(5.1)	10.0
Amortisation	(2.7)	–	–	(2.7)
Exceptional costs	(52.2)	(6.1)	(1.6)	(59.9)
Operating loss	(40.4)	(5.5)	(6.7)	(52.6)
Share of results of jointly controlled entity	–	0.7	–	0.7
Trading loss	(40.4)	(4.8)	(6.7)	(51.9)
Financial expense				(5.7)
Loss before tax				(57.6)
Taxation				4.9
Loss for the financial year				(52.7)
Intangible assets	1.6	–	–	1.6
Investment in jointly controlled entity	–	4.9	–	4.9
Hire equipment	211.3	9.1	–	220.4
Non-hire equipment	40.9	3.3	–	44.2
Taxation assets	–	–	4.6	4.6
Current assets	81.5	9.3	0.4	91.2
Cash	–	–	4.4	4.4
Total assets	335.3	26.6	9.4	371.3
Liabilities	(66.5)	(6.8)	(5.5)	(78.8)
Borrowings	–	–	(107.0)	(107.0)
Taxation liabilities	–	–	(7.1)	(7.1)
Total liabilities	(66.5)	(6.8)	(119.6)	(192.9)
Capital expenditure	66.0	3.0	–	69.0

2 Segmental analysis continued

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

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

For the year ended 31 March 2015	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total equity £m
Revenue before exceptional items	351.3	23.7	–	375.0
Exceptional revenue (note 3)	–	11.0	–	11.0
Total revenue	351.3	34.7	–	386.0
Segment result:				
EBITDA before exceptional costs	78.0	(0.5)	(4.8)	72.7
Depreciation	(40.6)	(5.1)	(0.6)	(46.3)
Operating profit/(loss) before amortisation and exceptional items	37.4	(5.6)	(5.4)	26.4
Amortisation	(2.7)	–	–	(2.7)
Exceptional restructuring costs	(7.2)	(8.4)	(1.2)	(16.8)
Operating profit/(loss)	27.5	(14.0)	(6.6)	6.9
Share of results of jointly controlled entity	–	0.6	–	0.6
Trading profit/(loss)	27.5	(13.4)	(6.6)	7.5
Financial expense				(5.1)
Exceptional financial expense				(0.3)
Profit before tax				2.1
Taxation				(1.9)
Profit for the financial year				0.2
Intangible assets	48.6	–	–	48.6
Investment in jointly controlled entity	–	5.2	–	5.2
Hire equipment	203.7	8.6	–	212.3
Non-hire equipment	37.8	3.2	–	41.0
Taxation assets	–	–	1.1	1.1
Current assets	102.7	22.4	0.8	125.9
Cash	–	–	0.2	0.2
Total assets	392.8	39.4	2.1	434.3
Liabilities	(71.3)	(8.3)	(6.0)	(85.6)
Bank overdraft	–	–	(1.6)	(1.6)
Borrowings	–	–	(103.9)	(103.9)
Taxation liabilities	–	–	(9.2)	(9.2)
Total liabilities	(71.3)	(8.3)	(120.7)	(200.3)
Capital expenditure	83.1	4.6	–	87.7

Notes to the Financial statements
continued

2 Segmental analysis continued

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

	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Revenues £m	**Total assets £m**	Revenues £m	Total assets £m
UK	**303.1**	**334.9**	345.5	385.3
Ireland	**5.6**	**9.8**	5.8	9.6
Other countries	**20.4**	**26.6**	34.7	39.4
	329.1	**371.3**	386.0	434.3

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

3 Exceptional items

For the year ended 31 March 2016
During the period, exceptional administrative costs of £59.9m have been incurred. The business has made an impairment provision against the carrying value of goodwill, finalised the roll out of its new network structure and fundamentally restructured its operations. In addition, a provision has been recorded in relation to proceeds recognised in the year to 31 March 2015 on the disposal of International assets which have not yet been received.

A provision of £45.9 million has been made against the Group's goodwill following a review of the carrying value as part of the annual impairment testing process. Trading performance during the year has resulted in the Group revising its assumptions regarding future activity levels. This has resulted in revised forecasts of cash flows arising in cash generating units. An impairment loss has been calculated on a value in use basis. Further information on the impairment testing process is contained in note 12.

Exceptional costs of £3.5m were incurred in the period as the programme to reconfigure the depot network was finalised. These costs include provisions for onerous leases which remain as a result of the changes and costs relating to implementing the change programme.

Costs relating to changing the management structure totalled £4.2m including redundancy costs and related expenditure.

Further costs have been incurred in exiting the International general and spot hire markets relating to disposals and professional fees, amounting to £0.8m.

The Group has made a provision of £5.5m against outstanding debts relating to International assets disposals following default by the purchaser on outstanding payments.

For the year ended 31 March 2015
During the prior year, exceptional administrative costs were incurred as the business rolled out a new network structure, changed management and restructured the International operations.

Exceptional costs of £6.4m were incurred as the programme to reconfigure the depot network continued. These costs included provisions for onerous leases which remained as a result of the changes and costs related to implementing the change programme.

Costs relating to changing management totalled £2.2m, including redundancy costs and related expenditure incurred in the International division. A further £2.0m was incurred in respect of professional and legal costs associated with disposal activity.

In addition, a further £6.2m was incurred in respect of losses on the disposal of assets in the International division, related to the withdrawal from the general and spot hire markets.

Exceptional financial expenses of £0.3m related to costs incurred in cancelling debt facilities.

4 Operating (loss)/profit

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

	2016 £m	2015 £m
Impairment of goodwill	**45.9**	–
Amortisation of intangible assets	**2.7**	2.7
Depreciation of owned property, plant and equipment	**43.1**	46.3
Profit on disposal of hire equipment (before exceptional items)	**(0.7)**	(5.0)
Operating lease rentals		
– of land and buildings	**13.0**	13.1
– of vehicles	**12.9**	11.0
Auditors' remuneration		
– audit of these Financial statements	**0.1**	0.1
– amounts receivable by auditors in respect of:		
– audit of financial statements of subsidiaries pursuant to legislation	**0.1**	0.1
– IT services	**–**	0.1
– corporate finance services	**–**	0.2

Audit fees relate to the Group's auditor, KPMG LLP. Fees for non-audit services in 2015 related to advice provided in support of renegotiating the asset-based revolving credit facility and independent assurance in relation to the ERP system implementation.

5 Employees

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

	Number of employees	
	2016	2015
UK & Ireland Asset Services	**2,991**	3,197
International Asset Services	**437**	450
Central	**229**	242
	3,657	3,889

The aggregate payroll costs of these employees were as follows:

	2016 £m	2015 £m
Wages and salaries	**85.2**	96.2
Social security costs	**7.8**	8.8
Pension costs	**1.6**	1.6
Share-based payments	**0.5**	0.7
	95.1	107.3

Notes to the Financial statements
continued

6 Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments		
Basic remuneration, including benefits	**749**	744
Performance-related bonuses	**–**	192
Termination payments	**234**	271
Company pension contributions to personal pension plans	**57**	72
	1,040	1,279
Emolument of the highest paid Director		
Basic remuneration, including benefits	**360**	373
Performance-related bonuses	**–**	192
Company pension contributions to personal pension plans	**49**	28
	409	593

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

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

7 Financial expense

	2016 £m	2015 £m
Financial expense		
Interest on bank loans and overdrafts	**4.2**	4.1
Amortisation of issue costs	**0.8**	1.2
Total interest on borrowings	**5.0**	5.3
Hedge interest payable	**0.3**	0.3
Other finance costs	**0.4**	0.8
Foreign exchange gains	**–**	(1.3)
	5.7	5.1
Exceptional finance expenses (note 3)	**–**	0.3
	5.7	5.4

8 Taxation

	2016 £m	2015 £m
Tax (credited)/charged in the income statement		
Current tax		
UK corporation tax on (losses)/profits for the period at 20% (2015: 21%)	**(3.2)**	4.2
Adjustment in respect of prior years	**–**	(0.7)
Total current tax	**(3.2)**	3.5
Deferred tax (note 22)		
UK deferred tax at 18% (2015: 20%)	**(0.6)**	(1.2)
Adjustment in respect of prior years	**(0.5)**	–
Impact of rate change	**(0.6)**	(0.4)
Total deferred tax	**(1.7)**	(1.6)
Total tax (credit)/charge	**(4.9)**	1.9
Tax credited in equity		
Current tax		
Current tax on equity-settled share-based payments	**(0.1)**	(0.2)
Total current tax	**(0.1)**	(0.2)
Deferred tax (note 22)		
Net loss on revaluation of cash flow hedges	**–**	0.1
Deferred tax on foreign exchange reserve	**(0.2)**	–
Deferred tax on equity-settled share-based payments	**0.2**	0.1
Total deferred tax credited in equity	**–**	0.2
Total tax credited to equity	**(0.1)**	–

The adjusted tax rate of 16.8% (2015: 24.7%) is lower than the standard rate of UK corporation tax in the UK of 20% (2015: 21%) primarily due to the change in the deferred tax rate.

Notes to the Financial statements
continued

8 Taxation continued

The tax credit in the income statement for the year is lower (2015: charge is higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%) and is explained as follows:

	2016 £m	2015 £m
(Loss)/profit before tax	(57.6)	2.1
Accounting (loss)/profit multiplied by the standard rate of corporation tax at 20% (2015: 21%)	(11.5)	0.4
Expenses not deductible for tax purposes	7.7	1.3
Non-taxable income	(0.4)	(0.8)
Share-based payments	0.1	0.2
Unrecognised tax losses	–	0.3
Overseas tax losses arising not subject to tax	0.5	1.8
Share of joint venture income already taxed	(0.2)	(0.2)
Adjustment to deferred taxation relating to future changes in corporation tax rates	(0.6)	(0.4)
Adjustment to tax in respect of prior years	(0.5)	(0.7)
Tax (credit)/charge for the year reported in the income statement	(4.9)	1.9
Tax credited in equity		
Current tax credit	(0.1)	(0.2)
Deferred tax charge (note 22)	–	0.2
Tax credited to equity	(0.1)	–

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Following a review of the expected maturity profile of the deferred tax liability a rate of 18% has been applied at 31 March 2016.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly and reduce the net deferred tax liability at 31 March 2016 by £0.3m.

9 Earnings per share

The calculation of basic earnings per share is based on the loss for the financial year of £52.7m (2015: profit £0.2m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2016	2015
(Loss)/profit (£m)		
(Loss)/profit for the year after tax – basic earnings	**(52.7)**	0.2
Intangible amortisation charge (after tax)	**2.4**	2.4
Exceptional items (after tax)	**54.4**	13.9
Adjusted earnings (after tax)	**4.1**	16.5
Weighted average number of shares in issue (m)		
At the beginning of the year	**515.6**	510.2
Exercise of share options	**1.7**	1.0
At the end of the year – basic number of shares	**517.3**	511.2
Share options	**1.7**	3.6
Employee share scheme	**0.5**	1.4
At the end of the year – diluted number of shares	**519.5**	516.2
(Loss)/earnings per share (pence)		
Basic (loss)/earnings per share	**(10.19)**	0.04
Amortisation	**0.47**	0.47
Exceptional costs	**10.51**	2.72
Adjusted earnings per share	**0.79**	3.23
Basic (loss)/earnings per share	**(10.19)**	0.04
Diluted (loss)/earnings per share	**(10.19)**	0.04
Adjusted earnings per share	**0.79**	3.23
Employee share schemes	**–**	(0.01)
Adjusted diluted earnings per share	**0.79**	3.22

Total number of shares outstanding at 31 March 2016 amounted to 523,320,947, including 4,160,483 shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

Notes to the Financial statements
continued

10 Dividends

The aggregate amount of dividend comprises:

	2016 £m	2015 £m
2014 final dividend (0.35 pence on 520.4m shares)	–	1.8
2015 interim dividend (0.30 pence on 520.5m share)	–	1.6
2015 final dividend (0.40 pence on 521.9m shares)	**2.0**	–
2016 interim dividend (0.30 pence on 522.1m share)	**1.6**	–
	3.6	3.4

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.40 pence (2015: 0.40 pence) per share, bringing the total amount payable in respect of the 2016 year to 0.70 pence (2015: 0.70 pence), to be paid on 12 August 2016 to shareholders on the register on 8 July 2016.

The Employee Benefit Trust established to hold shares for the Performance Plan and Co-Investment Plan has waived its right to the interim and final proposed dividends. At 31 March 2016, the Trust held 4,160,483 ordinary shares (2015: 6,252,907).

11 Non-GAAP performance measures

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

	2016 £m	2015 £m
Operating (loss)/profit	**(52.6)**	6.9
Add back: amortisation	**2.7**	2.7
Add back: exceptional items	**59.9**	16.8
Operating profit before amortisation and exceptional items	**10.0**	26.4
Add back: depreciation	**43.1**	46.3
EBITDA before exceptional items	**53.1**	72.7

(Loss)/profit before tax	**(57.6)**	2.1
Add back: amortisation	**2.7**	2.7
Add back: exceptional items	**59.9**	16.8
Add back: exceptional finance expense	–	0.3
Profit before tax, amortisation and exceptional items	**5.0**	21.9

12 Intangible fixed assets

	Goodwill £m	Customer lists £m	Non-compete agreements £m	Brand £m	Supply agreements £m	Total £m
Cost						
At 1 April 2014	93.5	36.4	4.9	4.1	19.8	158.7
At 31 March 2015	93.5	36.4	4.9	4.1	19.8	158.7
Additions	1.6	–	–	–	–	1.6
At 31 March 2016	95.1	36.4	4.9	4.1	19.8	160.3
Amortisation						
At 1 April 2014	49.2	30.4	4.9	4.1	18.8	107.4
Charged in year	–	2.3	–	–	0.4	2.7
At 31 March 2015	49.2	32.7	4.9	4.1	19.2	110.1
Charged in year	–	2.3	–	–	0.4	2.7
Impairment	45.9	–	–	–	–	45.9
At 31 March 2016	95.1	35.0	4.9	4.1	19.6	158.7
Net book value						
At 31 March 2016	**–**	**1.4**	**–**	**–**	**0.2**	**1.6**
At 31 March 2015	44.3	3.7	–	–	0.6	48.6
At 31 March 2014	44.3	6.0	–	–	1.0	51.3

The amount of goodwill that is tax-deductible is £nil (2015: £19.2m).

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

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

The recoverable amounts of the goodwill and intangible assets allocated to CGUs are determined by value-in-use calculations. The value-in-use calculations use cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth, net margin and the level of capital expenditure required to support trading, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare value-in-use calculations, the Group uses cash flow projections made up of the FY2017 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.

Notes to the Financial statements
continued

12 Intangible fixed assets continued

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

	31 March 2016		31 March 2015	
	Pre-tax discount rate	**Terminal value growth rate**	Pre-tax discount rate	Terminal value growth rate
UK & Ireland Asset Services	**12.6%**	**1.5%-2.5%**	9.7%	1.5%-2.5%
International Asset Services	**13.6%**	**2.5%**	10.2%	2.5%

Trading performance during the year has resulted in the Group revising its expectations about the level of activity which will be sustainable in the long-term. An impairment loss has been calculated on a value in use basis and consists of a £45.9m write-down in goodwill during the year. Following this, there is no difference between the carrying amount and the recoverable amount of the goodwill and intangible balances at the balance sheet date.

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 £18.0m. A decrease of 1% in the forecast revenue growth, with all the other assumptions held constant, would reduce discounted cash flows by £14.8m. In both cases, this would result in a further impairment charge.

No goodwill or intangible assets have been allocated to International Asset Services. Value-in-use calculations result in a recoverable amount that is £1.9m greater than the carrying value of the property, plant and equipment and other net assets at 31 March 2016. An increase of 1% in the pre-tax discount rate or a decrease of 1% in the forecast revenue growth does not result in a shortfall of recoverable amount over carrying value of the property, plant and equipment and other net assets.

13 Investment in jointly controlled entity

	Equity investment £m	Loan advances £m	Total £m
Cost			
At 1 April 2014	2.6	1.5	4.1
Effect of movement in foreign exchange rates	0.4	0.2	0.6
At 31 March 2015	3.0	1.7	4.7
Effect of movement in foreign exchange rates	0.2	0.1	0.3
At 31 March 2016	3.2	1.8	5.0
Share of post-acquisition results			
At 1 April 2014	(0.1)	–	(0.1)
Share of results for the year after tax	0.6	–	0.6
At 31 March 2015	0.5	–	0.5
Share of results for the year after tax	0.7	–	0.7
Share of other comprehensive income	(0.8)	–	(0.8)
Dividend received	(0.5)	–	(0.5)
At 31 March 2016	(0.1)	–	(0.1)
Net book value			
At 31 March 2016	**3.1**	**1.8**	**4.9**
At 31 March 2015	3.5	1.7	5.2
At 31 March 2014	2.5	1.5	4.0

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

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.

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 equity £m
Cost				
At 1 April 2014	39.8	386.6	67.5	493.9
Foreign exchange	0.2	(0.6)	–	(0.4)
Additions	13.7	66.9	5.3	85.9
Disposals	(1.4)	(47.9)	(0.2)	(49.5)
Transfers to inventory	–	(40.7)	–	(40.7)
At 31 March 2015	52.3	364.3	72.6	489.2
Foreign exchange	0.3	0.3	–	0.6
Acquisition through business combinations	–	1.7	0.3	2.0
Additions	3.4	57.8	7.8	69.0
Disposals	(1.3)	(34.3)	(0.3)	(35.9)
Transfers to inventory	–	(10.8)	–	(10.8)
At 31 March 2016	54.7	379.0	80.4	514.1
Depreciation				
At 1 April 2014	22.4	161.1	55.3	238.8
Foreign exchange	(0.1)	(0.4)	–	(0.5)
Charged in year	2.9	39.3	4.1	46.3
Disposals	(0.7)	(31.3)	–	(32.0)
Transfers to inventory	–	(16.7)	–	(16.7)
At 31 March 2015	24.5	152.0	59.4	235.9
Foreign exchange	0.1	0.2	–	0.3
Charged in year	3.2	35.2	4.7	43.1
Disposals	(0.8)	(23.3)	(0.2)	(24.3)
Transfers to inventory	–	(5.5)	–	(5.5)
At 31 March 2016	27.0	158.6	63.9	249.5
Net book value				
At 31 March 2016	**27.7**	**220.4**	**16.5**	**264.6**
At 31 March 2015	27.8	212.3	13.2	253.3
At 31 March 2014	17.4	225.5	12.2	255.1

The net book value of land and buildings comprises freehold properties of £nil (2015: £nil), and short leasehold properties of £27.7m (2015: £27.8m).

At 31 March 2016, the net carrying amount of leased property, plant and equipment is £1.4m (2015: £nil).

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

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15 Inventories

	2016 £m	2015 £m
Finished goods and goods for resale	**6.0**	9.5

The amount of inventory expensed in the year amounted to £41.1m (2015: £44.8m), included within cost of sales. A £0.5m (2015: £nil) provision is recorded in respect of inventory held at the year end.

16 Trade and other receivables

	2016 £m	2015 £m
Trade receivables	**74.9**	104.1
Other receivables	**8.0**	8.6
Prepayments and accrued income	**2.3**	1.8
	85.2	114.5

There are £27.0m (2015: £41.6m) of trade receivables that are past due at the balance sheet date that have not been provided against. There is no indication as at 31 March 2016 that customers will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are past due and un-provided. The ageing of trade receivables (net of impairment provision) at the year end was as follows:

	2016 £m	2015 £m
Not past due	**47.9**	62.5
Past due 0-30 days	**15.7**	17.9
Past due 31-120 days	**7.0**	14.0
More than 120 days past due	**4.3**	9.7
	74.9	104.1

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

	2016 £m	2015 £m
At 1 April	**4.1**	3.9
Impairment provision charged as exceptional to the income statement	**5.5**	–
Impairment provision charged to the income statement	**2.4**	5.5
Written off in the year	**(3.3)**	(5.3)
At 31 March	**8.7**	4.1

17 Assets held for sale

No assets or liabilities are held for sale at 31 March 2016.

At 31 March 2015 the assets and liabilities held within the International division in relation to its Oman entity have been classified as held for sale following the commitment from management on 2 March 2015 to sell the shares in the business. The sale completed in April 2015.

The asset held for sale comprised the following assets and liabilities.

	2016 £m	2015 £m
Assets classified as held for sale		
Property, plant and equipment	–	1.5
Trade receivables and other receivables	–	0.4
	–	1.9
Liabilities classified as held for sale		
Accruals	–	0.1
	–	0.1

18 Trade and other payables

	2016 £m	2015 £m
Trade payables	**41.2**	40.3
Other payables	**9.6**	9.5
Accruals	**23.9**	31.1
	74.7	80.9
Non-current	**0.8**	0.7
Current	**73.9**	80.2
	74.7	80.9

Notes to the Financial statements
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19 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 2016		31 March 2015	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Trade and other receivables	**85.2**	**85.2**	112.7	112.7
Cash	**4.4**	**4.4**	0.2	0.2
Bank overdraft	**–**	**–**	(1.6)	(1.6)
Secured bank borrowings	**(105.8)**	**(105.8)**	(103.9)	(103.9)
Finance lease liabilities	**(1.2)**	**(1.2)**	–	–
Interest rate swaps and caps, used for hedging	**(0.7)**	**(0.7)**	(0.4)	(0.4)
Trade and other payables	**(50.8)**	**(50.8)**	(49.8)	(49.8)
	(68.9)	**(68.9)**	(42.8)	(42.8)
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/payables – For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rates used for determining fair value

The interest rate used to discount estimated cash flows, where applicable, has been estimated at 12.6% (2015: 9.7%).

Fair value hierarchy

The Group and Company's financial instruments relate to cash flow hedges, which are carried at fair value in both the current and prior year. The valuation is based on inputs other than quoted prices but which are directly observable (i.e. as prices) (classified as Level 2 in accordance with IFRS 7).

19 Financial instruments continued

Credit risk

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

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

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

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

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

Liquidity risk

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

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

At 31 March 2016, the Group had a loan facility amounting to £180m (2015: £180m), as detailed in note 20. The undrawn availability on this facility as at 31 March 2016 was £54.8m (2015: £55.0m) 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 has obtained bank and equity funding in recent years as the business has grown, and maintains close contact with its syndicate of banks. The following analysis is based on the undiscounted contractual maturities on the Group's financial liabilities including estimated interest that will accrue, except where repayment is entitled and before its contractual maturity.

	Undiscounted cash flows – 31 March 2016				
At 31 March 2016	**2017 £m**	**2018 £m**	**2019 £m**	**2020 £m**	**Total £m**
Asset-based revolving credit facility	**–**	**–**	**–**	**121.8**	**121.8**
Finance lease liability	**0.4**	**0.3**	**0.3**	**0.2**	**1.2**
Interest payments	**3.6**	**3.5**	**3.5**	**1.8**	**12.4**
	4.0	**3.8**	**3.8**	**123.8**	**135.4**

	Undiscounted cash flows – 31 March 2015					
At 31 March 2015	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	Total £m
Asset-based revolving credit facility	–	–	–	–	119.1	119.1
Interest payments	3.5	3.5	3.5	3.5	1.8	15.8
	3.5	3.5	3.5	3.5	120.9	134.9

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19 Financial instruments continued

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

> **Foreign exchange risk**

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 2016, if sterling had weakened or strengthened by 10% against the US dollar (against which key Middle Eastern currencies are linked) with all other variables held constant, post-tax profit for the year would have been £0.2m (2015: £0.1m) 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, and to assess and manage the long-term borrowing commitment accordingly, and to put in place interest rate hedges to reduce the Group's exposure to significant fluctuations in interest rates. The Group adopts a policy of ensuring that between 40% and 70% of its net borrowings are covered by hedging instruments.

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

	31 March 2016		31 March 2015	
	Fair value £m	**Notional amount £m**	Fair value £m	Notional amount £m
Designated as cash flow hedges				
Fixed interest rate swaps	**(0.7)**	**75.0**	(0.4)	70.0

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

The weighted average interest rate on the fixed interest rate swaps is 1.274% (2015: 1.091%) and the instruments are for a weighted average period of 18 months (2015: 21 months). The maximum contractual period is 36 months (2015: 35 months).

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

At 31 March 2016 it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.5m. Interest rate swaps have been included in this calculation.

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

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

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

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

20 Borrowings

	2016 £m	2015 £m
Current borrowings		
Bank overdraft	–	1.6
Finance lease liabilities	**0.1**	–
Non-current borrowings		
Maturing between two and five years		
– ABL Facility	**105.8**	103.9
– Finance lease liabilities	**1.1**	–
Total non-current borrowings	**106.9**	103.9
Total borrowings	**107.0**	105.5
Less: cash	**(4.4)**	(0.2)
Net debt	**102.6**	105.3

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

(i) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.

(ii) An asset based revolving credit facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The undrawn availability of this facility as at 31 March 2016 was £54.8m (2015: £55.0m) based on the Group's eligible hire equipment and trade receivables.

The Facility is for £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in September 2019, with no prior scheduled repayment requirements.

Interest on the facility is calculated by reference to the London Inter Bank Offered Rate applicable to the period drawn, plus a margin of 170 to 275 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 2.49% (2015: 2.60%).

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

Analysis of consolidated net debt

	31 March 2015 £m	Non-cash movement £m	Cash flow £m	31 March 2016 £m
Cash at bank and in hand	0.2	–	4.2	**4.4**
Bank overdrafts	(1.6)	–	1.6	**–**
Finance lease liabilities	–	(1.2)	–	**(1.2)**
Borrowings	(103.9)	(0.8)	(1.1)	**(105.8)**
	(105.3)	(2.0)	4.7	**(102.6)**

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2016 £m	2015 £m
– not later than one year	**0.1**	–
– later than one year and not later than five years	**1.1**	–
	1.2	–

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.

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21 Provisions

	Onerous property contracts £m
At 1 April 2014	2.4
Created in the year	5.3
Provision utilised in the year	(3.5)
At 31 March 2015	4.2
Created in the year	3.2
Provision utilised in the year	(4.0)
At 31 March 2016	**3.4**

Of the £3.4m provision at 31 March 2016, £2.5m (2015: £2.9m) is due within one year and £0.9m (2015: £1.3m) is due after one year. The key assumption underlying the calculation of the provision relates to the assumed sub-let period. The provision is calculated based on a gross liability to the earlier of three years and the estimated date of sub-let, or break clause, and includes estimated dilapidations at current market rates. The total liability is discounted to current values. If leases on properties which are assumed to be sub-let were not exited/sub-let for a further 12 months beyond the estimated period, the increase required in the discounted provision would amount to £0.1m.

22 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items £m	Total £m
At 1 April 2014	9.1	0.7	(1.0)	(0.1)	8.7
Recognised in income	(1.2)	(0.2)	0.2	(0.4)	(1.6)
Recognised in equity	–	–	0.1	0.1	0.2
At 31 March 2015	7.9	0.5	(0.7)	(0.4)	7.3
Recognised in income	(0.8)	(1.2)	0.2	0.1	(1.7)
Recognised in equity	–	–	0.2	(0.2)	–
At 31 March 2016	**7.1**	**(0.7)**	**(0.3)**	**(0.5)**	**5.6**

The Group has gross trading losses carried forward at 31 March 2016 amounting to approximately £13.0m (2015: £11.7m). No deferred tax asset has been recognised in respect of those losses.

The Group also has gross capital losses carried forward at 31 March 2016 amounting to approximately £5.3m (2015: £5.9m). No deferred tax asset has been recognised in respect of these losses.

23 Share capital

	2016 £m	2015 £m
Allotted, called-up and fully paid		
523.3m (2015: 521.9m) ordinary shares of 5 pence each	**26.1**	26.1

During the year, 1.4m ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2015: 1.5m).

An Employee Benefits Trust was established in 2004 (the 'Trust'). The Trust holds shares issued by the Company in connection with the Performance Plan and Co-investment Plan. No shares were allotted to the Trust during the year and 2,092,424 shares were transferred to employees during the year. At 31 March 2016, the Trust held 4,160,483 (2015: 6,252,907) shares.

The movement in issued share capital was as follows

	Number (m)	£m
At 1 April 2014	520.4	26.0
Exercise of Sharesave Scheme options	1.5	0.1
At 31 March 2015	521.9	26.1
Exercise of Sharesave Scheme options	1.4	–
At 31 March 2016	**523.3**	**26.1**

24 Share incentives

At 31 March 2016, options and awards over 8,834,103 shares (2015: 10,734,992) were outstanding under employee share schemes. The Group operates three share incentive schemes. During the year 1,451,694 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2015: 1,506,980).

As at 31 March 2016 options to acquire 3,925,710 (2015: 5,361,840) 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 56 pence (2015: 15 and 56 pence) at dates between April 2016 and August 2019 (2015: April 2015 and July 2018). At 31 March 2016, options to acquire 4,908,394 shares (2015: 5,373,152) under the Performance and Co-Investment Plans were outstanding. These options are exercisable at nil cost between June 2016 and January 2019 (2015: June 2015 and June 2018).

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

	2016		2015	
	WAEP pence	Number	WAEP pence	Number
Outstanding at 1 April	**37**	**10,734,992**	14	10,981,285
Granted	**20**	**3,144,771**	29	4,672,276
Exercised	**27**	**(1,429,094)**	8	(2,887,863)
Lapsed	**33**	**(3,616,566)**	12	(2,030,706)
Outstanding at 31 March	**34**	**8,834,103**	37	10,734,992
Exercisable at 31 March	**27**	**157,943**	15	94,515

Options and awards outstanding at 31 March 2016 have weighted average remaining contractual lives as follows:

	2016 Years	2015 Years
Exercisable at nil pence	**0.8**	1.4
Exercisable at 27 pence	**2.7**	0.8
Exercisable at 51 pence	**0.7**	1.7
Exercisable at 56 pence	**1.7**	2.7

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24 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 2015	December 2014	December 2013	December 2012	December 2011
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	27p	56p	51p	27p	15p
Share price volatility	44.9%	40.8%	39%	41%	87.0%
Option life	3.25 years	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	1.8%	0.8%	1.0%	1.2%	2.1%
Risk-free interest rate	0.9%	0.9%	1.0%	0.6%	0.5%

Co-Investment Plan

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

Performance Plan

	August 2015	November 2014	July 2013	July 2012	July 2011
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil	Nil
Share price volatility	41.8%	39.9%	39%	46%	91.3%
Option life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil	Nil	1.3%
Risk-free interest rate	1.0%	0.9%	0.7%	0.4%	1.0%

25 Acquisition of subsidiary

On 8 February 2016, the Group obtained control of OHP Limited, acquiring 100% of the shares and voting rights. OHP Limited owns 100% shares in Rail Hire (UK) Limited and Crewe Plant Hire which have three depots across England and employ 27 employees. The acquisition is expected to increase the Group's market share within the rail market and result in reduced costs through economies of scale.

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 along with the contingent consideration.

For the 53 days ended 31 March 2016, OHP Limited contributed revenue of £0.3m and profit of £nil to the Speedy Group results. If the acquisition had occurred on 1 April 2015, management estimates that consolidated revenue would have been £2.8m higher and consolidated profit before tax would have increased by £0.2m. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2015.

The fair values of the assets and liabilities acquired are as follows:

	Book value at acquisition £m	Accounting policy alignment £m	Fair value adjustment £m	Fair value £m
Hire equipment assets	1.7	0.1	–	1.8
Other property, plant & equipment	0.3	–	(0.1)	0.2
Inventory	0.1	–	–	0.1
Trade and other receivables	0.7	–	–	0.7
Corporation tax	(0.2)	–	–	(0.2)
Trade and other payables	(1.1)	–	–	(1.1)
Deferred tax	(0.1)	–	–	(0.1)
	1.4	**0.1**	**(0.1)**	**1.4**
Goodwill capitalised				**1.6**
Total consideration				**3.0**
Satisfied by:				
– cash consideration				1.5
– contingent consideration				0.8
– debt assumed on acquisition				0.7
				3.0

The accounting policy adjustment on the acquisition relates to aligning the accounting policies in respect of depreciation. The fair value adjustment is to revalue vehicles to their estimated market value at the time of acquisition.

Contingent consideration ranging from £50,000 to £400,000 is payable per annum in respect of financial years ending 31 March 2017 and 2018, if EBITDA (post hire depreciation) is between £750,000 and £1,588,000 in 2017 and between £1,000,000 and £1,866,000 in 2018.

26 Contingent liabilities

The Group has given warranties (including taxation warranties and indemnities) in relation to the disposal of certain businesses in prior years. These warranties and indemnities expire at various dates up to 2018.

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.

Notes to the Financial statements
continued

27 Commitments

The Group had contracted capital commitments amounting to £4.7m (2015: £4.6m) 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	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Total future minimum lease payments				
– not later than one year	**11.6**	12.7	**6.6**	8.6
– later than one year and not later than five years	**31.5**	35.9	**10.4**	10.9
– later than five years	**15.6**	17.5	**–**	0.6
	58.7	66.1	**17.0**	20.1

Where the Group has vacated a property prior to the end of the lease term, the Group will attempt to sublease such vacant space on short-term lets. The sublease rental income for the year to 31 March 2016 was £0.7m (2015: £0.7m). The minimum rent receivable under non-cancellable operating leases is as follows:

	2016 £m	2015 £m
Total future minimum lease payments		
– not later than one year	**0.6**	0.8
– later than one year and not later than five years	**1.4**	2.2
– later than five years	**0.1**	0.2
	2.1	3.2

28 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 0.40 pence per share as a final dividend in respect of the year ended 31 March 2016. No charge in respect of the proposed dividend has been made in the income statement for the year, and there were no tax consequences. The total amount payable if the dividend is approved at the AGM is as follows:

	2016 £m	2015 £m
0.40 pence (2015: 0.40 pence) on 523.3m (2015: 521.9m) ordinary shares	**2.1**	2.1

29 Related party disclosures

Key management remuneration

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

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

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

Full details of key management personnel compensation and interests in the share capital of the Company as at 31 March 2016 are given in the Remuneration report.

Company balance sheet
At 31 March 2016

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Investments	31	**93.5**	93.5
Deferred tax asset	36	**0.3**	0.6
		93.8	94.1
Current assets			
Trade and other receivables	32	**409.5**	409.3
Cash	35	**6.0**	0.5
		415.5	409.8
Total assets		**509.3**	503.9
LIABILITIES			
Current liabilities			
Trade and other payables	33	**(120.2)**	(128.5)
Other financial liabilities	34	**(0.7)**	(0.4)
Current tax liability		**(2.6)**	(0.1)
		(123.5)	(129.0)
Non-current liabilities			
Borrowings	35	**(119.6)**	(116.1)
Total liabilities		**(243.1)**	(245.1)
Net assets		**266.2**	258.8
EQUITY			
Share capital	37	**26.1**	26.1
Share premium		**191.4**	191.0
Merger reserve		**2.3**	2.3
Hedging reserve		**(0.9)**	(0.7)
Retained earnings		**47.3**	40.1
Total equity		**266.2**	258.8

The Company Financial statements on pages 103 to 108 were approved by the Board of Directors on 16 May 2016 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director

Company registered number: 927680

Company statement of changes in equity

For the year ended 31 March 2016

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earning £m	Total equity £m
At 1 April 2014	26.0	190.9	2.3	(0.4)	32.5	251.3
Profit for the financial year	–	–	–	–	10.3	10.3
Effective portion of change in fair value of cash flow hedges	–	–	–	(0.3)	–	(0.3)
Tax in items taken directly to equity	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(0.3)	10.3	10.0
Dividends	–	–	–	–	(3.4)	(3.4)
Equity-settled share-based payments	–	–	–	–	0.7	0.7
Issue of shares under the Sharesave Scheme	0.1	0.1	–	–	–	0.2
At 31 March 2015	26.1	191.0	2.3	(0.7)	40.1	258.8
Profit for the financial year	–	–	–	–	10.3	**10.3**
Effective portion of change in fair value of cash flow hedges	–	–	–	(0.2)	–	**(0.2)**
Tax in items taken directly to equity	–	–	–	–	–	**–**
Total comprehensive income for the year	26.1	191.0	2.3	(0.9)	50.4	**268.9**
Dividends	–	–	–	–	(3.6)	**(3.6)**
Equity-settled share-based payments	–	–	–	–	0.5	**0.5**
Issue of shares under the Sharesave Scheme	–	0.4	–	–	–	**0.4**
At 31 March 2016	**26.1**	**191.4**	**2.3**	**(0.9)**	**47.3**	**266.2**

Company cash flow statement
For the year ended 31 March 2016

	2016 £m	2015 £m
Cash generated from operating activities		
Profit before tax	**13.2**	13.1
Financial income	**(19.3)**	(20.5)
Financial expense	**5.6**	6.6
Increase in trade and other receivables	**(0.2)**	(25.8)
Decrease in trade and other payables	**(8.2)**	(3.2)
Equity-settled share-based payments	**0.5**	0.7
Cash generated from operations	**(8.4)**	(29.1)
Interest received	**19.3**	20.5
Interest paid	**(5.6)**	(6.1)
Tax paid	**(0.1)**	(0.8)
Net cash flow from operating activities	**5.2**	(15.5)
Net cash flow before financing activities	**5.2**	(15.5)
Cash flow from financing activities		
Drawdown of loans	**393.9**	596.3
Payment of loans	**(390.4)**	(574.4)
Proceeds from the issue of Sharesave Scheme shares	**0.4**	0.2
Dividends paid	**(3.6)**	(3.4)
Net cash flow from financing activities	**0.3**	18.7
Increase in cash	**5.5**	3.2
Cash at the start of the financial year	**0.5**	(2.7)
Cash at the end of the financial year	**6.0**	0.5

Notes to the Company Financial statements

30 Accounting policies

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

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

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

31 Investments

	Investments in subsidiary undertakings £m
Cost	
At 1 April 2014, 31 March 2015 and 31 March 2016	113.3
Provisions	
At 1 April 2014, 31 March 2015 and 31 March 2016	(19.8)
Net book value	
At 1 April 2014, 31 March 2015 and 31 March 2016	**93.5**

Following the impairment testing performed in accordance with IAS 36 (see note 12), the Company's carrying value of investment in subsidiary undertakings has been reviewed and no impairment has been made (2015: £nil).

The Company's subsidiary undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Allen Contracts Ltd	UK	Dormant	100%
Allen Investments Limited	UK	Dormant	100%
Allen Trustee Limited	UK	Dormant	100%
Chestview (North East) Limited	UK	Dormant	100%
Crewe Plant Hire Limited[1]	UK	Hire services	100%
Drain Technology (1985) Limited	UK	Dormant	100%
Drain Technology Limited	UK	Dormant	100%
Eveready Equipment Hire Limited	UK	Dormant	100%
Hire-A-Tool Limited	UK	Dormant	100%
Lifting Gear Hire Limited	UK	Dormant	100%
OHP Limited[1]	UK	Holding company	100%
Rail Hire (UK) Ltd[1]	UK	Hire services	100%
Rapid Hire (UK) Limited[1]	UK	Dormant	100%
Rapid Hire Limited[1]	UK	Dormant	100%
SHH 501 Limited[1]	UK	Dormant	100%
Speedy Asset Leasing Limited	UK	Dormant	100%
Speedy Asset Services Limited	UK	Hire services	100%
Speedy Assist Limited	UK	Dormant	100%
Speedy Engineering Services Limited	UK	Dormant	100%
Speedy Hire (Ireland) Limited	UK	Hire services	100%
Speedy Hire (Ireland) Limited[1]	Ireland	Hire services	100%
Speedy Hire (Scotland) Limited	UK	Dormant	100%
Speedy Hire (UK) Limited	UK	Dormant	100%
Speedy Hire Centres (Eastern) Limited	UK	Dormant	100%
Speedy Hire Centres (London) Limited	UK	Dormant	100%

31 Investments continued

	Incorporation and operation	Principal activity	Ordinary share capital held
Speedy Hire Centres (Midlands) Limited	UK	Dormant	100%
Speedy Hire Centres (Northern) Ltd	UK	Dormant	100%
Speedy Hire Centres (Southern) Limited	UK	Dormant	100%
Speedy Hire Centres (Western) Limited	UK	Dormant	100%
Speedy Hire Centres Limited	UK	Dormant	100%
Speedy Hire Direct Ltd[1]	UK	Dormant	100%
Speedy Hire Property Limited	UK	Dormant	100%
Speedy Industrial Services Limited	UK	Dormant	100%
Speedy International Asset Services (Holdings) Limited	UK	Holding company	100%
Speedy International Asset Services Equipment Rental LLC[1,2]	UAE	Hire services	49%
Speedy International Asset Services LLC (Egypt)[1]	Egypt	Dormant	100%
Speedy International Asset Services LLC (Qatar)[1,2]	Qatar	Hire services	49%
Speedy International Leasing Limited[1]	UK	Leasing services	100%
Speedy LCH Generators Limited	UK	Dormant	100%
Speedy LGH Limited	UK	Dormant	100%
Speedy Lifting Limited	UK	Dormant	100%
Speedy Plant Hire Ltd	UK	Dormant	100%
Speedy Power Limited	UK	Dormant	100%
Speedy Pumps Limited	UK	Dormant	100%
Speedy Rail Services Limited	UK	Dormant	100%
Speedy Safemaker Limited[1]	UK	Dormant	100%
Speedy Services Limited	UK	Dormant	100%
Speedy Space Ltd	UK	Dormant	100%
Speedy Support Services Limited	UK	Provision of Group services	100%
Speedy Survey Limited	UK	Dormant	100%
Speedy Transport Limited	UK	Provision of Group services	100%
Speedyloo Limited	UK	Dormant	100%
Stockton Investments (North East) Limited	UK	Dormant	100%
Tidy Group Limited	UK	Dormant	100%
Waterford Hire Services Limited	Ireland	Dormant	100%

1 Indirect holding via a 100% subsidiary undertaking.
2 Although the Group holds less than half of the voting rights, it is able to govern the financial and operating policies of the Company. The Group therefore consolidates the company.

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

32 Trade and other receivables

	2016 £m	2015 £m
Amounts owed by Group undertakings	**407.6**	407.4
Other receivables	**1.9**	1.9
	409.5	409.3

Notes to the Company Financial statements
continued

33 Trade and other payables

	2016 £m	2015 £m
Amounts owed to Group undertakings	**119.7**	127.7
Other payables	**–**	–
Accruals	**0.5**	0.8
	120.2	128.5

34 Financial instruments

The Company financial instruments are stated in accordance with note 19.

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

	31 March 2016		31 March 2015	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Trade and other receivables	**409.5**	**409.5**	409.3	409.3
Cash	**6.0**	**6.0**	0.5	0.5
Secured bank borrowings	**(119.6)**	**(119.6)**	(116.1)	(116.1)
Interest rate swaps and caps, used for hedging	**(0.7)**	**(0.7)**	(0.4)	(0.4)
Trade and other payables	**(119.7)**	**(119.7)**	(127.7)	(127.7)
	175.5	**175.5**	165.6	165.6
Unrecognised gain/(loss)		**–**		–

35 Borrowings

	2016 £m	2015 £m
Non-current borrowings		
Maturing between two and five years		
– Asset-based revolving credit facility	**119.6**	116.1
Total non-current borrowings	**119.6**	116.1
Total borrowings	**119.6**	116.1
Less: cash	**(6.0)**	(0.5)
Net debt	**113.6**	115.6

The Company borrowings are stated in accordance with note 20.

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

36 Deferred tax

Company asset	Total £m
At 1 April 2014	1.0
Recognised in income	(0.2)
Recognised in equity	(0.2)
At 31 March 2015	0.6
Recognised in income	(0.1)
Recognised in equity	(0.2)
At 31 March 2016	**0.3**

37 Share capital and share incentives

The Company share capital and share incentives are stated in accordance with notes 23 and 24.

38 Contingent liabilities and commitments

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

39 Post-balance sheet events

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

40 Related party disclosures

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

Five-year summary

	2016 £m	2015 £m	2014 £m	2013 Restated £m	2013 £m
Income statement					
Revenue	**329.1**	386.0	349.7	340.0	329.3
Gross profit	**184.2**	210.9	214.6	223.0	220.9
Analysis of operating (loss)/profit					
Operating profit before amortisation and exceptional costs	**10.0**	26.4	22.1	22.9	19.6
Amortisation	**(2.7)**	(2.7)	(2.9)	(4.0)	(4.1)
Exceptional costs	**(59.9)**	(16.8)	(4.7)	–	(2.9)
Operating (loss)/profit	**(52.6)**	6.9	14.5	18.9	12.6
Share of results of jointly controlled entities	**0.7**	0.6	(0.1)	–	–
Net financial expense	**(5.7)**	(5.1)	(7.4)	(7.6)	(7.2)
Net financial expense – exceptional	**–**	(0.3)	–	–	(2.2)
Total net financial expense	**(5.7)**	(5.4)	(7.4)	(7.6)	(9.4)
(Loss)/profit before taxation	**(57.6)**	2.1	7.0	11.3	3.2
Non-GAAP performance measures					
EBITDA before exceptional items	**53.1**	72.7	68.7	72.0	63.2
Adjusted profit before tax, exceptional costs and amortisation	**5.0**	21.9	14.6	15.3	12.4
Balance sheet					
Hire equipment – original cost	**379.0**	364.3	386.6	375.7	383.6
Hire equipment – net book value	**220.4**	212.3	225.5	214.2	210.3
Total equity	**178.4**	234.0	239.3	234.9	229.5
Cash flow					
Cash flow generated from operations	**25.9**	13.3	63.8	63.6	69.7
Free cash flow	**8.6**	(16.2)	(8.2)	7.5	39.3
Purchase of hire equipment	**57.8**	68.6	65.8	58.6	64.2
Profit on disposal of hire equipment[1]	**0.7**	5.0	3.7	3.9	4.8
In pence					
Dividend per share (interim and final dividend in year)	**0.70**	0.70	0.61	0.53	0.46
Adjusted earnings per share[1]	**0.8**	3.2	2.1	2.1	1.7
Net assets per share	**34.1**	44.8	46.0	45.4	44.4
In percentages					
Gearing	**57.2**	45.0	35.3	30.8	33.2
Return on capital (operating)[1]	**3.2**	8.0	7.0	7.5	6.0
EBITDA margin[1]	**16.1**	18.9	19.6	21.2	19.2
In ratios					
Net debt/EBITDA[1]	**1.9**	1.5	1.2	1.0	1.2
Net debt/net tangible fixed assets	**0.4**	0.4	0.3	0.3	0.3
In numbers					
Average employee numbers	**3,657**	3,889	3,729	3,776	3,844
Depot numbers	**208**	220	247	264	283

1 Before amortisation and exceptional items.

Shareholder information

Annual General Meeting
The Annual General Meeting ('AGM') will be held on 13 July 2016 at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ.

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

Shareholders will be asked to approve the Directors' Remuneration report and the election of Bob Contreras, Chris Morgan and Rob Barclay.

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

Share price information/performance
The latest share price is available at **www.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 **www.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 **www.shareview.co.uk**. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Enquiries on shareholdings
Any administrative enquiries relating to shareholdings in Speedy, such as dividend payment instructions or a change of address, should be notified direct to the registrar, Equiniti 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 **https://help.shareview.co.uk**.

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

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

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

- get the name of the person and organisation contacting you;
- search the list of unauthorised firms to avoid at **www.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!

Shareholder information
continued

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

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

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