

Enhancing customer experience

Speedy Hire Plc
Annual Report and Accounts 2017

Registered number: 00927680

TUESDAY



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11/07/2017
COMPANIES HOUSE

Speedy is focussed on enhancing our customers' experience.

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

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

Enhancing customer experience

We are more than just equipment providers, we are partners in the successful delivery of our customers' projects because while our equipment may be temporarily on hire, our commitment is permanent.

READ MORE **12**

Chief Executive's review

Read about the significant improvements across all financial and operational performance measures.

READ MORE **06**

Empowered culture

We are creating a culture in which all staff are empowered to make appropriate decisions.

READ MORE **18**

Strategic Report

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SPEEDY AT A GLANCE

Enhancing the customer experience

Our priority is to provide a first class customer experience so that everything we do is focussed on the customer.



At Speedy, we all share the same vision: to help make our customers' business as successful as it can be. It's why we do what we do and what motivates us every single day."

Russell Down
Chief Executive

Our vision

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

Our mission

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

Our values

Safe – the first priority in everything we do

As One – working together to collectively achieve our goals

Innovative – to continuously improve

Driven – to deliver a first class customer experience

This approach to the way we do business will enable us to deliver sustainable growth through improved profitability and ROCE.

In this report we highlight the progress we have made against our key strategic themes.

Key figures

REVENUE

£369.4m

Our strategy

- Our strategy focusses on three fundamental themes:
- Providing a first class customer experience 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 a culture in which all staff are empowered to make appropriate decisions.

Delivering our strategy

- 01 Customer experience
- 02 Innovation
- 03 Customer relationships
- 04 Safety

Read more about our strategy on pages 12 to 23

LOCATIONS
210

LARGEST HIRE FLEET
AND ASSET BREADTH
AND DEPTH IN THE
INDUSTRY

EMPLOYEES
3,745

SAFEST HIRE PROVIDER
IN THE INDUSTRY
BASED ON ACCIDENT
AND INJURY RATES

CHAIRMAN'S STATEMENT

Solid platform for the future



I am pleased to report that the actions undertaken by management have enabled us to report substantially improved results."

Jan Åstrand
Chairman

Overview

I am pleased to report that the actions undertaken by management have enabled us to report substantially improved results; revenue and profits have increased, the hire fleet has been reduced, utilisation rates increased, and net debt¹ has fallen significantly. The business has been stabilised and we have created a solid platform for the future.

Having previously identified the underlying issues that had affected the Group's performance last year, management has improved engineering efficiency, addressed equipment availability, structured the sales force to ensure that we address large and SME customers alike, embedded ownership and accountability at a regional level, and invested in upgrades to our IT and management information systems; all of which have led to improved business performance.

Customer focussed initiatives were launched to improve responsiveness and service levels, including customer surveys, and these have also made a major contribution to our strong performance.

Results overview

Revenue increased to £369.4m (2016: £329.1m), following actions to better address the SME market and improve non-hire revenues. Overhead costs have been tightly controlled with further savings realised during the year, partially offset by bonuses payable due to the good results.

The hire fleet reduced by 11.4% to £194.8m as a result of targeted disposals and improved asset utilisation, whilst net debt¹ fell significantly to £71.4m (2016: £102.6m). Return on capital employed², a key measure, increased by 140.6% to 7.7%; excluding disposals ROCE² was 8.4% (2016: 3.0%). The Group has a strong balance sheet, and substantial headroom with which to grow organically or through targeted value enhancing acquisitions in order to strengthen our market position.

Acquisition

On 19 December 2016 we announced the acquisition of the brand, business and assets of Lloyds British Testing Limited ('Lloyds British') from the Administrator, PwC. Lloyds British is a specialist business, which carries out testing, certification, and inspection of lifting equipment, and training from locations across the United Kingdom. The acquisition cost of £3.8m was paid in cash in full on completion; the business is now fully integrated and is enhancing Speedy's overall offering in the specialist lifting market.

Dividend

The Board is recommending a final dividend of 0.67 pence per share, an increase of 67.5%. If approved at the forthcoming Annual General Meeting the total dividend for the year would be 1.00 pence per share (2016: 0.70 pence). The dividend will be paid on 11 August 2017 to shareholders on the register at close of business on 7 July 2017.

Board

David Shearer joined the Board as a Non-Executive Director on 9 September 2016 and was subsequently appointed to the Audit and Nomination Committees. On 31 March 2017 David was appointed to the Remuneration Committee. I reverted to Non-Executive Chairman on 30 September 2016, and in accordance with best practice stepped down from both the Audit and Remuneration Committees on 31 March 2017. We have a strong Board, combining a wealth of industry and operational expertise with which to take the business forward.

Summary

The business has responded well to the actions undertaken, and I am pleased that the hard work by all our colleagues throughout the year has been reflected in these results.

We have substantially improved our efficiency and ROCE² this year and I am confident we can deliver further profitable growth.

Jan Åstrand
Chairman

Explanatory notes:

- 1 See note 19 to the Financial Statements.
- 2 Return on Capital Employed: Profit from operations before amortisation divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt¹).

CHIEF EXECUTIVE'S REVIEW

We continue to focus on our customers' experience



The recovery plan is now complete and with the business stabilised, revenue growing, a lower cost and asset base, improved systems and management information, we have a strong platform for future profitable growth."

Russell Down
Chief Executive

Overview

I am pleased to report that our financial and operational performance has improved significantly this year.

These results reflect the benefits which have been realised following implementation of the recovery plan that was put in place last financial year. The recovery plan is now complete and with the business stabilised, revenue growing, a lower cost and asset base, improved systems and management information, we have a strong platform for future profitable growth.

Results

Revenue increased by 12.2% to £369.4m (2016: £329.1m). During the year we have improved the customer experience, increased asset availability and restructured our sales activities. On a constant currency basis, and excluding the impact of planned disposals, revenue increased by 6.7%. In the second half of the year core hire revenue was stronger despite the disposal of hire assets and the consequent transfer of revenues to partnered services. Secondary revenues, including training and consumable sales, increased strongly.

Gross margins declined primarily as a result of the revenue mix, which included an increase in lower margin partnered services and disposal revenues as we optimised our hire fleet. Overhead costs were tightly controlled during the year, with the UK regional operations restructured into two divisions in order to increase efficiency and reduce costs. Adjusted profit before tax¹ increased by 224.0% to £16.2m (2016: £5.0m) benefitting from lower interest costs due to the lower net debt², and an improved performance from joint venture operations. Profit before tax was £14.4m (2016: loss £57.6m). The prior year result was affected by the write off of goodwill and exceptional costs. Adjusted earnings per share³ increased to 2.44 pence (2016: 0.79 pence).

Strategy

Speedy provide safe and reliable hire equipment and services to enable the successful delivery of customer projects. Approximately 60% of our revenues are derived from products we own and hire out to customers. The remainder of our revenues come from our partnered services division, where we re-hire equipment from other providers in order to meet customer demand, and secondary revenues such as transport, consumables, fuel, inspection and training. Our customers range from large multinational corporations, with whom we have framework contracts, to local builders; during the year we traded with over 50,000 customers.

We operate in a highly competitive and fragmented marketplace with a number of national, regional and local competitors. Our strategy is designed to differentiate us from the competition in the different customer segments in which we operate, principally through adopting a customer focussed approach designed to address our varying customers' needs.

Our approach is to:

- > Provide first class customer experience, so that everything we do is focussed on the customer
- > Put innovation at the heart of everything we do
- > Cultivate strong client relationships, that build loyalty for long term sustainable profitable growth

We have mapped out our customer journey in detail this year and are implementing action plans to improve our performance at all stages. In late 2016 we launched customer satisfaction surveys, by text and email, in order to obtain feedback on our performance directly from our customers. The results have provided us with valuable feedback on areas to improve.

ROCE⁴ has improved significantly this year to 7.7% (2016: 3.2%); excluding disposals ROCE⁴ was 8.4% (2016: 3.0%). We will continue to drive this measure through optimising our hire fleet by only purchasing assets which provide the right return, and disposing of lower utilised assets or procuring these through our partnered services offering. We will invest in growing our non-hire revenues which are less capital intensive, including training, consumable sales and inspection, in order to fully utilise our existing fixed depot overhead. All overhead costs will continue to be tightly controlled.

We will review both organic and acquisitive opportunities in value enhancing areas in order to realise our strategic objectives.

Capital allocation

The Board is committed to ensuring the efficient allocation of capital.

We have significantly reduced our net debt² this year to £71.4m (2016: £102.6m), which includes the proceeds from the sale of heavy plant of £14.4m, and is after the acquisition of specialist lifting business Lloyds British for £3.8m. Net debt² to EBITDA¹ has reduced to 1.13x (2016: 1.93x). This reduction is a result of improved controls over capital expenditure, disposals of under-utilised assets and good working capital management.

The Group has a strong balance sheet and substantial headroom under its banking facilities, which expire in September 2019. With a clear strategy for sustainable profitable growth, the Board will regularly review organic growth opportunities, value enhancing acquisitions, and shareholder returns to ensure it operates with an efficient capital structure.

Explanatory notes:

- 1 See note 11 to the Financial Statements.
- 2 See note 19 to the Financial Statements.
- 3 See note 9 to the Financial Statements.
- 4 Return on Capital Employed: Profit from operations before amortisation divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt²).

CHIEF EXECUTIVE'S REVIEW CONTINUED



Whilst we have made a solid start to the year, the market remains competitive. With the business now stabilised and a strong balance sheet, we are well positioned to take advantage of market opportunities and continue to deliver sustainable profitable growth."

Operational review

UK and Ireland

The UK and Ireland business contributed 92.8% of Group revenues. Revenue increased by 11.1% to £342.9m (2016: £308.7m). Partnered services revenue increased 15.0% to £52.2m (2016: £45.4m), reflecting revenue from the heavy plant disposal which transferred to partnered services, and an improvement in revenue from larger customers. Total revenues, excluding asset disposals, increased 6.4%.

Gross margins on core hire revenue declined slightly over the period reflecting the competitive market environment, offset by improvements in asset utilisation, the lower hire fleet and consequently lower depreciation charges. Overhead costs fell by £1.6m, after absorbing £4.3m of bonus costs (2016: £1.0m) and the costs of Lloyds British. The regional operating divisions were restructured into two during the year to improve efficiency and enhance accountability and empowerment; this has resulted in cost savings and an improved operational performance.

EBITA¹ increased to £22.0m (2016: £14.5m) before central costs of £4.8m (2016: £5.1m).

We have introduced a more stringent governance process for capital expenditure decisions, and improved our asset utilisation by c.7% to an average for the year of 51.5%. As a result, the hire fleet has been reduced by 11.4% to £186.8m (2016: £210.8m) including the sale of the Group's heavy plant for a total consideration of £14.4m in September 2016. The fleet was sold to Ardent with whom we entered into a five-year re-hire agreement, with an option to extend for a further two years. Our hire fleet remains the largest of its type in the UK and Ireland, and combined with our partnered services offering we are proud to offer our customers the ability to hire a full range of products.

We have fully integrated the acquisition of Lloyds British into the business and have rationalised the number of Lloyds British depots, re-locating some into our existing network. We have already realised a number of further revenue and cost synergies. Lloyds British complements Speedy's existing lifting, testing and training businesses and is enhancing Speedy's overall offering to its customers.

During the year we launched our vision of becoming the best company to do business with in our sector and the best to work for, and have further developed our strategy to help us achieve these aims.

We have improved the customer experience in a number of ways including through embedding new customer feedback technology that enables customers to review our service in real time and at a local level. This feedback gives us the opportunity to respond immediately to any issues that may arise. We have also launched an internal initiative made up of four key programmes that ensure our people understand, and can contribute to our strategic vision: promoting our brand proposition; improving customer satisfaction; enhancing internal advocacy and engagement; and delivering better systems, processes and management information. These programmes are monitored and reported on monthly at the Executive Board and are improving business performance.

Our focus on strong customer relationships has enabled us to win and renew a number of contracts with our larger customers, including a contract renewal, and scope extension with Carillion Plc, which in total could be worth up to £45m over three years, and renewals with Babcock and Morgan Sindall Plc. Whilst there is some market uncertainty in the lead up to Brexit and the general election we are now well placed to deliver sustainable profitable growth.

International

In the Middle East our business is primarily with national government clients in the Oil and Gas market in Abu Dhabi. In spite of low oil prices the business has grown this year as projects have fully mobilised and new work has been secured. Revenue grew 29.9% (12.7% on a constant currency basis) to £26.5m (2016: £20.4m) of which approximately 50% is partnered services. Gross margins have increased slightly and overheads have reduced. As a result, EBITA¹ has increased to £2.1m (2016: £0.6m). Of this improvement £0.2m related to favourable exchange rate movements.

The Group operates a joint venture in Kazakhstan which has performed well this year following cyclical shutdown activity. Profit from JV operations increased to £1.7m (2016: £0.7m).

Safety and sustainability

We have an industry leading approach to safety and sustainability and continue to promote safety related topics with our customers through our 'Intelligent Safety' campaign. We consistently report the lowest accident and injury rates in our sector and have recently implemented an 'app' to facilitate reporting of all health and safety related matters and recommendations. During the year we were pleased to be awarded our third RoSPA Gold Medal, were accredited to Achilles Building Confidence with a 5-star rating for the fourth year running, and have maintained our 5-star Achilles RISQS accreditation for the second year running. Our vehicle fleet is accredited to FORS Gold standard nationally.

We were the first company in our sector to achieve the ISO 50001 accreditation for energy saving. We work with suppliers to minimise waste coming into the business through reducing packaging where possible, and have identified waste streams that enable us to break down and re-cycle end of life assets at the point of disposal. Our customers demand lower carbon emitting products, and our purchasing policy is to opt for greener assets to satisfy this need.

People

The Group's headcount at 31 March 2017 was 3,745 (2016: 3,644) including 176 employees following the acquisition of Lloyds British. Employee numbers in the UK and Ireland business reduced by 116 following the operational restructuring and efficiency programmes, whilst in the Middle East numbers increased by 41 as a result of increasing revenue.

We undertook a full employee engagement survey during September with a commitment to running this on an annual basis. The survey was well received and scored highly in its management and engagement indices, whilst identifying a number of areas for improvement. We have implemented a Group action plan as well as local action plans to help us achieve our vision of becoming the best company to work for in our sector.

The significantly improved results we are reporting this year would not have been possible without the continued passion and hard work of all of our people. I would like to take this opportunity to thank all my colleagues for their support and dedication during the year.

Outlook

These results demonstrate the success of our turnaround plan with significant improvements across all financial and operational performance measures.

Whilst we have made a solid start to the year, the market remains competitive. With the business now stabilised and a strong balance sheet, we are well positioned to take advantage of market opportunities and continue to deliver sustainable profitable growth.

Russell Down
Chief Executive

Explanatory notes:

- 1 See note 11 to the Financial Statements.
- 2 See note 19 to the Financial Statements.
- 3 See note 9 to the Financial Statements.
- 4 Return on Capital Employed: Profit from operations before amortisation divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt²).

BUSINESS MODEL AND STRATEGY

Our customer focussed business model and strategy

Our business has a three-part customer strategy:

Customer experience

Innovation and differentiation

Cultivating relationships

We provide safe, reliable hire equipment and services to enable the successful delivery of customer projects. We have a wide and varied customer base, ranging from large national clients to regional and SME customers. In FY2016 we rolled out a three-part customer focussed strategy and have continued to implement this throughout FY2017.

What we do

Tool Hire. The latest hand tools and accessories, certified for compliance. Includes our extensive GO (Green Options) range.

Rail. Providing all the tools, training and consultancy services needed in this specialised field.

Power. An industry-leading fleet of latest energy-efficient hybrid units, generators, compressors and pumps for every size of project.

Lifting. Specialist load management equipment, backed by the knowledge and expertise of our dedicated Lifting Team and our specialist Lloyds British business.

Fuel management. Clean, efficient on-site fuel solutions, including fPod®, our self contained single point refuelling terminal.

Specialist sector equipment. Challenging environments like marine and infrastructure developments demand specialised equipment and knowledge.

Sales. A comprehensive range of PPE (personal protective equipment) and site consumables. Over 5,000 products available for next day delivery.

Training. Award winning training courses delivered by qualified experts that have helped thousands of contractors work more safely and more efficiently every year.

BIM. An extensive library of BIM (Business Information Modelling) objects detailing the total energy footprint of our equipment for use in public sector tendering.

Partnered services. Providing a complete plant and equipment service through our partnerships with the leading suppliers.

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

Over the following pages we talk about the core elements that drive this vision.

Enhancing customer experience

During FY2017 we have undertaken a number of customer excellence initiatives.

READ MORE **12**

Innovation and differentiation

We have introduced over 70 new and innovative products into the fleet in the last year.

READ MORE **14**

Cultivating relationships

We consistently develop integrated relationships at all levels throughout our business.

READ MORE **16**

Empowered culture

We are creating a culture in which all staff are empowered to make appropriate decisions.

READ MORE **18**

Safety and sustainability

We are industry leaders in safety and sustainability.

READ MORE **20**

Enhancing customer experience

During FY2017 we have undertaken a number of customer excellence initiatives.

Our three-part customer strategy launched in FY2016 remains firmly in place. During FY2017 we have undertaken a number of customer excellence initiatives to build upon it, broken down into four key themes:

- Brand proposition – vision, mission and values
- Customer satisfaction
- Internal advocacy and engagement
- Systems, processes and management information

Brand proposition – vision, mission and values

Our people and customers have a clear understanding of what we do, and the behaviours that will enable us to realise our strategic aims. During the year we launched a simple vision and mission, whilst retaining the Speedy values that are as important now as they have ever been.

We have re-enforced the importance of providing customer excellence to our employees through a comprehensive employee communications and training programme.

Customer satisfaction

To help us improve customer satisfaction we launched our 'voice of the customer' programme.

This programme uses technology to allow customers to rate their satisfaction in real time and at a local level. This is improving the customer experience by allowing local managers to address any concerns raised by customers as quickly as possible. The system data enables us to quantifiably measure our levels of service and identify overall areas for improvement.

Internal advocacy and engagement

During FY2017 we re-launched our employee survey 'People Matters', last conducted in 2012, with a commitment to running this on an annual basis. An overriding positive theme resulting from the survey was the level of loyalty and commitment employees had to the business. Inevitably there were areas where we need to improve, and we have put action plans in place at a Group and local levels to address these.

Enhancing our service offering to customers

In December 2016 Speedy acquired the brand, business and assets of Lloyds British Testing Ltd ('Lloyds British') from the Administrator, PwC. Lloyds British is a specialist business, which carries out testing, certification, and inspection of lifting equipment, and training from locations across the United Kingdom.

The Lloyds British brand is synonymous with the best in lifting equipment engineering and 182 Lloyds British employees joined Speedy from across the existing network of 12 Lloyds British offices.

The acquisition of Lloyds British has complemented the existing lifting, testing and training businesses and enhanced Speedy's overall offering to its customers.

Lloyds British contains a talented and knowledgeable specialist workforce, and positions Speedy as the market leader in test, repair, inspection and certification, as well as the design and manufacture of specialist lifting equipment and sales. It enables Speedy to deliver a unique full life cycle service to new and existing Speedy and Lloyds British blue chip customers in the regulated industries of energy, renewables and utilities. Health and safety legislation demands strict compliance and robust solutions in these sectors, and this acquisition has enabled Speedy to become a more integral part of the supply chain for those sector customers.

The integration of Lloyds British into the Speedy business has been efficient and successful and our objective is now to improve the combined business' level of performance and provide market-leading customer service in this valuable sector.

"The acquisition of Lloyds British gives us the ability to improve revenues in our services offering by providing enhanced training, testing and lifting services to our customers whilst realising synergies with our existing business and ultimately improving ROCE."

Russell Down
Chief Executive

Systems, processes and management information

During the year we reviewed our systems and processes with the aim of improving product availability, utilisation and customer satisfaction, to ensure we are able to deliver the right equipment when and where it is needed to our customers.

The improvements we have made in management information are enabling us to better monitor performance against KPIs in relation to asset utilisation, engineering and logistics. It has also led to a reduction in invoice queries and improved cash collections.

80%

80% OF CUSTOMERS RATING OUR SERVICE AS 5/5

Innovation and differentiation

We have introduced over 70 new and innovative products into the fleet in the last year.

We have introduced over 70 new and innovative products into the fleet in the last year. We also innovate in the way we service customers to make it easier for them to do business with us. During FY2017 we completed the roll out of new mobile Smart Devices for frontline colleagues who deliver and collect our assets from site. We have also introduced In-Depot Tablets for customers who are collecting in-store. This technology is improving the accuracy of documented information, reducing customer queries and making our service to customers simpler, quicker and more seamless.

Leading the industry in BIM technology

We are at the forefront of Business Information Modelling (BIM) technology within the hire sector. BIM allows the total energy footprint of our equipment to be detailed for use in public sector tendering. It enables our customers to access detailed information about our assets in a digital format required for working in a BIM environment, assisting with access to BIM information on site during design, planning and building phases.

We work closely with a number of our large customers and BIM experts to develop the range and services offered through this innovative technology.

Smart Device technology is improving the accuracy of information and reducing customer queries.

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 November at the Exhibition Centre Liverpool, is the largest private exhibition of its kind in the UK.

Over 1,500 people attended with more than 125 suppliers showcasing the latest product and service technology to our customers, whilst developing our employees' product knowledge. During the Expo we recognise the innovation that suppliers bring to our business through the Speedy Supplier Excellence Awards. Winners this year included Atlas Copco in the Environmental category, Reactec in the Health and Safety category and Morris Site Machinery in the Innovation category. With the opportunity to discover new innovative products and network with our suppliers and employees, the event is highly valued by our customers.

"Thank you to all the Speedy people who behind the scenes put on a great Speedy Expo, it was a credit to the Speedy brand."

Steve Search
Senior Operations Manager,
Select Plant Hire Co Ltd

"The Babcock team learnt a great deal around new products, innovation, and it confirmed your value add as a Managed Service Provider in the category. Your team work very hard at challenging us to change and innovate in our practises, and we welcome more of the same to deliver greater operational effectiveness. I know the visiting Babcock team left with an 'E-Pod sized list' of new ideas to prioritise. Congratulations to all in Speedy on staging a magnificent Speedy Expo and concluding an industry leading event."

Dean Blood
Supply Chain Director – Marine and Technology – Babcock International Group

"I would like to congratulate you all at Speedy in my position of Chairman at the Construction Plant Hire Association on the way that your Expo was conducted. It was fantastic to spend some time amongst people within our great industry so upbeat and positive of the future in Plant Hire, and it was exciting to see so many products that I am sure will benefit not just National Grid, but the Utility sector overall."

Brian Jones
Construction and Procurement,
Supplier Contracts, National Grid

LARGEST PRIVATE HIRE SHOW IN THE UK
EMPLOYEE CONFERENCE
125 EXHIBITORS
HUNDREDS OF NEW AND INNOVATIVE PRODUCTS
AWARDS FOR SUPPLIER INNOVATION
BUILDING RELATIONSHIPS:
700 SPEEDY DELEGATES;
400 CUSTOMERS;
500 SUPPLIERS
LEADING HIRE SHOW IN THE INDUSTRY

Cultivating relationships

We consistently develop integrated relationships at all levels throughout our business.

We have developed long-term relationships with our customers. This investment in relationship building runs throughout the whole organisation, from the Executive Board to our employees on the frontline and in the back office. By meeting regularly at all levels with our customers we have created an open dialogue, helping to ensure we understand their business and current and future requirements.

Contract wins

By forging strong customer relationships we have won and renewed a number of contracts with our larger customers. These include a contract renewal, and scope extension with Carillion Plc, worth up to £45m over three years, and renewals with Babcock and Morgan Sindall Plc.

Customer Innovation Days

We have continued to run our Customer Innovation Day programme. This programme enables us to demonstrate innovative solutions and new products. Working with our suppliers, we are able to raise awareness about how our products deliver enhanced safety, operational efficiency, cost reduction and environmental benefits. Feedback from our customers continues to be positive from an engagement, as well as a product awareness perspective.

TradePoint Partnership

We are establishing new customer relationships through our agreement with TradePoint as their preferred partner for hire services. This partnership is providing a valuable channel for us to promote a selected range of hire tools and small equipment direct to TradePoint's extensive customer base.

Three-year Preferred Supplier Trading Agreement (PSTA) with Carillion

In June 2016, Speedy signed a three-year Preferred Supplier Trading Agreement (PSTA) with Carillion potentially worth up to £45m over the period. The PSTA replaced a previous framework contract and is being delivered primarily through Speedy’s hire fleet as well as utilising our partnered services to enhance the overall service.

In addition to the hire of tools and small plant, the PSTA extends the scope of supply to include the hire of rail equipment to create a single trading process across all Carillion business units. Award of the new agreement was subject to a robust competitive tender process and involved a full assessment of Carillion’s spend against a number of additional criteria. These included health and safety, environment, sustainability as well as the key areas of operational delivery and the commercial offering. Speedy meeting Carillion’s requirements when combined with existing relationships, market experience and a clear mutual desire to develop growth and opportunity, created a compelling argument to continue the trading arrangements for a further period.

“We are delighted that our strong relationships with Carillion have resulted in this contract being renewed with an increase in scope. This renewal is testament to the levels of service and innovation that Speedy has provided to Carillion since 2003 and we look forward to further increasing our collaborative working with Carillion over the coming years to bring further innovation to their projects.”

Russell Down
Chief Executive

“Carillion is pleased to award Speedy this three-year contract as a renewal of the current framework. It demonstrates the strength of the relationship between Carillion and Speedy, and our shared ambition to continuously drive innovation as well as service delivery, as we have done since 2003. This agreement will continue to pick up the hire of tools and small plant but will also extend into the hire of rail equipment in our UK construction and infrastructure activities.”

Noreen Winhall
Supply Chain Director, Carillion

Empowered culture

We are creating a culture in which all staff are empowered to make appropriate decisions.

We are working to develop a culture where employees enjoy coming to work, feel empowered in their roles, are trained, developed, and are rewarded for great performance.

People Matters employee survey

In order to achieve our vision, it's important that we understand how engaged people are and what's important to them about working for Speedy.

During FY2017 we re-launched our employee survey 'People Matters'. The survey achieved a 69% response rate which is an excellent result when we benchmark it against similar companies. We measured how engaged people were with the business, how committed they are to helping Speedy succeed, and how people feel about their line manager. The survey provided valuable information on the commitment and dedication of all our people and their desire to ensure that the company continues to be successful.

Whilst the results were good, we have developed a five point Group improvement action plan as well as localised improvement plans.

Training and development

We are committed to developing our people's skills and our training academy delivers a comprehensive schedule of online, classroom and practical training courses. Every new employee attends a corporate induction as well as receiving further training depending on the nature of their job role.

During FY2017 we recruited apprentices into our Multi-Service Centre network to develop them through the Plant Maintenance apprenticeship, and they are working towards achieving an NVQ level 3 qualification. This scheme will act as a benchmark as we expand our apprenticeships offering. All new permanent drivers are eligible to participate in the NVQ level 2 qualification in Commercial Driving.

As part of our strategy to improve our customer service, we have rolled out a Customer Excellence training programme, which more than 1,000 employees have attended to date.

Rewards and benefits

During FY2017 we reviewed employee rewards and benefits with the aim of enhancing remuneration in a cost effective manner. We increased our lowest pay rates above the National Living Wage to ensure we remain competitive in the market, whilst implementing a new performance related bonus structure for all employees. We have reviewed our benefits packages and aim to offer flexible solutions to attract and retain talented staff.

69%

PEOPLE MATTERS
SURVEY RESPONSE
RATE

Performance and recognition

During FY2017 we launched a new standardised Personal Development Review process (PDR) to measure people's performance and to identify areas for training and development. We also introduced a Group-wide performance related bonus scheme that links directly to Group performance and the PDR process.

Our managers are empowered to recognise employees for excellent performance within their roles. This is delivered through a spot reward scheme 'Celebrating Excellence'. Over 700 employees received an award during FY2017. We also celebrate loyalty through a scheme that recognises long service including those who have 10, 20 and 25 years' service with the Company. 160 employees have reached these milestones during this financial year.

We empower our people to nominate their colleagues through our annual Excellence Awards initiative. The awards publicly recognise outstanding teams and individuals and in FY2017 more than 200 of our employees nominated their colleagues to win an award.

Group headcount

Group headcount	3,745 (31 March 2016: 3,644)
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Speedy Excellence Awards 2016.

Safety and sustainability

We are industry leaders in safety and sustainability.

Our approach

We are pleased that based on publicly available information on RIDDOR accident frequency rates we continue to be the safest company in our industry. Our aim is to ensure all our employees, visitors and contractors are safe. We adopt an 'Intelligent Safety' mind set; a way in which the psychology of safety is broken down into simple decision making processes. Our policies and procedures will continue to focus on risk reduction and risk minimisation.

We are pleased to have maintained a very low RIDDOR accident frequency rate; at 0.14 our RIDDOR frequency rate per 100,000 hours worked is at an industry leading level and on a par with some of our major customers. It's particularly pleasing that during this period we collected our third ROSPA Gold award for health and safety. Our specified injury frequency rate has risen slightly to 0.04 FY2017 from 0.01 FY2016.

Educating the industry through Intelligent Safety

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

There are some major issues challenging the construction industry and in particular construction workers. Some of these issues are occurring on a daily basis but can affect workers health for their whole life. With issues such as dust, hand arm vibration and musculoskeletal disorders, we believe it's our duty to help reduce risks in the construction arena by offering solutions, not just tools to reduce these hazards. We understand that the challenges to completely remove the risk to health from using equipment in the construction industry may test the best solutions on the market, but our ethos is to work closely with our suppliers and partners to truly make a difference on some of these known health issues.

Through our Dust Control initiative, Speedy has supported the national Breathe Freely campaign run by BOHS, The Chartered Society for Worker Health Protection, and we have four dedicated dust centres in and around London to support and assist customers in selecting dust reducing solutions.

RIDDOR accident frequency rate

0.14

IN RIDDOR ACCIDENTS
PER 100,000
HOURS WORKED
(2016: 0.12)

0.04

MAJOR ACCIDENT
FREQUENCY RATE
(MAFR) PER 100,000
HOURS WORKED
(2016: 0.01)

We are proud that we have the best health and safety performance in the industry, as well as leading in the field of sustainability in our sector.

Image taken from Speedy's Intelligent Safety campaign

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 FY2017 we were proud to be the first company in our sector to achieve the ISO 50001 accreditation for energy management, and over the past year progress has continued in the monitoring of our energy usage, and we have implemented initiatives to reduce our consumption. Other current accreditations include:

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

We have maintained a 5-star rating for our Achilles RISQS accreditation for the third year running, demonstrating that we have not received any non-conformances for four years through this scheme. Speedy is also accredited to Archilles Building Confidence Achilles UVDB, Achilles F-Pal, SAFed, SafeHire, Constructionline and CHAS, to name a few.

During FY2017 we won a RoSPA Gold award for health and safety for the third year running, providing further demonstrable evidence of our commitment to keeping our people and customers safe.

SAFETY AND SUSTAINABILITY CONTINUED

Putting social and environmental impact at the forefront of our activity

During FY2017 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. We have demonstrated to 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. We have reduced our 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 FY2017 we have re-assessed our performance review process and launched a standardised Personal Development Review programme.

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 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 the Speedy Expo.

WellChild help sick children and their families across the UK. During FY2017 we have supported their Helping Hands programme which renovates the homes and gardens of sick children by providing tools and equipment as well as volunteers. We were delighted to be awarded the WellChild Volunteer of the Year award during the year for our long-standing commitment to this initiative. We have also supported them by training their Programme Head and Project Manager on the IOSH Managing Safely course at our National Training Centre.

In addition to our two charity partners, we also run a prison workshop at HMP Garth in Lancashire. 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 2017, is set out below.

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 2016 to 31 December 2016

	Tonnes of CO ₂ e	
	Current reporting year 2016	Comparison year 2015
Emissions from:		
Combustion of Fuel & Operation of Facilities	20,423.25	17,403.61
Electricity, Heat, Steam and Cooling		
Purchased for own use	4,858.88	5,409.79
Total Scope 1 and 2 Emissions	25,350.98	22,813.39
Scope 3 Business travel – rail	1.60	1.30
Scope 3 Business travel – air	212.90	202.01
Scope 3 Waste – Recycled/Recovered	23.67	32.24
Scope 3 Waste – Landfill	248.57	355.36
Total Scope 3 Emissions	486.74	590.93
Company's Chosen Intensity Measurement:		
Emissions reported above normalised to 'per Employee'	6.83	6.69

Although our total CO₂ per employee is up from the previous year by 2% we have reduced our Scope 3 emissions by 18% and in doing so our waste to landfill has reduced by 30%.

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 2016. 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.

Data confidence

The data used to report the GHG emissions was reviewed and examined and gives a 'Good' level of confidence +/- 6.2%. This was established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty', and independently verified by Collins McHugh, Limited.

KEY PERFORMANCE INDICATORS

Measuring our progress against our strategy

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2017 performance
Revenue £m	A measure of the work we are undertaking.		£369.4m
EBITA ¹ £m	A measure of the profit we generate from our revenue.		£19.3m
EBITA ¹ margin %	Highlights how successful Speedy is in maximising its return from the revenue generated.		5.2%
EBITDA ¹ £m	A measure of operating return before depreciation.		£63.1m
EBITDA ¹ margin %	Highlights value generated either through operational efficiency or the quality of the revenue.		17.1%
Profit/(loss) before tax	A measure of profit we generate from our revenue activity having accounted for all costs before taxation.		£14.4m
Return on capital employed ² %	A measure of how well Speedy is delivering a return from the capital invested.		8.4%
Net Debt ³ £m	A measure of the Company's borrowings.		£71.4m

1 See note 11 to the Financial Statements.

2 The calculation used is profit from operations before amortisation and disposals divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt³).

3 See note 19 to the Financial Statements.

4 See note 9 to the Financial Statements.

KPI	Why this KPI is important to our strategy	How we have done	FY2017 performance
Net debt ³ to EBITDA ¹	A measure of how leveraged the balance sheet is.	1.1x	
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.	£234.7m	
Adjusted earnings per share ⁴ pence	A measure of the return generated for each holder of our ordinary shares.	2.44p	

Non financial KPIs

KPI	Why this KPI is important to our strategy	Target	How we have done	Achieved
Keeping people safe (specified injury rate)	We recognise that we and our customers work in some of the UK's most dangerous industry sectors and therefore we have a responsibility towards keeping people safe.	0.1 accidents per 100,000 hours worked	We achieved 0.04	
Impact on climate change – CO ₂ e 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 6.83 tonnes per capita	

Customer service

We aim to provide first class customer service, measuring our levels of service and identifying areas for improvement. 90% of customers rate our service as 'good'.

FINANCIAL REVIEW

Driving improved profitability



During the year we have improved the customer experience, increased asset availability and restructured our sales activities.”

Chris Morgan
Group Finance Director

Group financial performance

Revenue for the year to 31 March 2017 increased by 12.2% to £369.4m (2016: £329.1m) which included fleet disposals of £20.3m (2016: £5.6m); excluding these disposals and on a constant currency basis, revenue increased by 6.7%. Current year fleet disposals include £14.4m for the sale of heavy plant.

Gross profit was £191.7m (2016: £184.2m), an increase of 4.1%. The gross profit percentage was 51.9% (2016: 56.0%) and reflected the increase in disposals and a higher proportion of partnered services income.

EBITA¹ increased by 93.0% to £19.3m (2016: £10.0m) and profit before taxation, amortisation and exceptional costs increased to £16.2m (2016: £5.0m).

After taxation, amortisation and exceptional costs, the Group made a profit of £11.5m, compared to a loss of £52.7m in 2016. The loss in 2016 was impacted by a goodwill impairment charge of £45.9m and exceptional costs of £14.0m. Further details are included in note 3 to the Financial Statements.

Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £4.8m (2016: £5.1m).

UK and Ireland

	12 months ended 31 March 2017 £m	12 months ended 31 March 2016 £m	Movement %
Revenue	342.9	308.7	11.1
EBITDA ¹	62.2	54.2	14.8
EBITA ¹	22.0	14.5	51.7

Including the heavy plant sale, revenue improved by 11.1% to £342.9m (2016: £308.7m), with an increase across all key revenue streams. During the year we have improved the customer experience, increased asset availability and restructured our sales activities. Partnered services revenue increased 15.0% to £52.2m (2016: £45.4m). Future revenue has been secured through a number of contract wins and renewals, including an agreement with Carillion Plc, which in total could be worth up to £45m over three years. Revenue for the final quarter benefitted from the acquisition of Lloyds British.

Gross margins decreased from 58.1% to 54.2% as a result of the planned fleet disposals and revenue mix. Administration expenses and distribution costs fell by £1.6m, after absorbing £4.3m of bonus costs. This reflected management action to reduce headcount and vehicle numbers, which fell by 116 and 99 respectively, when excluding Lloyds British. Overheads were tightly controlled, with the UK regional operating divisions restructured into two in order to increase efficiency and reduce costs. Following the implementation of strict processes to manage capital expenditure, disposal decisions and ROCE², asset utilisation improved by c.7% to an average for the year of 51.5%.

Excluding the impact of disposals, EBITDA¹ was £64.0m (2016: £53.5m) representing an increase of 19.6%.

International

	12 months ended 31 March 2017 £m	12 months ended 31 March 2016 £m	Movement %
Revenue	26.5	20.4	29.9
EBITDA ¹	5.0	3.2	56.3
EBITA ¹	2.1	0.6	250.0

The International division has performed well with revenue up by £6.1m. Of this growth £3.5m was due to exchange rate movements, and the remainder due to the mobilisation of new equipment, in spite of low oil prices. As a result of increased revenue, EBITA¹ increased to £2.1m (2016: £0.6m). A slight increase in gross margin and savings in administration costs contributed to the increased EBITA¹, along with an exchange rate benefit of £0.2m.

One off cyclical shutdown activity in Kazakhstan helped increase our share of profit from the joint venture to £1.7m (2016: £0.7m).

Exceptional items

Net exceptional items totalled £0.0m before taxation (2016: £59.9m).

Exceptional costs of £2.2m were incurred relating to a restructuring of the UK and Ireland business, September's General Meeting, the accelerated amortisation of contract costs following a customer insolvency, and acquisition expenses associated with Lloyds British.

Offsetting the above exceptional costs was a £1.6m credit due to the revision of the International receivables provision, following the receipt of cash in the year, and a release of a provision, following the renegotiation of contingent consideration of £0.6m in relation to the prior year acquisition of OHP Limited.

Interest and hedging

As a consequence of the reduction in net debt³ in the year, net financial expense declined to £4.8m (2016: £5.7m). 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 1.80% and 2.75% dependent on the Group's performance in relation to leverage and the weighting of borrowings between receivables and plant and machinery. The effective average margin in the year was 2.35%. The current applicable margins are 1.80% on receivables and 2.30% 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 £0.4m at year end and they have varying maturity dates to September 2019. The incremental interest cost arising from these hedges amounted to £0.4m during the year (2016: £0.3m).

Taxation

The Group's income statement shows a tax charge for the year of £2.9m (2016: credit £4.9m), and an effective tax rate of 20.1% (2016: 8.5%). The effective rate of tax on adjusted profit amounts to 21.6% (2016: 16.8%).

The Group has benefitted from a deferred tax credit of £0.3m which arises from restating the net deferred tax liability at an enacted future tax rate of 17%, down from 18%.

Tax paid in the year ended 31 March 2017 amounted to £1.9m (2016: £0.6m).

Explanatory notes:

- 1 See note 11 to the Financial Statements.
- 2 Return on Capital Employed: Profit from operations before amortisation divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt³).
- 3 See note 19 to the Financial Statements.

FINANCIAL REVIEW CONTINUED



The Group has a very strong balance sheet, which reflects the proactive management of the asset fleet and working capital.”

Shares, earnings per share and dividends

At 31 March 2017, 523,566,491 shares were outstanding, of which 4,129,653 were held in the Employee Benefits Trust.

Adjusted earnings per share⁴ was 2.44 pence (2016: 0.79 pence). After amortisation and exceptional items, basic earnings per share was 2.22 pence (2016: loss per share 10.19 pence).

The Board remains committed to the payment of dividends, with a policy of between 2x and 3x adjusted earnings per share⁴ cover. The Board has recommended a final dividend of 0.67 pence per share (2016: 0.40 pence), which represents a cash cost of approximately £3.5m. If approved by shareholders, this gives a total dividend for the year of 1.00 pence per share (2016: 0.70 pence), an increase of 42.9% with cover of 2.44x adjusted earnings per share. It is proposed that the dividend will be paid on 11 August 2017 to shareholders on the register at 7 July 2017.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £44.8m (2016: £69.0m), of which £40.5m (2016: £57.8m) related to equipment for hire and £4.3m other property, plant and equipment (2016: £11.2m).

The hire fleet is continually reviewed to optimise asset holdings for the target market. As a result of better management information informing decisions on returns and asset utilisation, along with tight governance introduced via the investment committee, capital expenditure requirements reduced in the year. Disposal proceeds of £29.4m (2016: £17.6m) increased during the year as a result of the sale of heavy plant. At 31 March 2017, the average age of the UK and Ireland fleet was 4.2 years (2016: 3.9 years). This increase resulted in part from the disposal of heavy plant, which had an average life of less than 18 months.

Cash flow and net debt

Net cash flow generated from operating activities increased to £42.7m in the year (2016: £20.4m). Free cash flow (before dividends and financing activities) was an inflow of £35.0m (2016: £8.6m), and was supported by proceeds of £14.4m from the heavy plant sale.

Net debt³ decreased by £31.2m from £102.6m at the beginning of the year to £71.4m at 31 March 2017. Net debt³ to EBITDA¹ decreased to 1.13x (2016: 1.93x). Net debt³ as a percentage of hire fleet NBV decreased to 36.7% from 46.7% as at 31 March 2016.

This further strengthening of the cash position resulted in substantial headroom within the Group's bank facility.

Balance sheet

The Group has a very strong balance sheet, which reflects the proactive management of the asset fleet and working capital.

Net assets at 31 March 2017 totalled £189.6m (2016: £178.4m), equivalent to 36.2 pence per share, and tangible fixed assets 44.8 pence per share. Net property, plant and equipment was £234.7m at 31 March 2017 (2016: £264.1m), of which equipment for hire represents 83.0% (2016: 83.3%). Net debt³/property, plant and equipment of 0.30x at 31 March 2017 (2016: 0.39x) underlines the strong asset backing within the business. Of the equipment for hire, £8.0m related to the International business (2016: £9.1m).

Gross trade receivables totalled £90.2m at 31 March 2017 (2016: £85.8m) with the increase reflecting the revenue growth. Bad debt and credit note provisions reduced to £6.9m at 31 March 2017 (2016: £10.9m), equivalent to 7.6% of gross trade receivables (2016: 12.7%), demonstrating an improved ageing profile. Debtor days were 63.7 days (2016: 62.9 days).

Trade payables were £39.2m (2016: £41.2m), with reduced creditor days of 94.7 days (2016: 111.5 days).

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 2017 the gross amount utilised under the facility was £85.0m (2016: £114.3m). The undrawn available amount, based on eligible receivables and plant and machinery, amounted to £75.8m (2016: £54.8m). The average gross borrowings under the facility during the year ended 31 March 2017 was £108.8m (2016: £132.9m). The current facility includes quarterly leverage and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the year.

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

ROCE² is a key performance measure for the Group. ROCE² increased to 7.7% (2016: 3.2%), reflecting the improved profitability and strengthened balance sheet. Excluding the impact of disposals, ROCE² was 8.4% (2016: 3.0%).

In addition to driving improved profitability and cash generation, the Group will closely monitor the impact of future hire fleet changes, organic growth and value enhancing acquisition opportunities.

Chris Morgan
Group Finance Director

Explanatory notes:

- 1 See note 11 to the Financial Statements.
- 2 Return on Capital Employed: Profit from operations before amortisation divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt³).
- 3 See note 19 to the Financial Statements.
- 4 See note 9 to the Financial Statements.

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 has been used by the Board to carry out a robust assessment of the principal risks.

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

Risk	Potential impact	Strategy for mitigation
Safety, health and environment	<p>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.</p> <p>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.</p>	<p>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.</p>
Service	<p>Provision of equipment Speedy is required to provide well maintained equipment to its customers on a consistent and dependable basis.</p> <p>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.</p> <p>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.</p>	<p>The Group has invested substantially in its operational and back office processes, to continue to improve its service offering. New personal digital assistants (PDAs) have been successfully rolled out during FY2017, improving the on-site customer experience whilst the Group continues to invest heavily in its IT infrastructure to support its business.</p> <p>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. We have introduced an online based customer feedback system which significantly enhances our ability to understand the customer experience and improve service levels.</p>
Revenue and trading performance	<p>Competitive pressure The hire market is fragmented and highly competitive. Whilst we are developing strategic relationships with larger customers, we are also working hard to grow our Local and Regional accounts.</p> <p>Reliance on high value customers As revenue from our larger 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.</p>	<p>The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its 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.</p> <p>No single customer currently accounts for more than 10% of revenue or receivables.</p>

Risk	Potential impact	Strategy for mitigation
<p>People</p>	<p>Employee excellence In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain and motivate employees who possess the right skills for the Group.</p>	<p>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 and long-term successors for the key roles within the Group.</p> <p>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.</p> <p>The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.</p>
<p>Partner and supplier service levels</p>	<p>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.</p> <p>Partner reputation A significant amount of our revenues come from our partnered services offering, where the delivery or performance is effected through a third party partner.</p> <p>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.</p>	<p>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.</p>
<p>Operating costs</p>	<p>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.</p>	<p>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.</p> <p>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.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Potential impact	Strategy for mitigation
Information technology and data integrity	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Annual and more medium-term planning processes are in place, these create future visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems and require formal approval.</p> <p>The introduction of improved reporting with dedicated analysts within the business provides improved business information and better data quality and consistency.</p> <p>Mitigations for IT data recovery are described below under business continuity as these risks are linked.</p> <p>Speedy's IT systems are protected against external unauthorised access. All mobile devices have access restrictions and, where appropriate, data encryption is applied.</p>
Funding	<p>Sufficient capital Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact on its ability to command acceptable levels of pricing.</p>	<p>The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.</p> <p>In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support. The Group's current £180m asset based revolving credit facility is not due to expire until September 2019.</p>
Economic vulnerability	<p>Economy Any changes in construction/industrial market conditions could affect activity levels and consequently the prices that the Group can charge for its services. Any reduction in government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group. In common with many UK businesses, Speedy/ faces uncertainty as to the possible impact of leaving the European Union. There are risks to the overall level of economic activity, in addition to more direct risks relating to increased costs as a result of the falling value of sterling.</p>	<p>The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such 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.</p>

Risk	Potential impact	Strategy for mitigation
Corporate culture	<p>Operational empowerment and culture We operate an internal structure that is aligned around separate specialisms to better serve our customer base. Each division is challenged to operate with a degree of empowerment within overriding Group policies.</p>	<p>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.</p> <p>All of the above are supported by a well-publicised and robust whistleblowing policy with rigorous follow up of all concerns raised.</p>
Business continuity	<p>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.</p> <p>This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.</p>	<p>Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.</p>
Asset holding and integrity	<p>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.</p>	<p>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.</p> <p>We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market, under our Green Option programme.</p>

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.

In coming to this conclusion, it has been assumed that a successful renewal of the Group's £180m asset-backed finance facility will be concluded before September 2019, on broadly similar terms to the existing facility. This conclusion is based on improved financial performance and continuing constructive relationships with all the bank syndicate members.

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 2020.

Governance

Governance

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Chairman's letter to shareholders

Jan Åstrand
Non-Executive Chairman

Dear Shareholder

On behalf of the Board I am pleased to present the Governance Report for FY2017. This section of the Annual Report highlights the Company's governance processes, alongside the work of the Board and Board Committees.

During the year, a full review of governance practices was undertaken to ensure our governance structures remain in line with developing best practice and are suitable for a company of our size. We have also 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. As noted on page 42, we have been in full compliance with the provisions of the Code throughout the year. I am pleased to summarise below the principal initiatives and changes in our corporate governance, which include those from the review.

As reported last year, Chris Morgan was appointed to the Board as Group Finance Director with effect from 1 April 2016, having served in an interim capacity since December 2015, and Rob Barclay was appointed as a Non-Executive Director and Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees with effect from 1 April 2016. In addition, David Shearer was elected to the Board as a Non-Executive Director at the General Meeting in September 2016. David brings significant board experience and has since been appointed to each of the Audit, Nomination and Remuneration Committees of the Board.

As reported in last year's 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. This was an important time to support the Company and I am personally very happy with the outcome that the team has achieved. I officially reverted back to non-executive status on 30 September 2016 having not undertaken any executive duties during the previous quarter. Notwithstanding my reverting back to non-executive status, in accordance with best practice I stepped down from both the Audit and Remuneration Committees with effect from 31 March 2017.

The provisions of the Code relating to annual election of all the directors for FTSE 350 companies do not apply to the Company. Notwithstanding this, the Board has voluntarily determined that all Directors will submit to annual election going forward.

During the year an independent external evaluation of the Board and Board Committees was undertaken. In view of the considerable Board and Committee changes across the previous two years I was pleased that the overall findings were positive, supporting my personal assessment. The exercise has also enabled the Board to agree priorities to further improve our effectiveness. Further details of the evaluation are provided on page 45 of the Governance Report.

Jan Åstrand
Chairman

GOVERNANCE

Directors' Report

Strategic Report

The Chairman's statement on pages 4 and 5, the Strategic Report on pages 2 to 33, the Corporate Governance review on pages 42 to 47 and the reports of the Audit, Nomination and Remuneration Committees on pages 48 to 49 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 15 May 2017.

Results and dividends

The consolidated profit after taxation for the year was £11.5m (2016: loss £52.7m). This is after a taxation charge of £2.9m (2016: credit £4.9m) representing an effective rate of 20.1% (2016: 8.5%). An interim dividend of 0.33 pence per share was paid during the year. The Directors propose that a final dividend of 0.67 pence per share be paid, which, if approved, would make a total dividend distribution in respect of the year of 1.00 pence per share (2016: 0.70 pence). The final dividend will be paid on 11 August 2017 to all shareholders on the register at 7 July 2017.

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 13 July 2016, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its ordinary shares.

As at 15 May 2017, no shares had been purchased under this authority. Shareholders will be requested to renew this authority at the forthcoming Annual General Meeting in July 2017.

Financial instruments

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

Going concern

The Directors consider that the Group has adequate financial resources and has access to sufficient borrowing facilities to continue operating for the foreseeable future. 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 Accounts.

Substantial shareholders

As at 15 May 2017, the Company had been notified 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	10.12
Aberforth Partners	8.55
Majedie Asset Management	8.34
FIL Investments International	7.59
Artemis Investment Management	7.09
The Wellcome Trust	4.11

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 68.

In accordance with the Company's Articles of Association, a third of the Board should retire by rotation at each Annual General Meeting and, if eligible and willing, seek re-election. However, in compliance with the principles of best corporate governance, the Board unanimously supports the annual re-election of Directors and therefore all Directors shall be submitted for annual re-election commencing from this year's Annual General Meeting.

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

Equal opportunities

The Group employs 3,252 people in the UK and Ireland, and 493 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 on page 23 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 58 and 59. The payments made in FY2017 to departing Directors are set out in the Remuneration Committee's Report on page 67.

The Group has a people strategy in place aimed at being an employer of choice, as can be seen on pages 18 and 19 of the Strategic Report. The Group actively makes a number of commitments to its employees including pay, engagement and development. The Board sees employee engagement as a key part of its success.

Disclosure of information to auditors

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

Auditors

KPMG LLP was appointed at the Annual General Meeting of the Company held on 13 July 2016 and its appointment expires at the conclusion of this year's Annual General Meeting. KPMG LLP has expressed its willingness to continue in office. The Board is recommending KPMG LLP be reappointed as auditors and resolutions concerning this and to authorise the Directors to determine its remuneration will be put to the forthcoming Annual General Meeting in July 2017.

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 2017, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2017 the issued share capital was £26,178,325 comprising 523,566,491 ordinary shares of 5 pence each. There are no special rights or obligations attaching to the ordinary shares.

Restrictions on share transfers

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

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

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

Shares with special rights

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

Restrictions on voting rights

The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the 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.

GOVERNANCE

Directors' Report

continued

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. The Articles of Association also provide that each Director must also stand for re-election at the third Annual General Meeting following their last election or re-election by shareholders. 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.

However, the Board has determined that, whilst not a requirement of the Company's Articles of Association or the UK Corporate Governance Code as it applies to the Company, to comply with the principles of best corporate governance all Directors should be submitted for re-election annually commencing from the Annual General Meeting to be held in July 2017.

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 12 July 2017, shareholders will be asked to renew the Directors' power to allot shares and buy back shares in the Company and to renew the disapplication of pre-emption rights.

Change of control – significant agreements

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

Shares in the Company are held in the Speedy Hire Employee Benefits Trust ('Trust') for the purpose of satisfying awards made under the Company's Performance Share Plan. Unless otherwise directed by the Company, the Trustees of the Trust abstain from voting on any shares held in the Trust in respect of which the beneficial interest has not vested in any beneficiary. In relation to shares held in the Trust where the beneficial interest has vested in a beneficiary, the beneficiary can direct the Trustees how to vote. As at 15 May 2017 the Trust held 4,129,653 shares in the Company (0.8% of the issued share capital).

Compensation for loss of office

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

Directors' indemnities

Throughout the financial year and at the date of approval of the Financial Statements, the Company has purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors. As permitted by the Companies Act 2006, it is the Company's policy to indemnify its Directors. Where qualifying deeds of indemnity are not currently in place for any of its Directors, these will be put in place during the coming year.

Political contributions

No political donations were made during the year (2016: nil).

Greenhouse gas emissions

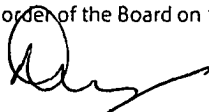
The disclosures concerning greenhouse gas emissions are included in the Safety and sustainability section of the Strategic Report on page 23.

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of Liberum Capital Limited at Ropemaker Place, Level 12, 25 Ropemaker Street, London, EC2Y 9LY on 12 July 2017 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 15 May 2017.



Russell Down
Chief Executive

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

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

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

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

- > select suitable accounting policies and then apply them consistently;
- > make judgements and estimates that are reasonable 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 Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

Jan Åstrand
Chairman

Russell Down
Chief Executive

15 May 2017

GOVERNANCE

Board of Directors

Jan Åstrand

Non-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 to 31 March 2017. Assumed the role of Executive Chairman from 1 July 2015 and reverted back to non-executive status on 30 September 2016.

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.

External appointments

Non-Executive Director of Vidrala, S.A. in Spain.

Russell Down

Chief Executive

Appointment to the Board

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

Skills and experience

Russell was formerly Group Finance Director (from 2008 to 2015) at Hyder Consulting Plc ('Hyder'), the multinational design and engineering consultancy. He spent 17 years in total at Hyder in a number of senior roles, including five years as Group Financial Controller and six years as Regional Finance and Commercial Director for the Middle East operations based in Dubai. Russell is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with KPMG, 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 and a member of the Nomination and Remuneration Committees. Appointed as Senior Independent Director on 31 March 2016.

Skills and experience

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

Rob Barclay
Independent
Non-Executive Director

Appointment to the Board and Committee memberships

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

Skills and experience

Rob brings a wealth of sector experience to the Board. He is currently 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.

David Shearer
Independent
Non-Executive Director

Appointment to the Board and Committee memberships

Elected to the Board at the General Meeting on 9 September 2016 as Non-Executive Director. Appointed a member of the Audit and Nomination Committees from November 2016 and of the Remuneration Committee from 31 March 2017.

Skills and experience

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

External appointments

Chairman of Liberty Living Group, Aberdeen New Dawn Investment Trust plc and the Scottish Edge Fund, and a director of Mithras Investment Trust plc.

GOVERNANCE

Corporate Governance

Highlights

- > Review of corporate governance practices and full compliance with the UK Corporate Governance Code;
- > Board deciding to adopt the annual election of all Directors;
- > The appointment of Chris Morgan to the Board as Group Finance Director following his appointment as Interim Finance Director;
- > The appointment of Rob Barclay as a Non-Executive Director and Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees;
- > The election of David Shearer at the General Meeting on 9 September 2016 as a Non-Executive Director and a member of the Audit and Nomination Committees from 10 November 2016 and of the Remuneration Committee from 31 March 2017;
- > The Chairman reverting back to non-executive status on 30 September 2016 and subsequently stepping down from both the Audit and Remuneration Committees; and
- > Independent external evaluation of the Board and Board Committees.

Governance progress

The Company undertook a full review of governance practices during the year and the Board agreed actions to ensure governance structures remain in line with developing best practice and are suitable for a company of its size. The agreed actions included addressing concerns noted by shareholders as well as helping to ensure the relevant skills and expertise are available to the key Board Committees. This culminated in the Board being comfortable that it was the right time for the Chairman, Jan Åstrand, to revert back to a non-executive position after stepping into an interim executive role in July 2015. It should be noted that this was a supporting role to assist Russell Down in his new role as Chief Executive and was not remunerated as an executive position and additional fees were taken and not a salary. There were also no performance related elements to this interim post.

UK Corporate Governance Code compliance

The Board is committed to maintaining high standards of corporate governance. The Board first reported its compliance with the Combined Code in 2004. Since then, other than as explained in previous Annual Reports and Accounts, it has complied in full with the Combined Code (now the UK Corporate Governance Code) and continued to develop its approach to corporate governance and the effective management of risk in the context of an evolving business. The Company first reported fully against the UK Corporate Governance Code 2012 in its 2014 Annual Report and has since been reporting against the UK Corporate Governance Code 2014 (the 'Code'). A copy of the 2014 edition of the Code is available to view on the website of the Financial Reporting Council. As a new version of the Code was introduced during 2016 and the revised provisions will apply to accounting periods commencing on or after 17 June 2016, the Company will report formally against the 2016 edition of the Code in its 2018 Annual Report and Accounts.

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.

Throughout the year ended 31 March 2017, the Company has been in full compliance with the provisions set out in the Code.

Directors

The Board

In the year ended 31 March 2017, the Board met eight times. The Board also meets as required on an ad hoc basis to deal with urgent business, including the consideration and approval of transactions. The table below lists the Directors' attendance at the Board meetings and Committee meetings during the year ended 31 March 2017.

Chris Morgan was appointed as Interim Group Finance Director in December 2015 and 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. This was always to be an interim appointment and following the stabilisation of the business and strengthening of the Board, Jan Åstrand reverted back to the role of Non-Executive Chairman on 30 September 2016. Rob Barclay was appointed to the Board on 1 April 2016 as Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. David Shearer was elected to the Board at the General Meeting on 9 September 2016 and appointed a member of the Audit and Nomination Committees from 10 November 2016 and of the Remuneration Committee on 31 March 2017. Jan Åstrand stepped down from the Audit and Remuneration Committees on 31 March 2017.

Board and Committee attendance

	Board (8)	Audit Committee (4)	Nomination Committee (2)	Remuneration Committee (5)
Executive Directors				
Russell Down	8/8	–	–	–
Chris Morgan ¹	8/8	–	–	–
Non-Executive Directors				
Jan Åstrand ²	8/8	4/4	2/2	5/5
Bob Contreras	8/8	4/4	2/2	5/5
Rob Barclay ³	8/8	4/4	2/2	5/5
David Shearer ⁴	5/5	1/1	0/0	0/0

1 Appointed on 1 April 2016.

2 Classed as an Executive Director between 1 July 2015 and 30 September 2016 when he reverted to a Non-Executive role. Stepped down from the Audit and Remuneration Committees on 31 March 2017.

3 Appointed on 1 April 2016.

4 Elected on 9 September 2016. Member of the Audit and Nomination Committees from 10 November 2016 and Remuneration Committee from 31 March 2017.

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 on 23 March 2017. It is available for inspection at the Company's registered office and on the Company's website. The matters reserved for decision by the Board can be subdivided into a number of key areas including, but not limited to:

- > financial reporting (including the approval of interim and final Financial Statements, interim management statements and dividends);
- > approving the form and content of the Group's Annual Report and Financial Statements (following appropriate recommendations from the Audit Committee) to ensure that it is fair, balanced and understandable overall and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- > the Group's finance, banking and capital structure arrangements;
- > Group strategy and key transactions (including major acquisitions and disposals);
- > Stock Exchange/Listing Authority matters (including the issue of shares, the approval of circulars and communications to the market);
- > approval of the policies and framework in relation to remuneration across the Group (following appropriate recommendations from the Remuneration Committee);
- > oversight of the Group's risk appetite, risk acceptance and programmes for risk mitigation;
- > approval of the Group's risk management and internal control processes (following appropriate recommendations from the Audit Committee);
- > approving the Company's annual Viability Statement;
- > the constitution of the Board itself, including its various Committees, and succession planning (following appropriate recommendations from the Nomination Committee); and
- > approving the Group's policies in relation to, inter alia, the Group's Code of Conduct and whistleblowing, the Bribery Act, the environment, health and safety and corporate responsibility.

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

The posts of Chairman and Chief Executive are held by Jan Åstrand and Russell Down, respectively. There were commercial reasons behind the Chairman stepping up to be an interim Executive Chairman for a time, the need for additional stability and guidance during a time of substantial Board changes and he worked closely with Russell Down to stabilise the business, undertake an essential restructuring of the Company and implement the remedial action programmes which have resulted in performance improvements. As always intended he reverted to a non-executive role, with effect from 30 September 2016. During the entire time he continued to be remunerated in fees only, with no performance pay offered that would liken his pay package to that of the other Executive Directors.

The Board includes the Chairman, the two Executive Directors and three independent Non-Executive Directors: Bob Contreras, Rob Barclay and David Shearer. These three Non-Executive Directors bring a strong and independent non-executive element to the Board. The Senior Independent Director is Bob Contreras. The Board's determination regarding their independence is detailed below.

The Audit Committee is chaired by Bob Contreras. Its other members are Rob Barclay and David Shearer. In February 2015 (when the number of Non-Executive Directors was reduced to two), Jan Åstrand joined the Committee and retained membership from that date until he stepped down on 31 March 2017. The Board considers that Jan Åstrand was independent on his appointment as Chairman, satisfying the requirement of paragraph C.3.1. of the Code, and for his membership of the Committee during the year under review.

The Remuneration Committee is chaired by Rob Barclay. Its other members are Bob Contreras and David Shearer. In February 2015 (when the number of Non-Executive Directors was reduced to two), Jan Åstrand joined the Committee and retained membership from that date until he stepped down on 31 March 2017. 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, and for his membership of the Committee during the year under review.

The Nomination Committee is chaired by Jan Åstrand. Its other members are Bob Contreras, Rob Barclay and David Shearer. The Committee therefore satisfies the requirement of paragraph B.2.1. of the Code that a majority of its members are to be independent Non-Executive Directors.

The 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.

GOVERNANCE

Corporate Governance

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

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

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

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

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. As reported above, Jan Åstrand ceased his role as Executive Chairman on 30 September 2016.

Board balance and independence

The Board comprises the Chairman, two Executive Directors and three independent Non-Executive Directors. The independent Non-Executive Directors and their respective experience, details of which are set out on pages 40 and 41, 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 each of Bob Contreras, Rob Barclay and David Shearer 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. Bob Contreras is considered to be independent notwithstanding that he had previously served with Jan Åstrand on the board of Northgate plc (whilst neither now serve on the board of that company). During his time with the Company, Bob Contreras has demonstrated that he exercises strong and independent judgement and the Board feels that his proven track record and success with Northgate plc has added significant value to the Board. Following the General Meeting on 9 September 2016, at which David Shearer was elected to the Board pursuant to a resolution tabled by a large shareholder, the Nomination Committee considered his independence. This included David Shearer's confirmation of the absence of any previous or current commercial relationship with the nominating shareholder. The Committee was satisfied to recommend to the Board that he be regarded as independent and be appointed as a member of the Audit and Nomination Committees and subsequently the Remuneration Committee. The Board is satisfied that since appointment he has demonstrated to the Board independence from the nominating shareholder both through his conduct and contributions.

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. The succession planning for the Board recognises this and during the current process for selecting an additional Non-Executive Director it has been requested that there be diversity considerations, including of gender, where possible in the shortlisting of candidates.

Appointments to the Board

The Board has established a Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website. The Committee meets formally as necessary, but at least twice a year. This is detailed in more depth in the Nomination Committee Report on pages 52 and 53. 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 40 and are disclosed to the Board in advance and included in a register of the same maintained by the Company Secretary.

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

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

Diversity

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

Information and professional development

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

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

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

During the year ended 31 March 2017, the Company engaged Condign Board Consulting ('Condign') to carry out a detailed and independent review of the Board and Board Committee processes, procedures and effectiveness. Condign is a firm which specialises in board evaluations work and has no other connection with the Company. The process consisted of a structured interview with the Chairman, each Director and the then Company Secretary, with an outline of the topics to be covered provided in advance. The evaluation also included a review of relevant Board papers and attendance at Board meetings as an observer. By way of overview, the evaluation concluded that following a period of considerable business upheaval, personnel change and shareholder activism in 2015 and 2016, the Board is now operating once more in an efficient and effective way to promote the long-term success of the Company and value for shareholders.

Principal findings and recommendations of the independent evaluation that are endorsed by the Board for implementation:

1. In general, the individual Directors bring relevant skills and experience to the Board, have a high regard and mutual respect for each other, are all considered independent of the other Directors, management and shareholders, and are providing sufficient time to the discharge of their duties;
2. In keeping with best practice, the Chairman stepping down from the Audit and Remuneration Committees;
3. Recruitment of an additional Non-Executive Director would provide additional depth to the Board and options around Board succession and staffing of Committees;
4. Increased Board reporting against strategic objectives and regular deep dives in to different strategic topics across the year would help maintain the right balance between operational and strategic matters; and
5. Board program to include additional opportunities for Non-Executive Directors to have exposure to senior management and operational site visits to deepen their appreciation of senior management and understanding of the business.

As reported above, and in the Nomination Committee Report, item 2 was effected on 31 March and item 3 is in hand. Items 4 and 5 will be incorporated in to the Board program.

The Non-Executive Directors, led by the Senior Independent Director, conducted an evaluation of the Chairman during FY2017, and the Senior Independent Director discussed the results of that assessment with the Chairman. No actions were considered necessary as a result of the evaluation, and the Board is satisfied with the Chairman's commitment and performance.

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Corporate Governance

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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. As set out in the Directors' Report, the Board has determined that in the interests of good governance all Directors shall be submitted for re-election annually commencing at the 2017 Annual General Meeting. This will also satisfy the re-election provisions within the Articles of Association. Biographical details of all the Directors are included in this report in order to enable shareholders to take an informed decision on any re-election resolution. The letters of appointment of each of the Non-Executive Directors and the Chairman confirm that appointments are for specified terms and that reappointment is not automatic.

Directors' remuneration

The performance related elements of the remuneration of the Executive Directors form a significant proportion of their potential total remuneration packages. The performance related elements of the schemes in which the Executive Directors are entitled to participate are set out in more detail in the Remuneration Report. The Remuneration Committee, with the advice of 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 service contracts for Russell Down and Chris Morgan provide for termination by the Company on one year's and nine months' notice respectively. It is the Company's current policy that notice periods on termination of Directors' contracts should not exceed 12 months.

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

The remuneration of Non-Executive Directors is dealt with by a Committee of the Board specifically established for this purpose comprising normally 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. The remuneration of Non-Executive Directors was reviewed at the end of FY2017 and the conclusion was that no increase would be made for FY2018, however Bob Contreras would receive additional fees of £5,000 per annum to reflect the additional responsibilities in respect of his role as Senior Independent Director. Details of the remuneration of Non-Executive Directors are set out on page 65.

Procedure

The Board has constituted a Remuneration Committee which met five times during the year. The terms of reference of the Remuneration Committee are published on the Company's website and are fully compatible with the provisions of paragraph D.2.1. of the Code. The Remuneration Committee members are Rob Barclay, Bob Contreras and David Shearer, 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 proposed Remuneration Policy for the next three years is contained on pages 54 to 69.

Accountability and audit

Financial reporting

The Directors' Report and Independent Auditor's Report appear on pages 36 to 38 and pages 70 to 74 respectively and comply with the provisions of paragraphs C.1.1. and C.1.3. of the Code.

Audit Committee and auditors

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

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

The Committee meets on a regular basis with the external auditors and internal audit function, 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 51, the Audit Committee considers that the Company's auditors are independent.

A more detailed description of the work of the Audit Committee during the year is contained in the separate report of the Committee on pages 48 to 51.

Internal control

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

The Board, via the Audit Committee, conducts a review, at least annually, of the Group's systems of internal control. Such a review considers all material controls, including financial, operational and compliance controls and risk management systems, and accords with the recommendations contained in the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting (formerly the Turnbull Guidance). A formal report is prepared by the external auditors, KPMG LLP (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 half and full-year results. The Chairman, Chief Executive and Group Finance Director, with assistance from the Company's brokers, collate feedback from such presentations and report the findings to the next meeting of the Board. The Chairman is also available to discuss matters with major shareholders in relation to, inter alia, results, strategy and corporate governance issues. The Senior Independent Director, Bob Contreras, is available to attend meetings with major shareholders in order to understand their issues and concerns should the normal communication channels with the Chairman, Chief Executive or Group Finance Director be considered ineffective or inappropriate.

During the year major investors have been engaged with and the top 30 have been consulted on any concerns or issues they may have in the governance of the Company. Any concerns have been shared with the Board and considered in the governance framework for the Company.

Constructive use of the Annual General Meeting

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

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

The Company's standard procedure is to ensure that the Notice of 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.

GOVERNANCE

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 2017.

Audit Committee objectives and terms of reference

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

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

Composition of the Audit Committee

The Audit Committee comprises three Non-Executive Directors: Bob Contreras (Chairman), Rob Barclay and David Shearer (from November 2016). All members are considered by the Board to be independent. Biographies of each of the members of the Audit Committee are set out on page 41.

Jan Åstrand also served on the Audit Committee until 31 March 2017. He had joined the Audit Committee due to the size of the Board in 2015. He was considered independent on appointment as Chairman, and his skills and experience enhanced the Audit Committee during the period in which he served. With the addition of Rob Barclay (April 2016) and David Shearer (November 2016) to the Audit Committee, and following a period of overlap to provide continuity, Jan Åstrand stepped down from the Audit Committee.

Bob Contreras is a chartered accountant with over 20 years' experience as a board member at both listed and private companies. He recently stepped down from the position of Chief Executive Officer of Northgate plc, the FTSE 250 leading light commercial vehicle hire business in both the UK and Spain. Previously, Bob was President of the Surgical Division of Mölnlycke Health Care Group, a world-leading manufacturer of products and services for the professional healthcare sector. He was also previously Chief Executive and Finance Director of private equity backed Damovo Group S.A., and Group Finance Director of Azlan Group plc. The Board is satisfied that Bob Contreras has recent and relevant financial experience and that the Committee has an appropriate balance of skills, experience, qualifications and sector related knowledge.

Attendance

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

Audit Committee members and meetings attended

Name	Position	Meetings attended
Bob Contreras Chairman	Non-Executive Director	4/4
Rob Barclay ¹	Non-Executive Director	4/4
David Shearer ²	Non-Executive Director	1/1
Jan Åstrand ³	Non-Executive Chairman	4/4

1 Appointed on 1 April 2016.

2 Appointed on 10 November 2016.

3 Stepped down on 31 March 2017.

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

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, 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 FY2017

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

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

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

Existence and valuation of hire equipment

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

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

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

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

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Audit Committee Report

continued

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

The Audit Committee considers on an ongoing basis whether any impairment in the value of assets would be appropriate. In considering this position the Audit 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 the acquisitions in FY2016 and FY2017 of the OHP Group and of the assets and operations of Lloyds British respectively, the Audit Committee has considered, and challenged management on, the values included in respect of these transactions in the Financial Statements. Taking account of this, in conjunction with advice from the external auditor, the Audit Committee is satisfied with the amounts recorded and that these are consistent with accounting policies.

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 again 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 Audit Committee has concluded that the available borrowing facilities are adequate for both existing and future levels of business activity. The Audit Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the Financial Statements.

Presentation and recoverability of International receivable

As noted by the Company in its half-year announcement on 10 November 2016, the Group made an exceptional impairment which related to an asset sale agreement entered into during FY2015. Following this, the Group entered into a settlement agreement with the purchaser. Since 1 April 2016, payments totalling £1.6m have been received in accordance with this agreement (including amounts subsequent to the end of the financial year) and have been recognised as an exceptional item. The remaining receivable amounting to £1.2m is fully provided given the inherent uncertainty that all the outstanding debt will be recovered, the Audit Committee considers that the remaining provision is reasonable.

Internal control and risk management

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

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

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

The Audit Committee has reviewed the effectiveness of internal controls and risk management during the year taking into consideration the framework and risk register maintenance by management, in addition to reports from both internal and external auditors. The Audit Committee has concluded that the internal controls have operated effectively during FY2017.

Review of internal audit

The Audit Committee reviews the effectiveness of the Group's internal audit function. This review includes the audit plan and the level of resource devoted to internal audit, as well as the degree to which the function can operate free from management restrictions. The Audit Committee considered the results of the audits undertaken by the internal audit function and in particular considered the response of management to issues raised by internal audit, including the time taken to resolve matters reported. Although internal audit has raised recommendations for improvement in the normal course of business, the Audit Committee is satisfied that none of these constituted significant control failings during FY2017.

In accordance with Attribute Standard 1312 of the Global Institute of Internal Auditors ('IIA') International Professional Practices Framework, an external quality assessment of internal audit was undertaken during the year. The review concluded that the Group's internal audit function 'Generally Conforms' to the IIA standards (the highest possible rating).

During this financial year, the Audit Committee reinstated the circulation of a questionnaire to Directors and senior management inviting comments on the Risk and Assurance function, as it also did in respect of the external auditors and the Audit Committee itself. The responses are considered by the Audit Committee and are used in conjunction with the other review processes described to determine whether internal audit is working effectively.

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

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

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

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

The policy for the use of the external auditors for non-audit related purposes was reviewed during the year and the Board agreed with the proposal from the Audit Committee that the policy be updated to reflect current market practice and be applied from April 2017. The policy is designed to control the provision of non-audit services by the external auditors in order to ensure that their objectivity and independence are safeguarded. The policy provides that preference should be given to retaining consultants other than from the external auditors unless strong reasons exist to the contrary, and that non-audit fees paid to the auditor should not exceed 100% of the audit related fees paid in that year, and the three-year average of non-audit fees paid to the auditor should not exceed 50% of the annual audit fees. The policy further requires that the provision of any non-audit services by the external auditors is subject to prior approval by the Audit Committee. The Audit Committee closely monitors the amount the Company spends with the external auditors on non-audit services. The only non-audit services provided by the auditors in the year relate to the review of the Company's half-year results which the Audit Committee accepts is work best undertaken by the external auditors. Details of the fees, split between audit and non-audit services, payable to the external auditors are given in note 4 to the Financial Statements.

The Audit Committee considered the external auditors' performance during the year and reviewed the level of fees charged, which are considered appropriate given the size of the Group. The fees are detailed in note 4 to the Financial Statements.

Appointment of auditors

Having considered the results of the Audit Committee's work, the Board is recommending the reappointment of KPMG LLP as auditors of the Group for FY2018. PricewaterhouseCoopers will continue to perform the audit of the Group's Middle Eastern operations. KPMG LLP has expressed its willingness to continue as external auditors of the Group. Separate resolutions proposing its reappointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 12 July 2017.

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

Code of Conduct

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

Communicating with shareholders

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

Approval of Annual Report and Financial Statements

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

This report was approved by the Board on 15 May 2017.

Bob Contreras

Chairman of the Audit Committee

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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 2017. 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 the Chairman, Jan Åstrand, and the three independent Non-Executive Directors, Bob Contreras, Rob Barclay and David Shearer. Appointments and attendance at meetings during the year are set out below. Biographies of the members of the Nomination Committee are set out on pages 40 and 41.

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

Attendance

The Nomination Committee met on two occasions during the year, 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. The Group's HR Director may also be invited to attend, particularly where discussions are taking place around succession planning within the Group.

Nomination Committee members and meetings attended

Name	Position	Meetings attended
Jan Åstrand	Chairman	2/2
Bob Contreras	Non-Executive Director	2/2
Rob Barclay ¹	Non-Executive Director	2/2
David Shearer ²	Non-Executive Director	0/0

¹ Appointed to the Board and Nomination Committee on 1 April 2016.

² Elected to the Board on 9 September 2016. Member of the Nomination Committee from 10 November 2016.

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
- > making recommendations to the Board in respect of Directors standing for re-election.

During the year the Nomination Committee undertook all of the duties set out above and additionally reviewed the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively.

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

In reviewing the structure, size, composition and diversity of the Board, it was recommended that an additional Non-Executive Director be appointed. The Nomination Committee has agreed the specification and appointed Lygon Partners (an external search consultancy which has no other connection with the Company) to undertake a search. The process detailed above is being followed for this new appointment.

During the year David Shearer was elected to the Board by the shareholders at the General Meeting on 9 September 2016. Whilst this did not follow the usual process detailed above for an appointment to the Board, the Nomination Committee subsequently reviewed his independence and was satisfied to recommend to the Board that he be regarded as independent and be appointed a member of the Audit and Nomination Committees in November 2016 and the Remuneration Committee in March 2017.

In addition to changes at Board level, the Nomination Committee reviewed succession planning for key individuals, including Executive and Non-Executive Directors, and talent management, including identification of the most talented individuals for key management roles across the Group.

The Nomination Committee has recommended the annual re-election of all Directors, as detailed in the Directors' Report on page 36.

This report was approved by the Board on 15 May 2017.

Jan Åstrand
Chairman of the Nomination Committee

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Remuneration Report

Rob Barclay
Chairman of the Remuneration Committee

Annual Statement

The Remuneration Committee presents its report in relation to the financial year ended 31 March 2017. This year's report has been split into three sections:

- > this Annual Statement summarising major decisions and any outstanding changes to remuneration;
- > the Remuneration Policy Report, which sets out the Group's proposed policy on the remuneration of Executive and Non-Executive Directors for the next three years; and
- > the Annual Remuneration Report outlining how the Group's existing Remuneration Policy was implemented in FY2017.

The Remuneration Policy Report will be subject to a binding vote and the Annual Remuneration Report will be subject to an advisory vote at the 2017 Annual General Meeting (AGM).

Performance and reward for FY2017

As noted in the Strategic Report, stronger operational performance and customer service delivery has led to a significant improvement in performance during the year, with Group profit before tax increasing to £14.4m from a loss of £57.6m. Enhanced asset utilisation has led to increased efficiencies with improvements in core hire revenues at the same time as delivering a reduction in the net book value of fleet assets.

The Executive Directors were eligible to receive a bonus opportunity of up to 100% of salary for performance in FY2017. As a result of the strong financial and operational performance during the year, the threshold performance targets were exceeded and bonuses paid out at 97.43% of salary.

Due to their comparatively recent appointments, there were no long-term incentive awards vesting to the Executive Directors in the year or based on performance to 31 March 2017.

Remuneration Policy for FY2018-FY2020

The current Remuneration Policy was approved by shareholders in 2014. During the course of the year, the Remuneration Committee reviewed the Remuneration Policy to ensure that it continued to support the business strategy and complied with the latest guidance. The Remuneration Committee concluded that the current policy remained fit for purpose and therefore no substantive changes have been made to the policy being put to shareholders for approval at the AGM. Some minor changes have been made which include changes to the wording around the choice of performance measures to be used for the annual bonus and Performance Share Plan to ensure sufficient flexibility and alignment to the business strategy over the next three-year period. Details of how the policy will be applied in FY2018 are set out on page 55.

Application of the Remuneration Policy in FY2018

The Executive Directors' salaries were increased by 1.5% per annum, with effect from 1 April 2017, in line with the average rate of increase across the Group.

The maximum bonus opportunity remains unchanged at 100% of salary. The performance measures for FY2018 will be as follows:

- > 70% will be based on Group earnings before interest, tax and amortisation targets (EBITA). EBITA replaces profit before tax as the primary measure of financial performance for the bonus, providing a more targeted measure of financial performance.
- > 20% will be based on return on capital employed (ROCE). ROCE has been included as a specific bonus metric in FY2018 (replacing asset optimisation). ROCE measures how well the Group delivers a return on the capital invested and is seen as a key performance indicator for the business.
- > 10% will continue to be based on UK & Ireland core hire revenues.

Outstanding performance will be required for the maximum bonus to become payable, with no bonus payable unless the minimum EBITA threshold is achieved. The forward looking targets are deemed to be commercially sensitive but further details will be disclosed on a retrospective basis in next year's Annual Report and Accounts.

Performance share awards will continue to be granted over shares worth 100% of salary. Awards will be based on relative total shareholder return (TSR) (50% of the award) and earnings per share (EPS) growth targets (50% of the award) over three financial years. A two-year post vesting holding period applies. Details of the performance targets for the 2017 awards are set out in the Annual Remuneration Report.

Employee engagement

When considering the remuneration policy for the Executive Directors, the Remuneration Committee takes into account pay and employment conditions across the Company. Every employee in Speedy participates in a bonus scheme relevant to their role, ensuring all employees are able to share in the success of the organisation. In addition, alongside the Company wide salary review process where the average increase was 1.5%, investment has also been made during the year to ensure that employee pay remains above the National Living Wage and further increases have been given to employees in key roles where recruitment and retention is a priority.

Shareholder engagement

The Committee takes an active interest in shareholder views on the Company's executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders and we will continue to take into account the views of our shareholders as appropriate.

In conclusion, we firmly believe that the proposed Remuneration Policy is in the best interests of the Company and is appropriately aligned with the strategic goals of the Group in delivering shareholder value and supporting the long-term success of the Group and look forward to receiving your continued support for the resolutions relating to the proposed Remuneration Policy and Annual Remuneration Report.

This report was approved by the Board on 15 May 2017.

Rob Barclay
Chairman of the Remuneration Committee

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Remuneration Report

continued

Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the Remuneration Policy for the Group. This revised Directors' Remuneration Policy will be put to shareholders for approval in a binding vote at the AGM on 12 July 2017. The effective date of the revised policy will be 12 July 2017. The Remuneration Committee's current intention is that the revised policy will operate for the three-year period to the AGM in 2020.

Policy overview

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

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

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

The key principles of the policy are:

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

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

Changes to the Remuneration Policy approved by shareholders at the 2014 AGM

The Remuneration Committee has undertaken a thorough review of the existing Remuneration Policy, taking full account of the Group's strategic objectives and developments in the executive pay environment. The Remuneration Committee firmly believes that the current overarching Remuneration Policy continues to be effective and that no significant changes are required. However, some minor amendments have been proposed to ensure that the policy is sufficiently flexible to operate effectively over the next three-year period (e.g. the Remuneration Committee has built in some additional flexibility with regard to the specific measures which will be used for the bonus and PSP to ensure that any targets are fully aligned with the strategic imperatives prevailing at the time they are set).

Remuneration scenarios for Executive Directors

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

Russell Down, Chief Executive

Chris Morgan, Group Finance Director

The charts above are based on:

- > salary levels effective 1 April 2017;
- > 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 scenarios exclude share price appreciation and dividend assumptions.

Summary Director policy table

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

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

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Remuneration Report

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Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Benefits	<ul style="list-style-type: none"> > To provide a competitive benefits package > To promote recruitment and retention 	<ul style="list-style-type: none"> > Benefits may include a combination of car or car allowance, health benefits including permanent incapacity and life insurance > Other benefits including relocation allowances may be offered if considered appropriate and reasonable by the Committee > Any reasonable business related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit) > Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees 	<ul style="list-style-type: none"> > There is no maximum limit, but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. Participation in the all-employee share plans is subject to the limits set out by HMRC 	n/a
Pension	<ul style="list-style-type: none"> > Provide competitive retirement benefits 	<ul style="list-style-type: none"> > Defined contribution and/or cash in lieu of pension 	<ul style="list-style-type: none"> > Up to 20% of basic salary p.a. 	n/a
Bonus	<ul style="list-style-type: none"> > Incentivise delivery of specific strategic objectives, including financial performance and personal annual goals > Maximum bonus only payable for achieving demanding targets 	<ul style="list-style-type: none"> > Normally payable in cash (although the Committee reserves the right to deliver some or all of the bonus in shares which may be deferred) > Non-pensionable > Levels of award are determined by the Committee after the year end based on performance against the targets set > All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year 	<ul style="list-style-type: none"> > 100% of salary p.a. 	<ul style="list-style-type: none"> > Group financial measures (e.g. profit before tax) will apply > Personal and/or strategic KPIs may apply for a minority of the bonus > One-year performance period > Clawback provisions apply for a period of three years from the bonus payment date

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Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Performance Share Plan	<ul style="list-style-type: none"> > Aligned to main strategic objectives of delivering long-term value creation > Align Executive Directors' interests with those of shareholders > To promote retention 	<ul style="list-style-type: none"> > Conditional awards or nil or nominal cost options are normally granted annually > The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures > A two-year post vesting holding period will be applied to the grant of awards 	<ul style="list-style-type: none"> > 150% of salary p.a. normal limit > 200% of salary exceptional limit > A dividend equivalent provision exists allowing the Committee to pay an amount (in cash or shares) equivalent to the dividends paid or payable on vested shares (for options up to no later than the end of the post-vesting holding period or at the point of exercise, if sooner); any amount payable may assume the reinvestment of dividends 	<ul style="list-style-type: none"> > Performance normally measured over three years > Awards currently vest based on performance against stretching relative Total Shareholder Return (TSR) targets and/or absolute Earnings Per Share (EPS) targets set and assessed by the Committee. However, different measures may be set for future award cycles, as appropriate, to reflect the strategic priorities of the business at that time > Performance underpins may also apply > A maximum of 25% vests at threshold increasing to 100% vesting at maximum on a straight line basis > Withholding and clawback provisions apply for a period of three years following the vesting of an award
Share ownership guidelines	<ul style="list-style-type: none"> > To provide alignment of interests between Executive Directors and shareholders 	<ul style="list-style-type: none"> > 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 	<ul style="list-style-type: none"> > Executive Directors are required to build up and maintain a shareholding worth at least 100% of base salary 	<ul style="list-style-type: none"> > n/a

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Remuneration Report

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Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-Executive Directors	<ul style="list-style-type: none"> > To attract and retain high calibre Non-Executive Directors 	<ul style="list-style-type: none"> > The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration > The fees are set taking into account the time commitment and responsibilities of the role > Fees are normally paid monthly in cash and are normally reviewed annually > Expectation that individuals build and maintain a shareholding equal to 100% of fees > Non-Executive Directors can be reimbursed for any reasonable business related expenses (including the tax thereon, if determined to be a taxable benefit) 	<ul style="list-style-type: none"> > There is no prescribed maximum fee or fee increase. Total fees for the Non-Executive Directors are subject to the overall limit set out in the Company's Articles of Association > Any increase will be guided by changes in market rates, time commitments and responsibility levels 	n/a

Notes:

- 1 The choice of the performance metrics applicable to the annual bonus scheme reflect the Remuneration Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of key financial targets and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Remuneration Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.
- 2 The performance conditions applicable to the PSP awards were selected by the Remuneration Committee on the basis that a combination of relative TSR and key financial objectives provides strong alignment with the delivery of long-term returns to shareholders and incentivises strong Group financial performance – consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The Remuneration Committee has retained flexibility on the measures which will be used for future award cycles to ensure that the measures are fully aligned with the strategy prevailing at the time the awards are granted. Notwithstanding this, the Remuneration Committee would seek to consult with major shareholders in advance of any material change to the choice or weighting of the PSP performance measures.
- 3 The Remuneration Committee operates the annual bonus, PSP and all-employee share plans in accordance with the relevant plan rules and where appropriate, the Listing Rules and HMRC legislation. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, the timing of awards and setting performance criteria each year, dealing with leavers, discretion to retrospectively amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.
- 4 Consistent with HMRC legislation, the all-employee Sharesave scheme does not have performance conditions.
- 5 Directors are eligible to receive payment, and any existing award may vest, in accordance with the terms of any such award made prior to the approval of the Remuneration Policy detailed in this report, and in accordance with the provisions of the Remuneration Policy in force at the time such award or right to receive payment was made or granted.

How employees' pay is taken into account

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

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

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

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

How shareholders' views are taken into account

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

Approach to recruitment and promotions

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

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

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

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

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

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

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

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

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Remuneration Report

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Service contracts and approach to leavers

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

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

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

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

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

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

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

External appointments

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

Non-Executive Directors

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

Non-Executive Director	Appointment letter date	Month of last election	Expected month of expiry of current term ¹
Jan Åstrand	9 October 2014	July 2015	November 2017
Bob Contreras	9 December 2015	July 2016	December 2018
Rob Barclay	30 March 2016	July 2016	April 2019
David Shearer	22 September 2016	September 2016	September 2019

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

Annual Remuneration Report

Remuneration Committee role and membership

The Remuneration Committee comprises three members: Rob Barclay (Chairman), Bob Contreras and David Shearer, all of whom are considered by the Board to be independent Non-Executive Directors. Jan Åstrand also served on the Committee during the year, having stepped down on the appointment of David Shearer to the Committee on 31 March 2017. Biographies of the members of the Remuneration Committee are set out on page 41. 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	5/5
Bob Contreras	Non-Executive Director	5/5
David Shearer ²	Non-Executive Director	0/0
Jan Åstrand ³	Non-Executive Chairman	5/5

1 Appointed on 1 April 2016.

2 Member from 31 March 2017.

3 Jan Åstrand stepped down as a member on 31 March 2017.

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

The Remuneration Committee's duties include:

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

During FY2017, the Remuneration Committee reviewed the following matters at its meetings:

- > determination of FY2016 bonuses for the Executive Directors and senior managers;
- > determination of executive remuneration structure and policy for FY2018;
- > interim and final progress of employee share plan performance measures against targets and consequent approval of any vesting of awards;
- > grant of any awards to be made in FY2018 under the performance share plan;
- > progress of bonus achievement for FY2017 executive bonuses;
- > 25-year long service awards for eligible employees;
- > terms of reference for, and effectiveness of, the Remuneration Committee;
- > ongoing appropriateness and effectiveness of remuneration and benefits policies for Executive Directors and employees generally;
- > performance of external remuneration advisers;
- > use of equity for employee share plans in relation to dilution headroom limits; and
- > determining remuneration arrangements for senior management joiners and leavers.

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

Advisers

During the year, the Remuneration Committee received 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 review of the Directors' 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 FY2017. Fees paid to New Bridge Street for FY2017 totalled £37,155 (excluding VAT) in respect of advice provided to the Remuneration Committee and for related matters. The Remuneration Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the operation of the 2004 Performance Share Plan (now expired), the 2014 Performance Share Plan and the all-employee share scheme (SAYE).

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Remuneration Report

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Implementation of the Remuneration Policy for FY2018

The sections of the Annual Remuneration Report that have been audited by KPMG LLP are page 65 from 'Non-Executive Directors' to page 68 up to and including 'Directors' interests in the share capital of the Company', but excluding paragraphs concerning 'Details of long-term incentive plan awards outstanding', 'Dilution', 'Percentage change in Chief Executive's remuneration' and 'Shareholder voting at AGM'.

Base salary

Base salaries for each Executive Director are reviewed annually by the Remuneration Committee, taking account of the Director's performance, experience and responsibilities with any changes effective from 1 April. When determining Executive Directors' base salaries, the Remuneration Committee has regard to economic factors, remuneration trends and the general level of salary increases awarded throughout the Group. Executive Directors' salaries were increased by 1.5% per annum which was in line with the average rate of increase across the Group. Current base salaries are as follows:

	From 1 April 2017	From 1 April 2016	% increase in year
Russell Down	£355,250	£350,000	1.5%
Chris Morgan	£243,600	£240,000	1.5%

Until 30 September 2016 when the Chairman reverted to non-executive status, the Chairman was eligible to receive a daily rate in excess of his normal fee to the extent that his actual time commitment exceeded that agreed for his Non-Executive Chairman role. Additional fees of £13,125 were paid during FY2017 (of which £10,625 were payable for services provided during FY2016 and £2,500 payable for services provided during FY2017).

Benefits in kind and pension

The Group operates a policy whereby Executive Directors and senior management are offered a car or cash alternative (as appropriate), health insurance, life cover and pension contributions, or cash in lieu of pension contributions (further details of which are set out on page 58).

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

Performance related annual bonus

The Remuneration 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 FY2018, the maximum bonus opportunity will continue to be limited to 100% of salary. The bonus opportunity will be split as follows:

- > 70% will be based on Group earnings before interest, tax and amortisation targets ('EBITA'); and
- > 30% will be based on strategic/financial targets (namely, return on capital employed ('ROCE') (20%) and hire revenue targets (10%)).

EBITA has replaced profit before tax as the primary measure of financial performance under the bonus plan for FY2018 to provide a more targeted measure of financial performance. ROCE has been included as a specific bonus metric in FY2018 (replacing asset optimisation). ROCE measures how well the Group delivers a return on capital invested and is seen as a key performance indicator for the business. UK & Ireland core hire revenue continues to account for 10% of the overall bonus, reflecting our priority to improve asset productivity. The forward looking targets are deemed to be commercially sensitive but full details will be disclosed on a retrospective basis in next year's Annual Report and Accounts.

Outstanding performance will be required for a maximum bonus to become payable, with no bonus payable unless the minimum EBITA threshold is achieved. A clawback provision will continue to operate for a 36-month period.

Long-term incentive plans

The 2014 Performance Share Plan (PSP) will continue to operate as the Company's primary long-term incentive arrangement, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance conditions based on relative total shareholder return (TSR) and earnings per share (EPS) growth. It is intended that Executive Director award levels in FY2018 will be over shares worth no more than 100% of salary.

In respect of performance targets for awards to be granted in FY2018:

- > 50% of each award will be subject to an EPS condition. 25% of this part of an award vests for threshold EPS in FY2020 (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 annual fee levels for Non-Executive Directors are as follows:

	Role	Committee chair role	1 April 2017 ¹	1 April 2016
Jan Åstrand ²	Non-Executive Chairman	Nomination	£125,000	£125,000
Bob Contreras	Non-Executive Director	Audit	£52,000	£47,000
Rob Barclay	Non-Executive Director	Remuneration	£47,000	£47,000
David Shearer	Non-Executive Director	–	£40,000	£40,000 ³

- The policy reflects a base Board fee of £40,000; additional fees for the Chairman of the Audit and Remuneration Committees of £7,000 and, with effect from 1 April 2017 an additional fee for the Senior Independent Director of £5,000.
- Jan Åstrand served as Executive Chairman to 30 September 2016. Additional fees relative to services provided were payable in FY2017, details of which are provided in the table below.
- David Shearer's annual fee on election to the Board on 9 September 2016.

Directors' remuneration for FY2017

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

	Financial year	Fees/basic salary £'000s	Benefits £'000s ¹	Pension £'000s	Annual bonus £'000s ²	Value of long-term incentives £'000s ³	Total remuneration £'000s
Russell Down	2017	350	14	52	341	–	757
	2016 ⁴	328	32	49	–	–	409
Chris Morgan	2017	240	14	36	234	–	524
	2016 ⁵	–	–	–	–	–	–
Jan Åstrand ⁶	2017	138 ⁶	–	–	–	–	138
	2016	219	–	–	–	–	219
Bob Contreras	2017	47	–	–	–	–	47
	2016	13	–	–	–	–	13
Rob Barclay	2017	47	–	–	–	–	47
	2016	–	–	–	–	–	–
David Shearer	2017	22	–	–	–	–	22
	2016	–	–	–	–	–	–
Former Directors	2016	149	8	8	–	–	165
Totals	2017	844	28	88	575	–	1,535
	2016	709	40	57	–	–	806

- Taxable benefits comprise a car or cash alternative, health insurance, and life insurance, including 8.484 pence per share for the SAYE 2016 awards granted in December 2016 (being the value of the discount under the scheme). Russell Down and Chris Morgan received £46,000 and £36,000 respectively in lieu of pension contributions which are included in the Pension column above together with any actual pension contributions made.
- For FY2017 the maximum bonus opportunity for the Executive Directors was 100% of salary, with 80% of the opportunity based on adjusted profit before tax (PBT) targets and 20% based on strategic objectives. Details of actual performance against targets is set out below.
- No PSP awards held by Executive Directors vested during FY2017 (or after the year end based on performance to 31 March 2017).
- Russell Down was promoted to Chief Executive on 1 July 2015.
- Chris Morgan was appointed to the Board on 1 April 2016.
- Jan Åstrand reverted back to non-executive status on 30 September 2016. During the year he was paid £13,125 in additional fees over and above his normal base fee of £125,000 for his role as Executive Chairman (split as to £10,625 for FY2016 and £2,500 for FY2017).

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Remuneration Report

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Annual bonuses awarded in respect of FY2017 performance

Russell Down and Chris Morgan were eligible to receive bonuses with a maximum opportunity of 100% of salary in respect of financial and operational performance in FY2017. Details of the performance targets and resulting bonus outcome are set out in the table below:

Measure	Weighting	Threshold/Target	Stretch	Result
Adjusted profit before tax ('PBT')	80%	£13.1m	£16.4m	77.4% of salary (based on PBT of £16.2m, max 80%)
Strategic targets: Hire revenue	10%	Year on year increase	-	Achieved
Asset optimisation	10%	≥£20m reduction in net book value of fleet assets	-	10% of salary (based on reduction of £25.1m, max 10%)
100% Bonus achieved for FY2017			97.4% of salary	

The bonus awards for the Executive Directors for FY2017 reflect the significant improvement in the financial and operational performance of the Company in the year. The bonuses will be paid in cash in June 2017. As set out in the Remuneration Policy, clawback provisions apply for a period of three years following the payment of a bonus.

Long-term incentive plan awards granted in the year

Russell Down and Chris Morgan were granted the following awards under the 2014 Performance Share Plan on 22 June 2016 as set out below:

Executive Director	Date of grant	Basis of award	Maximum shares under award	Face value of awards ¹	Performance period ²	Vesting period	% vesting at threshold performance
Russell Down	22/06/2016	100% of salary	978,336	£350,000	Three years ending 31 March 2019	Three years from grant	25% of an award
Chris Morgan	22/06/2016	100% of salary	670,859	£240,000	Three years ending 31 March 2019	Three years from grant	25% of an award

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

2 50% of the award is subject to an EPS condition. 25% of this part of the award vests for EPS (before amortisation and exceptional costs) of 2.92 pence, with full vesting of this part of the award for EPS of 5.11 pence or better. A sliding scale operates between these points. 50% of the award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) measured over three financial years ending 31 March 2019. 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 2016	Options/awards granted during the year	Options/awards exercised during the year	Options/awards lapsed during the year	Interest at 31 March 2017	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
Russell Down							
PSP 2015 ^{1,2}	–	676,328	–	–	676,328	nil	Aug 2018 – Aug 2025
PSP 2016 ^{1,3}	–	978,336	–	–	978,336	nil	Jun 2019 – Jun 2026
SAYE 2015	–	9,622	–	–	9,622	26.936	Feb 2019 – Jul 2019
SAYE 2016 ⁴	–	9,653	–	–	9,653	33.936	Feb 2020 – Jul 2020
Total	–	1,673,939	–	–	1,673,939		
Chris Morgan							
PSP 2016 ^{1,3}	–	670,859	–	–	670,859	nil	Jun 2019 – Jun 2026
SAYE 2016 ⁴	–	13,260	–	–	13,260	33.936	Feb 2020 – Jul 2020
Total	–	684,119	–	–	684,119		

- The 2015 and 2016 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.
- 50% of each 2015 Performance Share Plan 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 each 2015 Performance Share Plan award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the Company's TSR performance, no portion of the part of the award which is subject to TSR performance may vest unless the Committee is also satisfied that the Company's TSR performance is reflective of its underlying performance over the performance period.
- The performance conditions for the 2016 Performance Share Plan awards are set out in note 2 under 'Long-term incentive plan awards granted in the year' on page 66.
- All-employee scheme giving employees the opportunity to acquire shares at a discount of 20% of the market value of the shares at the time the invitation is issued. The maximum monthly contribution is £250.

The market price of Speedy Hire Plc ordinary shares at 31 March 2017 was 53.0 pence and the range during the year was 29.5 pence to 54.2 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, 2.12% of the 5% limit and 4.14% of the 10% limit have been used.

Termination payments

No Director left in the year and no compensation for loss of office was paid. The principles governing compensation for loss of office payments are set out on page 62.

Payments to past Directors

The award granted to Steve Corcoran under the Company's 2004 Performance Share Plan on 21 June 2013 (590,508 shares under award) lapsed in June 2016 as a result of the performance conditions not being met.

The award granted to Lynn Krige under the Company's 2004 Performance Share Plan on 21 June 2013 (415,851 shares under award) and the award granted to her under the Company's Co-Investment Plan (171,042 shares under award) ('2013 COIP') lapsed in June 2016 as a result of the performance conditions not being met.

The award granted to Mark Rogerson under the Company's 2004 Performance Share Plan on 21 June 2013 (407,587 shares under award) lapsed in June 2016 as a result of the performance conditions not being met. The award granted to him under the Company's 2014 Performance Share Plan on 24 November 2014 (112,951 shares under award) will lapse in November 2017 as a result of the performance conditions not being met. As disclosed last year, as part of his termination arrangements, Mark Rogerson was paid a total of £98,000 during FY2017 relating to payments in lieu of notice and the agreed monthly pension contributions.

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Remuneration Report

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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 FY2016 and FY2017 compared to that of the average for all UK & Ireland based employees of the Group.

	% change from FY2016 to FY2017		
	Salary	Benefits	Bonus
Chief Executive	0.0% ¹	0.0%	- ²
Average employees	1.5%	2.0%	240.1%

- 1 Whilst total remuneration for Russell Down increased in FY2017 compared with FY2016, this related only to his promotion from Group Finance Director to Chief Executive on 1 July 2015. Therefore remuneration for FY2016 included part-year as Group Finance Director and part-year as Chief Executive.
2 The Chief Executive did not receive a bonus for FY2016. The bonus for FY2017 is detailed on page 66.

Shareholder voting at AGM

At the 2016 AGM, the Directors' Remuneration Report received the following votes from shareholders:

	Total number of votes	% of votes cast
For	421,123,905	98.86
Against	4,867,552	1.14
Total votes cast (for and against)	425,991,457	100
Votes withheld ¹	64,882	n/a
Total votes cast (including withheld votes)	426,056,339	

- 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 FY2017, are set out in the table below:

	Legally owned		PSP Awards		Sharesave	Total	% of salary/fee under share ownership guideline ¹
	31 March 2016	31 March 2017	Unvested	Vested	Unvested	31 March 2017	(100% of salary/fee)
	Russell Down	151,276	294,871	1,654,664	-	19,275	1,968,810
Chris Morgan	-	179,680	670,859	-	13,260	863,799	34.5%
Jan Åstrand	350,000	500,000	-	-	-	500,000	>100.0%
Bob Contreras	-	40,000	-	-	-	40,000	44.2%
Rob Barclay	-	19,000	-	-	-	19,000	21.2%
David Shearer	-	150,000	-	-	-	150,000	>100%

- 1 Note that only legally owned shares and vested PSP awards count towards the share ownership guideline.

There have been no changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2017 and the date of this report.

Share ownership guidelines

Executive Directors are expected to build and maintain a shareholding of 100% of salary. Russell Down joined the Board in April 2015 and Chris Morgan joined in April 2016. Neither currently meets this level due to being relatively recent appointments. Directors are expected to retain a proportion of shares vesting under their share awards (after tax) until such time as the guidelines are met.

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 an eight-year period from a £100 hypothetical holding of ordinary shares in Speedy Hire Plc and in the index.

Total shareholder return

This graph shows the value, by 31 March 2017, 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 eight financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance (FY2010 to FY2017) and PSP awards based on three-year performance periods ending just after the relevant year end. The annual bonus pay-out and PSP vesting level, as a percentage of the maximum opportunity, are also shown for each of these years.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014	FY2015	FY2016	FY2016	FY2017
	Steve Corcoran					Mark Rogerson			Russell Down	
Total remuneration (£'000s)	419	423	421	553	707	115	593	107	409	757
Annual bonus (% of max)	-	-	-	37%	-	-	60%	-	0%	97.4%
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.

	2016	2017	% change
Staff costs (£'m)	95.1	98.6	3.7
Dividends (£'m)	3.6	3.8	5.6

£1,058,000 of the staff costs figures relate to pay for the Executive Directors. This is different from the aggregate of the single figures for the year under review due to the way in which the share based awards are accounted for. The dividends figures relate to amounts payable in respect of the relevant financial year.

This report was approved by the Board on 15 May 2017.

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 2017 set out on pages 76 to 118. 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 2017 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

Overview

Materiality:	£0.675m (2016:£0.5m)
Group Financial Statements as a whole	4.7% (2016: 4.5%) of Profit before tax normalised to exclude exceptional items

Coverage	100% (2016:100%) of Profit before tax
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Risks of material misstatement vs 2016

Recurring risks	Hire equipment	◀▶
	Trade receivables	◀▶

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 decreasing order of audit significance, were as follows:

	The risk	Our response
<p>Hire equipment</p> <p>(£194.8 million; 2016 restated: £219.9m)</p> <p><i>Refer to page 49 (Audit Committee Report), page 84 (accounting policy) and page 99 (financial disclosures).</i></p>	<p>Physical quantities</p> <p>The Group has more than four million items of equipment, and a high frequency of movement in individual assets, through asset purchases, physical hires and disposals. As such there is inherent difficulty in maintaining an accurate fixed assets register.</p> <p>Subjective estimate</p> <p>Judgement is applied by management in the estimation of useful economic lives and residual values which are based on both historical experience and an assessment of the nature of the assets involved.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control design and re-performance: Testing the design and operating effectiveness of key controls including the reconciliation of the fixed asset register to the accounting ledgers. — Count design and attendance: Testing the design of controls operating over hire equipment counts. For a sample of hire equipment counts, performing test counts to ensure the accuracy of the counting. For the sample verifying that the records from the counts had been accurately reflected on the fixed asset register. — Tests of details: Agreeing a statistical sample of assets acquired and disposed of during the year to third party evidence. Comparing the hire fleet register for the current year to prior year to determine any changes made to useful economic lives and residual values and reviewing any changes to ensure they are consistent with accounting policies. Reviewing profit or loss on disposal of hire equipment to support the reasonableness of the useful economic lives and residual values applied. — Sector experience: Comparing the hire fleet register to hire revenue information to identify the net book value of assets not recently hired to customers. Identifying from this analysis those assets we consider to be at highest risk of obsolescence and challenging management to provide evidence over the existence, and valuation, of these assets. — Assessing transparency: assessing the adequacy of the Group's disclosures in respect of the judgements and estimates involved in arriving at the valuation of hire equipment.

	The risk	Our response
<p>Trade receivables (£83.3 million; 2016: £74.9m)</p> <p><i>Refer to page 50 (Audit Committee Report), page 87 (accounting policy) and page 100 (financial disclosures).</i></p>	<p>Subjective valuation</p> <p>The Group's customers operate in the construction market which may result in an increased risk of non-recoverability of trade receivables.</p> <p>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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control design and re-performance: Identification and testing of the operating effectiveness of key controls including credit control procedures and sales ledger reconciliations. — Historical comparison: Assessing the methodology used to calculate the provision recorded against trade receivables, challenging the appropriateness of these provisions based on historical bad debt write offs. — Sector experience: After analysing the level of cash receipts post year end identifying a risk based sample of receivables obtaining. For this sample obtaining a detailed understanding of the payment status of the receivable balance and the customer's likelihood of payment including independently verifying the customer's latest credit score. — Assessing transparency: assessing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the carrying amount of the trade receivables balance.

We continue to perform procedures over the valuation of intangible assets. However, following the impairment of £45.9m of goodwill in 2016, it is considered that no reasonable change in assumptions would cause an impairment and as such 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.

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

Materiality for the Group Financial Statements as a whole was set at £0.675 million (2016: £0.5 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), of which it represents 4.7% (2016: 4.5%). In 2016 the benchmark was averaged over a three-year period due to the volatility in the 2016 reported level of profit before tax, normalised to exclude exceptional items.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £33,500 (2016: £25,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Of the Group's eight reporting components, seven (2016: seven) were subjected to audit for Group reporting purposes and one (2016: one) was subject to specified risk-focussed audit procedures by the Group audit team. The work on the two International components was performed by component auditors. The work on the other six components was performed by the Group audit team. This scoping is consistent with the prior year.

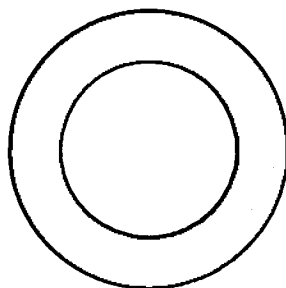
The Group audit team instructed the component auditors as to the significant areas to be covered during their audit, including the relevant risks detailed above, and the information to be reported to the Group auditor from the component.

The Group audit team approved the component materialities to be applied, which ranged from £63,000 to £650,000 (2016: a range of £63,000 to £475,000) having regard to the mix of size and risk profile of the Group across the components.

The component for which we performed specified risk-focussed procedures was not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed. We subjected one (2016: one) component to specified risk-focussed audit procedures over revenue and profit for the period.

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.

Profit before tax normalised to exclude exceptional items
 £14.4m (2016: profit before tax, normalised to exclude exceptional items and averaged over a three-year period £11.1m)



- Profit before tax normalised to exclude exceptional items
- Group materiality

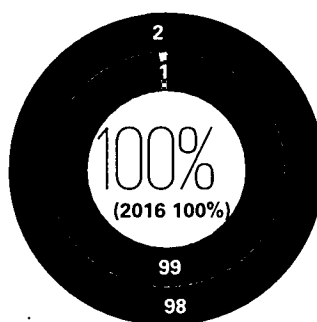
Materiality
 £0.675m (2016: £0.5m)

£0.675m
 Whole Financial Statements materiality (2016: £0.5m)

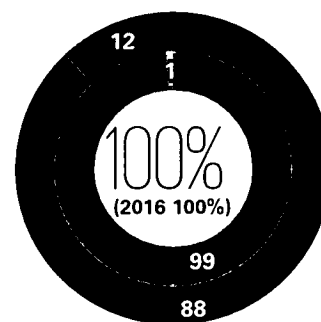
£0.65m
 Range of materiality at 7 components (£0.06m-£0.65m) (2016: £0.06m to £0.475m)

£0.0335m
 Misstatements reported to the Audit Committee (2016: £0.025m)

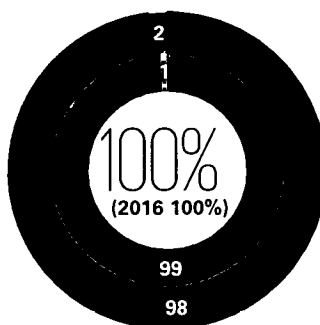
Group revenue



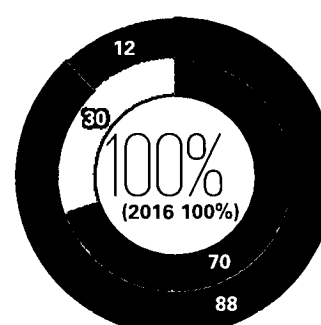
Group profit/(loss) before tax



Group total assets



Group profit before tax before exceptional items



- Full scope for Group audit purposes 2017
- Specified risk-focussed audit procedures 2017
- Full scope for Group audit purposes 2016
- Specified risk-focussed audit procedures 2016

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 is consistent with the Financial Statements.

Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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 33, 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 2020; 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' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the 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' statements, set out on pages 36 and 33, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance statement on page 42 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 and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 39 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.



Chris Hearld (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

15 May 2017

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Consolidated Income Statement

for the year ended 31 March 2017

	Note	Year ended 31 March 2017 £m	Year ended 31 March 2016		Total £m
			Before exceptional items £m	Exceptional items £m	
Revenue including share of jointly controlled entity's revenue		375.1	333.4	–	333.4
Less: share of jointly controlled entity's revenue		(5.7)	(4.3)	–	(4.3)
Revenue	2	369.4	329.1	–	329.1
Cost of sales		(177.7)	(144.9)	–	(144.9)
Gross profit		191.7	184.2	–	184.2
Distribution costs		(34.6)	(31.8)	–	(31.8)
Administrative expenses		(139.6)	(145.1)	(59.9)	(205.0)
Analysis of operating profit/(loss)					
Operating profit before amortisation and exceptional items		19.3	10.0	–	10.0
Amortisation	12	(1.8)	(2.7)	–	(2.7)
Exceptional items	3	–	–	(59.9)	(59.9)
Operating profit/(loss)		17.5	7.3	(59.9)	(52.6)
Share of results of jointly controlled entity	13	1.7	0.7	–	0.7
Profit/(loss) from operations		19.2	8.0	(59.9)	(51.9)
Financial expense	7	(4.8)	(5.7)	–	(5.7)
Profit/(loss) before taxation		14.4	2.3	(59.9)	(57.6)
Taxation ¹	8	(2.9)	(0.6)	5.5	4.9
Profit/(loss) for the financial year		11.5	1.7	(54.4)	(52.7)
Earnings/(loss) per share					
– Basic (pence)	9	2.22			(10.19)
– Diluted (pence)	9	2.21			(10.19)
Non-GAAP performance measures					
EBITDA before exceptional items	11	63.1	53.1		
Profit before tax, amortisation and exceptional items	11	16.2	5.0		
Adjusted earnings per share (pence)	9	2.44	0.79		

1 Tax charge in the year ended 31 March 2017 is inclusive of a £0.3m tax credit on exceptional items.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2017

	2017 £m	2016 £m
Profit/(loss) for the financial year	11.5	(52.7)
Other comprehensive income/(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	2.3	–
Other comprehensive income/(loss), net of tax	2.6	(0.3)
Total comprehensive income/(loss) for the financial year	14.1	(53.0)

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Consolidated Balance Sheet

at 31 March 2017

	Note	31 March 2017 £m	31 March 2016 Restated ¹ £m
ASSETS			
Non-current assets			
Intangible assets	12	3.5	2.1
Investment in jointly controlled entity	13	5.7	4.9
Property, plant and equipment			
Hire equipment	14	194.8	219.9
Non-hire equipment	14	39.9	44.2
Deferred tax asset	21	1.1	1.5
		245.0	272.6
Current assets			
Inventories	15	6.8	6.0
Trade and other receivables	16	91.0	85.2
Current tax asset		0.6	3.1
Cash	19	5.6	4.4
		104.0	98.7
Total assets		349.0	371.3
LIABILITIES			
Current liabilities			
Borrowings	19	(4.4)	(0.1)
Other financial liabilities	18	(0.4)	(0.7)
Trade and other payables	17	(74.2)	(73.9)
Provisions	20	(1.2)	(2.5)
		(80.2)	(77.2)
Non-current liabilities			
Borrowings	19	(72.6)	(106.9)
Trade and other payables	17	(0.2)	(0.8)
Provisions	20	(0.3)	(0.9)
Deferred tax liability	21	(6.1)	(7.1)
		(79.2)	(115.7)
Total liabilities		(159.4)	(192.9)
Net assets		189.6	178.4
EQUITY			
Share capital	22	26.2	26.1
Share premium		191.4	191.4
Merger reserve		1.0	1.0
Hedging reserve		(0.6)	(0.9)
Translation reserve		0.6	(1.7)
Retained earnings		(29.0)	(37.5)
Total equity		189.6	178.4

¹ See note 24.

The Consolidated Financial Statements on pages 76 to 111 were approved by the Board of Directors on 15 May 2017 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director



Company registered number: 00927680

Consolidated Statement of Changes in Equity

for the year ended 31 March 2017

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings equity £m	Total equity £m
At 1 April 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
Total comprehensive income	-	-	-	0.3	2.8	11.5	14.6
Dividends	-	-	-	-	-	(3.8)	(3.8)
Tax on items taken directly to equity	-	-	-	-	(0.5)	-	(0.5)
Equity-settled share-based payments	-	-	-	-	-	0.8	0.8
Issue of shares under the Sharesave Scheme	0.1	-	-	-	-	-	0.1
At 31 March 2017	26.2	191.4	1.0	(0.6)	0.6	(29.0)	189.6

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Consolidated Cash Flow Statement

for the year ended 31 March 2017

	Note	2017 £m	2016 £m
Cash generated from operating activities			
Profit/(loss) before tax		14.4	(57.6)
Financial expense		4.8	5.7
Amortisation		1.8	2.7
Depreciation		43.8	43.1
Share of profit of equity accounted investments		(1.7)	(0.7)
Loss/(profit) on disposal of hire equipment		1.5	(0.7)
Loss on disposal of other property, plant and equipment		0.3	–
Impairment of goodwill		–	45.9
(Increase)/decrease in inventories		(0.2)	3.6
Decrease in net assets held for sale		–	1.8
(Increase)/decrease in trade and other receivables		(5.8)	30.0
Increase/(decrease) in trade and other payables		2.4	(6.8)
Movement in provisions		(1.9)	(0.8)
Equity-settled share-based payments		0.8	0.5
Cash generated from operations before changes in hire fleet		60.2	66.7
Purchase of hire equipment		(40.5)	(57.8)
Proceeds from sale of hire equipment		29.2	17.0
Cash generated from operations		48.9	25.9
Interest paid		(4.3)	(4.9)
Tax paid		(1.9)	(0.6)
Net cash flow from operating activities		42.7	20.4
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment		(4.3)	(11.2)
Proceeds from sale of other property, plant and equipment		0.2	0.6
Acquisition of subsidiary, net of cash acquired	24	(3.8)	(1.5)
Investment in jointly controlled entity		0.2	0.3
Net cash flow from investing activities		(7.7)	(11.8)
Net cash flow before financing activities		35.0	8.6
Cash flow from financing activities			
Finance lease payments		(0.5)	–
Drawdown of loans		374.7	393.9
Payment of loans		(408.4)	(393.5)
Proceeds from the issue of Sharesave Scheme shares		0.1	0.4
Dividends paid		(3.8)	(3.6)
Net cash flow from financing activities		(37.9)	(2.8)
(Decrease)/increase in cash and cash equivalents		(2.9)	5.8
Cash/(overdraft) at the start of the financial year		4.4	(1.4)
Net cash at the end of the financial year		1.5	4.4
Analysis of cash and cash equivalents			
Cash	19	5.6	4.4
Bank overdraft	19	(4.1)	–
		1.5	4.4

Reconciliation of Net Debt

	Note	2017 £m	2016 £m
Net (decrease)/increase in cash and cash equivalents		(2.9)	5.8
Decrease/(increase) in borrowings	19	34.3	(1.1)
Finance lease liabilities	19	0.4	(1.2)
Amortisation of loan costs	19	(0.6)	(0.8)
Change in net debt during the year		31.2	2.7
Net debt at 1 April		(102.6)	(105.3)
Net debt at 31 March		(71.4)	(102.6)

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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 2017 comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated and Parent Company Financial Statements were approved by the Board of Directors on 15 May 2017.

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

The Group 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 33 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. The Group controls an entity when it is exposed to variable returns, and has the ability to use its power to alter its returns from its involvement with the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

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

(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.

1 Accounting policies continued

New accounting standards and accounting standards not yet effective

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

IFRS 14	Regulatory Deferral Accounts
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 1	Disclosure Initiative
Various standards	Annual improvements to IFRSs 2012-2014

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations at 31 March 2017 with an effective date of implementation after the date of these Financial Statements:

International Accounting Standards (IAS/IFRSs)		Effective date (periods beginning on or after)
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Various standards	Annual improvements to IFRSs 2014-2016	1 January 2017/ 1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
IFRS 16 ¹	Leases	1 January 2019

1 Not yet endorsed by the EU.

IFRS 9 'Financial Instruments' – The standard was endorsed on 22 November 2016 and applies to an entity's first annual statements beginning on or after 1 January 2018. The revised standard replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidance for classification and measurement, impairment of financial instruments, and hedge accounting. The cumulative impact on adoption of this standard is not expected to be significant.

IFRS 15 'Revenue from Contracts with Customer' – The standard was endorsed on 22 September 2016 and applies to an entity's first annual statements beginning on or after 1 January 2018. The standard will replace IAS 18 Revenue. The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. We are assessing the impact of IFRS 15 and will conduct a systematic review to ensure that the impact of the new standard is fully understood in advance of the effective date. It is not currently practicable to quantify the impact of this standard.

IFRS 16 'Leases' – In January 2016, the IASB issued IFRS 16 and it is expected to apply to an entity's first annual statements beginning on or after 1 January 2019. IFRS 16 changes fundamentally the accounting for leases by lessees. It eliminates the current IAS 17 dual accounting model, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases and, instead, introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting. In preparation for the adoption of IFRS 16, in the Financial Statements for the year ending 31 March 2020, management are in the process of assessing the potential impact.

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continued

1 Accounting policies continued

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 planned disposals 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 fifteen years depending on the category of the asset.

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

Hire equipment

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

Non-hire assets

- | | |
|---|---|
| > Freehold buildings, and long leasehold improvements | – over the shorter of the lease period and 50 years straight-line |
| > Short leasehold property improvements | – over the period of the lease |
| > Fixtures and fittings and office equipment (excluding IT) | – 25%-45% per annum straight-line |
| > IT equipment and software | – between three and five years straight-line, or over the period of the software licence (if shorter) |
| > Motor vehicles | – 25% per annum straight-line |

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

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.

1 Accounting policies continued

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.

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1 Accounting policies continued

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 the income statement.

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

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

> Other intangible assets

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

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

> Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of identified intangible assets. Intangible assets excluding goodwill are amortised from the date that they are available for use. For a number of its acquisitions, the Group has identified intangible assets in respect of 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
- > Brands – over the period of use in the business, up to ten years
- > Non-compete agreements – over the period of the agreement, up to five years

Impairments

The carrying amounts of the Group's non-financial assets, other than 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.

1 Accounting policies continued

Own shares held by Employee Benefits Trust

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

Inventories

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

Derivative financial instruments

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

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

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

Intra-group financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight deposits.

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.

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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, and which the Company does not intend to settle in the foreseeable future, are also recorded in the foreign currency translation reserve.

Employee benefits

> Pension schemes

The Group has automatically enrolled 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 it is related to market based performance conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

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.

1 Accounting policies continued

Significant judgements and estimates

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

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

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 2017, the carrying value of hire equipment was £194.8m (2016 restated: £219.9m) representing 83.0% (2016 restated: 83.3%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2017 was £35.2m (2016: £35.2m), which represents 9.7% (2016 restated: 9.5%) 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 20), and at 31 March 2017 the amount provided was £1.5m (2016: £3.4m). 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. The Group does not provide for dilapidations on occupied depots as they are in a significantly better state of repair, due to ongoing maintenance, compared to the properties currently included in the provision.

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 2017, the provision for bad debt was £4.8m (2016: £8.7m) against a total debtor book of £90.2m (2016: £85.8m).

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2 Segmental analysis

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

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
For the year ended 31 March 2017				
Revenue	342.9	26.5	-	369.4
Segment result:				
EBITDA before exceptional costs	62.2	5.0	(4.1)	63.1
Depreciation	(40.2)	(2.9)	(0.7)	(43.8)
Operating profit/(loss) before amortisation and exceptional items	22.0	2.1	(4.8)	19.3
Amortisation	(1.8)	-	-	(1.8)
Exceptional (costs)/income	(1.2)	1.6	(0.4)	-
Operating profit/(loss)	19.0	3.7	(5.2)	17.5
Share of results of jointly controlled entity	-	1.7	-	1.7
Trading profit/(loss)	19.0	5.4	(5.2)	19.2
Financial expense				(4.8)
Profit before tax				14.4
Taxation				(2.9)
Profit for the financial year				11.5
Intangible assets	3.5	-	-	3.5
Investment in jointly controlled entity	-	5.7	-	5.7
Hire equipment	186.8	8.0	-	194.8
Non-hire equipment	36.6	3.3	-	39.9
Taxation assets	-	-	1.7	1.7
Current assets	87.3	9.9	0.6	97.8
Cash	-	-	5.6	5.6
Total assets	314.2	26.9	7.9	349.0
Liabilities	(63.5)	(8.4)	(4.4)	(76.3)
Borrowings	-	-	(77.0)	(77.0)
Taxation liabilities	-	-	(6.1)	(6.1)
Total liabilities	(63.5)	(8.4)	(87.5)	(159.4)
Capital expenditure	43.3	1.5	-	44.8

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.

2 Segmental analysis continued

For the year ended 31 March 2016	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £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	2.1	–	–	2.1
Investment in jointly controlled entity	–	4.9	–	4.9
Hire equipment ¹	210.8	9.1	–	219.9
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

1 Adjusted for fair value adjustments, see note 24.

Geographical information

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

	Year ended 31 March 2017		Year ended 31 March 2016	
	Revenues £m	Total assets £m	Revenues £m	Total assets £m
UK	335.0	309.0	303.1	334.9
Ireland	7.9	13.1	5.6	9.8
United Arab Emirates	26.5	26.9	20.4	26.6
	369.4	349.0	329.1	371.3

Major customers

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

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3 Exceptional items

For the year ended 31 March 2017

During the period, exceptional administrative costs of £2.2m were incurred, exceptional income of £1.6m received, and £0.6m of contingent acquisition consideration released to the Income Statement.

Exceptional costs of £0.8m were incurred in restructuring the UK & Ireland business. The number of regional operating divisions was reduced from three to two, with consequent reductions in staff numbers and associated redundancy costs. Contract costs which were being amortised following an acquisition in 2013, amounting to £0.8m, have been written off following the insolvency of the counter party. £0.2m of costs have been incurred relating to the acquisition of the Lloyds British business, including professional and restructuring costs arising from the business integration. £0.4m of professional fees were incurred in relation to September's General Meeting.

Exceptional income of £1.6m was received in respect of receivables previously provided for through exceptional charges arising from International asset disposals. £0.6m of contingent consideration arising on the prior year acquisition of OHP Limited was released to the Income Statement following settlement of the amounts payable.

For the year ended 31 March 2016

During the prior year, a provision of £45.9 million was made against the Group's goodwill following a review of the carrying value as part of the annual impairment testing process. Exceptional costs of £3.5m were incurred in the period reconfiguring the depot network. Costs relating to changing the management structure totalled £4.2m including redundancy costs and related expenditure. Costs amounting to £0.8m were incurred in exiting the International general and spot hire markets relating to disposals and professional fees, and a provision of £5.5m was made against outstanding debts relating to International assets disposals following default by the purchaser on outstanding payments.

4 Operating profit/(loss)

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

	2017 £m	2016 £m
Impairment of goodwill	–	45.9
Amortisation of intangible assets	1.8	2.7
Depreciation of owned property, plant and equipment	43.6	43.1
Depreciation of leased property, plant and equipment	0.2	–
Loss/(profit) on disposal of hire equipment	1.5	(0.7)
Loss on disposal of other property, plant and equipment	0.3	–
Operating lease rentals		
– of land and buildings	13.3	13.0
– of vehicles	11.4	12.9
Auditor's remuneration		
– audit of these Financial Statements	0.1	0.1
– audit of financial statements of subsidiaries	0.1	0.1
Total audit fees	0.2	0.2
Non-audit fees: audit-related services – interim review fee: £31,000 (2016: £31,000)	–	–
Total fees	0.2	0.2

5 Employees

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

	Number of employees	
	2017	2016
UK & Ireland Asset Services	2,934	2,991
International Asset Services	474	437
Central	233	229
	3,641	3,657

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

	2017 £m	2016 £m
Wages and salaries	88.4	85.2
Social security costs	8.0	7.8
Pension costs	1.4	1.6
Share-based payments	0.8	0.5
	98.6	95.1

6 Directors' remuneration

	2017 £'000s	2016 £'000s
Directors' emoluments		
Basic remuneration, including benefits	872	749
Performance related bonuses	575	–
Termination payments	98	234
Company pension contributions to personal pension plans	88	57
	1,633	1,040
Emolument of the highest paid Director		
Basic remuneration, including benefits	364	360
Performance related bonuses	341	–
Company pension contributions to personal pension plans	52	49
	757	409

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.

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7 Financial expense

	2017 £m	2016 £m
Financial expense		
Interest on bank loans and overdrafts	3.7	4.2
Amortisation of issue costs	0.6	0.8
Total interest on borrowings	4.3	5.0
Hedge interest payable	0.4	0.3
Other finance costs	0.1	0.4
	4.8	5.7

8 Taxation

	2017 £m	2016 £m
Tax charged/(credited) in the Income Statement		
Current tax		
UK corporation tax on profits/(losses) for the period at 20% (2016: 20%)	3.8	(3.2)
Adjustment in respect of prior years	0.1	–
Total current tax	3.9	(3.2)
Deferred tax (note 21)		
UK deferred tax at 17% (2016: 18%)	(0.5)	(0.6)
Adjustment in respect of prior years	(0.2)	(0.5)
Impact of rate change	(0.3)	(0.6)
Total deferred tax	(1.0)	(1.7)
Total tax charge/(credit)	2.9	(4.9)
Tax credited in equity		
Current tax		
Current tax on equity-settled share-based payments	–	(0.1)
Current tax on foreign exchange reserve	0.4	–
Total current tax	0.4	(0.1)
Deferred tax (note 21)		
Deferred tax on foreign exchange reserve	0.1	(0.2)
Deferred tax on equity-settled share-based payments	–	0.2
Total deferred tax charged in equity	0.1	–
Total tax charged/(credited) to equity	0.5	(0.1)

The adjusted tax rate of 21.6% (2016: 16.8%) is higher than the standard rate of UK corporation tax of 20% (2016: 20%).

8 Taxation continued

The tax charge in the Income Statement for the year is higher (2016: credit is lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%) and is explained as follows:

	2017 £m	2016 £m
Profit/(loss) before tax	14.4	(57.6)
Accounting profit/(loss) multiplied by the standard rate of corporation tax at 20% (2016: 20%)	2.9	(11.5)
Expenses not deductible for tax purposes	0.8	7.7
Non-taxable income	(0.1)	(0.4)
Share-based payments	0.2	0.1
Overseas tax losses arising not subject to tax	(0.2)	0.5
Share of joint venture income already taxed	(0.3)	(0.2)
Adjustment to deferred taxation relating to future changes in corporation tax rates	(0.3)	(0.6)
Adjustment to tax in respect of prior years	(0.1)	(0.5)
Tax charge/(credit) for the year reported in the Income Statement	2.9	(4.9)
Tax charged/(credited) in equity		
Current tax credit	0.4	(0.1)
Deferred tax charge (note 21)	0.1	–
Tax credited to equity	0.5	(0.1)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset and liability at 31 March 2017 has been calculated based on these rates.

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9 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £11.5m (2016: loss £52.7m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2017	2016
Profit/(loss) (£m)		
Profit/(loss) for the year after tax – basic earnings	11.5	(52.7)
Intangible amortisation charge (after tax)	1.5	2.4
Exceptional items (after tax)	(0.3)	54.4
Adjusted earnings (after tax)	12.7	4.1
Weighted average number of shares in issue (m)		
At the beginning of the year	519.2	515.6
Exercise of share options	0.1	1.7
At the end of the year – basic number of shares	519.3	517.3
Share options	0.8	1.7
Employee share scheme	0.3	0.5
At the end of the year – diluted number of shares	520.4	519.5
Earnings/(loss) per share (pence)		
Basic earnings/(loss) per share	2.22	(10.19)
Amortisation	0.29	0.47
Exceptional costs	(0.06)	10.51
Adjusted earnings per share	2.45	0.79
Basic earnings/(loss) per share	2.22	(10.19)
Diluted earnings/(loss) per share	2.21	(10.19)
Adjusted earnings per share	2.45	0.79
Share options	(0.01)	–
Adjusted diluted earnings per share	2.44	0.79

Total number of shares outstanding at 31 March 2017 amounted to 523,566,491, including 4,129,653 shares held in the Employee Benefits Trust, which are excluded in calculating earnings per share.

10 Dividends

The aggregate amount of dividend comprises:

	2017 £m	2016 £m
2015 final dividend (0.40 pence on 521.9m shares)	–	2.0
2016 interim dividend (0.30 pence on 522.1m shares)	–	1.6
2016 final dividend (0.40 pence on 523.4m shares)	2.1	–
2017 interim dividend (0.33 pence on 523.5m shares)	1.7	–
	3.8	3.6

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.67 pence (2016: 0.40 pence) per share, bringing the total amount payable in respect of the 2017 year to 1.00 pence (2016: 0.70 pence), to be paid on 11 August 2017 to shareholders on the register on 7 July 2017.

The Employee Benefits 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 2017, the Trust held 4,129,653 ordinary shares (2016: 4,160,483).

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.

	2017 £m	2016 £m
Operating profit/(loss)	17.5	(52.6)
Add back: amortisation	1.8	2.7
Add back: exceptional items	–	59.9
Operating profit before amortisation and exceptional items ('EBITA')	19.3	10.0
Add back: depreciation	43.8	43.1
EBITDA before exceptional items	63.1	53.1
Profit/(loss) before tax	14.4	(57.6)
Add back: amortisation	1.8	2.7
Add back: exceptional items	–	59.9
Adjusted profit before tax	16.2	5.0

12 Intangible fixed assets

	Goodwill £m	Customer lists £m	Non-compet agreements £m	Brands £m	Supply agreements £m	Total £m
Cost						
At 1 April 2015	93.5	36.4	4.9	4.1	19.8	158.7
Additions ¹	2.1	–	–	–	–	2.1
At 31 March 2016 ¹	95.6	36.4	4.9	4.1	19.8	160.8
Additions	0.5	1.8	–	0.9	–	3.2
At 31 March 2017	96.1	38.2	4.9	5.0	19.8	164.0
Amortisation						
At 1 April 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
Charged in year	–	1.6	–	–	0.2	1.8
At 31 March 2017	95.1	36.6	4.9	4.1	19.8	160.5
Net book value						
At 31 March 2017	1.0	1.6	–	0.9	–	3.5
At 31 March 2016 ¹	0.5	1.4	–	–	0.2	2.1
At 31 March 2015	44.3	3.7	–	–	0.6	48.6

¹ Adjusted for fair value adjustments, see note 24.

The amount of goodwill that is tax-deductible is £nil (2016: £nil).

All goodwill has arisen from business combinations. On transition to IFRS, the balance of goodwill as measured under UK GAAP was allocated to cash-generating units (CGUs). These are independent sources of income streams, and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. As explained in note 2, the Group's reportable business segments comprise UK & 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 CGU that is expected to benefit from those business combinations. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment test has been performed in respect of the International Asset Services CGU as there are no intangible assets allocated to the CGU.

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12 Intangible fixed assets continued

The recoverable amounts of the assets allocated to the UK & Ireland CGU are determined by a value-in-use calculation. The value-in-use calculation uses cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth, net margin and the level of capital expenditure required to support trading, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections made up of the FY2018 budget and a subsequent four-year period using the Group's business plan, together with a terminal value using long-term growth rates. The resulting forecast cash flows are discounted back to present value, using an estimate of the Group's weighted average cost of capital, adjusted for risk factors associated with the individual CGU and market-specific risks.

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

	31 March 2017		31 March 2016	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK & Ireland Asset Services	11.4%	2.5%	12.6%	1.5%-2.5%
International Asset Services	n/a	n/a	13.6%	2.5%

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. A change of 1% in the pre-tax discount rate, with all other assumptions held constant, would impact discounted cash flows by £24m. A decrease of 1% in the forecast revenue growth, with all the other assumptions held constant, would reduce discounted cash flows by £27m. In both cases, this would not result in an impairment charge.

13 Investment in jointly controlled entity

	Equity investment £m	Loan advances £m	Total £m
Cost			
At 1 April 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
Effect of movement in foreign exchange rates	0.5	0.3	0.8
At 31 March 2017	3.7	2.1	5.8
Share of post-acquisition results			
At 1 April 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)
Share of results for the year after tax	1.7	–	1.7
Share of other comprehensive income	0.3	–	0.3
Dividend received	(1.5)	–	(1.5)
Loan receipts	–	(0.5)	(0.5)
At 31 March 2017	0.4	(0.5)	(0.1)
Net book value			
At 31 March 2017	4.1	1.6	5.7
At 31 March 2016	3.1	1.8	4.9
At 31 March 2015	3.5	1.7	5.2

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.

In addition to the investment in share capital, Speedy provided a loan of US\$2.5m to the joint venture with an equivalent amount provided by the joint venture partner. A repayment of £0.5m (\$0.7m) was received during the year.

This joint venture is not considered to be individually material.

14 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2015	52.3	364.3	72.6	489.2
Foreign exchange	0.3	0.3	–	0.6
Acquisition through business combinations ¹	–	1.2	0.3	1.5
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 ¹	54.7	378.5	80.4	513.6
Foreign exchange	0.6	0.5	–	1.1
Acquisition through business combinations	–	–	0.3	0.3
Additions	0.7	40.4	3.6	44.7
Disposals	(0.3)	(35.7)	(0.2)	(36.2)
Transfers to inventory	–	(33.0)	–	(33.0)
At 31 March 2017	55.7	350.7	84.1	490.5
Depreciation				
At 1 April 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
Foreign exchange	0.2	0.1	0.2	0.5
Charged in year	3.4	35.2	5.2	43.8
Disposals	–	(24.2)	–	(24.2)
Transfers to inventory	–	(13.8)	–	(13.8)
At 31 March 2017	30.6	155.9	69.3	255.8
Net book value				
At 31 March 2017	25.1	194.8	14.8	234.7
At 31 March 2016 ¹	27.7	219.9	16.5	264.1
At 31 March 2015	27.8	212.3	13.2	253.3

1 Adjusted for fair value adjustments, see note 24.

The net book value of land and buildings comprises freehold properties of £nil (2016: £nil), and short leasehold properties of £25.1m (2016: £27.7m).

At 31 March 2017, the net carrying amount of leased property, plant and equipment is £1.3m (2016: £1.4m).

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

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15 Inventories

	2017 £m	2016 £m
Raw materials and consumables	0.2	–
Work in progress	0.4	–
Finished goods and goods for resale	6.2	6.0
	6.8	6.0

The amount of inventory expensed in the year amounted to £45.4m (2016: £41.1m), and is included within cost of sales. A £0.1m (2016: £0.5m) provision is recorded in respect of inventory held at the year-end.

16 Trade and other receivables

	2017 £m	2016 £m
Trade receivables	83.3	74.9
Other receivables	4.9	8.0
Prepayments and accrued income	2.8	2.3
	91.0	85.2

There are £30.7m (2016: £27.0m) 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 2017 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:

	2017 £m	2016 £m
Not past due	52.6	47.9
Past due 0–30 days	19.2	15.7
Past due 31–120 days	8.1	7.0
More than 120 days past due	3.4	4.3
	83.3	74.9

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

	2017 £m	2016 £m
At 1 April	8.7	4.1
Impairment provision (credited)/charged as exceptional to the Income Statement	(1.6)	5.5
Impairment provision (credited)/charged to the Income Statement	(0.4)	2.4
Written off in the year	(1.9)	(3.3)
At 31 March	4.8	8.7

17 Trade and other payables

	2017 £m	2016 £m
Trade payables	39.2	41.2
Other payables	7.2	9.6
Accruals	28.0	23.9
	74.4	74.7
Non-current	0.2	0.8
Current	74.2	73.9
	74.4	74.7

18 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, retained profits and borrowings. The main risks arising from the Group's financial instruments are credit, interest rate, foreign currency and liquidity risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis. A full description of the Group's approach to managing these risks is set out below.

The Group does not engage in trading or speculative activities using derivative financial instruments. A Group offset arrangement exists in order to minimise the interest costs on outstanding debt.

Fair value of financial assets and liabilities

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

	31 March 2017		31 March 2016	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	91.0	91.0	85.2	85.2
Cash	5.6	5.6	4.4	4.4
Bank overdraft	(4.1)	(4.1)	–	–
Secured bank borrowings	(72.1)	(72.1)	(105.8)	(105.8)
Finance lease liabilities	(0.8)	(0.8)	(1.2)	(1.2)
Interest rate swaps and caps, used for hedging	(0.4)	(0.4)	(0.7)	(0.7)
Trade and other payables	(46.4)	(46.4)	(50.8)	(50.8)
	(27.2)	(27.2)	(68.9)	(68.9)
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:

- Derivatives – Broker quotes are used for all interest rate swaps.
- Interest-bearing loans and borrowings – Fair value is calculated based on discounted expected future principal and interest cash flows.
- Trade and other receivables/payables – For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rates used for determining fair value

The interest rate used to discount estimated cash flows, where applicable, has been estimated at 11.4% (2016: 12.6%).

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18 Financial instruments continued

Fair value hierarchy

The Group's financial assets and liabilities are principally short-term in nature, and therefore their fair value is not materially different from their carrying value. The valuation method for the Group's financial assets and liabilities can be defined as follows in accordance with IFRS 7:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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 2017, the Group had a loan facility amounting to £180m (2016: £180m), as detailed in note 19. The undrawn availability on this facility as at 31 March 2017 was £75.8m (2016: £54.8m) 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.

18 Financial instruments continued

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

At 31 March 2017	Undiscounted cash flows – 31 March 2017				Total £m
	2018 £m	2019 £m	2020 £m	2021 £m	
Asset-based revolving credit facility	–	–	76.3	–	76.3
Finance lease liability	0.3	0.2	0.2	0.1	0.8
Interest payments	2.9	2.9	1.4	–	7.2
	3.2	3.1	77.9	0.1	84.3

At 31 March 2016	Undiscounted cash flows – 31 March 2016				Total £m
	2017 £m	2018 £m	2019 £m	2020 £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

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 2017, if sterling had weakened or strengthened by 10% against the US dollar (to which key Middle Eastern currencies are linked) with all other variables held constant, post-tax profit for the year would have been £0.3m (2016: £0.2m) 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 80% of its net borrowings are covered by hedging instruments.

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

	31 March 2017		31 March 2016	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
Designated as cash flow hedges				
Fixed interest rate swaps	(0.4)	45.0	(0.7)	75.0

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 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 1.197% (2016: 1.274%) and the instruments are for a weighted average period of 19 months (2016: 18 months). The maximum contractual period is 36 months (2016: 36 months).

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18 Financial instruments continued

Sensitivity analysis

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

At 31 March 2017 it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.3m. 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, 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 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.

19 Borrowings

	2017 £m	2016 £m
Current borrowings		
Bank overdraft	4.1	–
Finance lease liabilities	0.3	0.1
	4.4	0.1
Non-current borrowings		
Maturing between two and five years		
– ABL facility	72.1	105.8
– Finance lease liabilities	0.5	1.1
Total non-current borrowings	72.6	106.9
Total borrowings	77.0	107.0
Less: cash	(5.6)	(4.4)
Net debt	71.4	102.6

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 2017 was £75.8m (2016: £54.8m) 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 2.35% (2016: 2.49%).

19 Borrowings continued

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

Analysis of consolidated net debt

	31 March 2016 £m	Non-cash movement £m	Cash flow £m	31 March 2017 £m
Cash at bank and in hand	4.4	–	1.2	5.6
Finance lease liabilities	(1.2)	(0.1)	0.5	(0.8)
Bank overdraft	–	–	(4.1)	(4.1)
Borrowings	(105.8)	(0.6)	34.3	(72.1)
	(102.6)	(0.7)	31.9	(71.4)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017 £m	2016 £m
– not later than one year	0.3	0.1
– later than one year and not later than five years	0.5	1.1
	0.8	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.

20 Provisions

	Onerous property contracts £m
At 1 April 2015	4.2
Created in the year	3.2
Provision utilised in the year	(4.0)
At 31 March 2016	3.4
Created in the year	0.5
Provision utilised in the year	(2.4)
At 31 March 2017	1.5

Of the £1.5m provision at 31 March 2017, £1.2m (2016: £2.5m) is due within one year and £0.3m (2016: £0.9m) is due after one year. 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.

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21 Deferred tax

	Property, plant and equipment £m	Intangible assets payments £m	Share-based £m	Other items £m	Total £m
At 1 April 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
Transfer	–	–	0.2	(0.2)	–
Acquisition through business combinations	–	0.3	–	–	0.3
Recognised in income	(1.0)	–	–	–	(1.0)
Recognised in equity	–	–	–	0.1	0.1
At 31 March 2017	6.1	(0.4)	(0.1)	(0.6)	5.0

The Group has gross trading losses carried forward at 31 March 2017 amounting to approximately £12.5m (2016: £13.0m). No deferred tax asset has been recognised in respect of these losses.

The Group also has gross capital losses carried forward at 31 March 2017 amounting to approximately £5.1m (2016: £5.3m). No deferred tax asset has been recognised in respect of these losses.

22 Share capital

	2017 £m	2016 £m
Allotted, called-up and fully paid		
523.6m (2016: 523.3m) ordinary shares of 5 pence each	26.2	26.1

During the year, 0.3m ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2016: 1.4m).

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 30,830 shares were transferred to employees during the year. At 31 March 2017, the Trust held 4,129,653 (2016: 4,160,483) shares.

The movement in issued share capital was as follows:

	Number (m)	£m
At 1 April 2015	521.9	26.1
Exercise of Sharesave Scheme options	1.4	–
At 31 March 2016	523.3	26.1
Exercise of Sharesave Scheme options	0.3	0.1
At 31 March 2017	523.6	26.2

23 Share incentives

At 31 March 2017, options and awards over 10,156,935 shares (2016: 8,834,103) were outstanding under employee share schemes. The Group operates three share incentive schemes. During the year 245,544 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2016: 1,451,694).

As at 31 March 2017 options to acquire 5,704,384 (2016: 3,925,710) 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 (2016: 27 and 56 pence) at dates between April 2017 and July 2020 (2016: April 2016 and August 2019). At 31 March 2017, options to acquire 4,452,551 shares (2016: 4,908,394) under the Performance Plans were outstanding. These options are exercisable at nil cost between November 2017 and June 2026 (2016: June 2016 and January 2019).

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

	2017		2016	
	WAEP pence	Number	WAEP pence	Number
Outstanding at 1 April	34	8,834,103	37	10,734,992
Granted	14	6,795,760	20	3,144,771
Exercised	9	(2,195,557)	27	(1,429,094)
Lapsed	4	(3,277,371)	33	(3,616,566)
Outstanding at 31 March	35	10,156,935	34	8,834,103
Exercisable at 31 March	51	344,353	27	157,943

Options and awards outstanding at 31 March 2017 have weighted average remaining contractual lives as follows:

	2017 Years	2016 Years
Exercisable at nil pence	2.1	0.8
Exercisable at 27 pence	1.7	2.7
Exercisable at 34 pence	2.7	-
Exercisable at 51 pence	-	0.7
Exercisable at 56 pence	0.7	1.7

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continued

23 Share incentives continued

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

Speedy Hire Sharesave Schemes

	December 2016	December 2015	December 2014	December 2013	December 2012
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	34p	27p	56p	51p	27p
Share price volatility	46.9%	44.9%	40.8%	39.3%	41.3%
Option life	3.25 years	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	1.4%	1.8%	0.8%	1.0%	1.2%
Risk-free interest rate	0.3%	0.9%	0.9%	1.0%	0.6%

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

	July 2016	August 2015	November 2014	July 2013	July 2012
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil	Nil
Share price volatility	47.5%	41.8%	39.9%	39.0%	46.0%
Option life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	0.5%	1.0%	0.9%	0.7%	0.4%

24 Acquisition of subsidiary

In December 2016, the Group acquired the brand, business and assets of Lloyds British Testing Limited ('Lloyds British'). Lloyds British is a specialist business, which carries out testing, certification, and inspection of lifting equipment, and training from locations across the United Kingdom and employs 176 employees. The acquisition is expected to increase the Group's provision of training, testing and lifting services, as well as realising synergies within our existing lifting business.

The acquisition has been accounted for using the acquisition method of accounting. A provisional assessment has been made of the fair value to the Group of the assets and liabilities acquired.

For the period to the end of 31 March 2017, Lloyds British contributed revenue of £2.9m and profit of £0.1m to the Speedy Group results. If the acquisition had been owned for the entire financial period, management estimates that consolidated revenue would have been £10m higher and consolidated profit before tax would have increased by £0.9m. 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 2016.

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

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Other property, plant and equipment	0.4	(0.1)	0.3
Inventory	0.3	0.3	0.6
Intangible assets – customer relationship and trade name	–	2.7	2.7
Deferred tax	–	(0.3)	(0.3)
	0.7	2.6	3.3
Goodwill capitalised			0.5
Total consideration			3.8
Satisfied by:			
– cash consideration			3.8
			3.8

The fair value adjustment is to revalue fixtures and fittings and inventory to their estimated market value at the time of acquisition. The customer relationship intangible has been valued using the 'excess earnings' method, and is based on income forecast to be generated over the next ten years. The valuation assumes that the customer attrition rate will be 9.5% per annum. Capital asset charges have been applied using a risk-adjusted weighted average cost of capital in respect of fixed assets, working capital and the workforce. Other assumptions used in the valuation include an assumed growth in income from customers of 2.0% per annum, and a discount rate applied to the resulting income stream of 9.3% (post tax). The customer list intangible is being amortised over ten years, which is considered to be the period over which the majority of the benefits are expected to arise.

The brand intangible has been valued using the 'relief-from-royalty' method, using a royalty rate of 1% of income for a ten year period, discounted at a rate of 9.3%. The intangible is being amortised over a period of ten years, which is estimated to be the useful life within the business.

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24 Acquisition of subsidiary continued

Prior year acquisition

The Group purchased the entire share capital of OHP Limited in the prior year. The fair values of the acquired assets and liabilities disclosed as provisional in the 2016 Financial Statements in respect of this acquisition have been finalised during the year. The opening balance sheet has been restated to account for a £0.5m reduction to the fair value of property, plant and equipment acquired. This has resulted in £0.5m additional goodwill being created.

	Book value at acquisition £m	Fair value adjustment ¹ £m	Fair value ¹ £m
Hire equipment assets	1.7	(0.4)	1.3
Other property, plant and 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	(0.5)	0.9
Goodwill capitalised			2.1
Total consideration			3.0
Satisfied by:			
– cash consideration			1.5
– contingent consideration ²			0.8
– debt assumed on acquisition			0.7
			3.0

¹ Restated to show the fair value adjustments to the acquired values.

² Contingent consideration has been revised and treated as exceptional, see note 3.

25 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.

26 Commitments

The Group had contracted capital commitments amounting to £3.1m (2016: £4.7m) 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	
	2017 £m	2016 £m	2017 £m	2016 £m
Total future minimum lease payments				
– not later than one year	10.7	11.6	6.0	6.6
– later than one year and not later than five years	29.1	31.5	8.7	10.4
– later than five years	12.9	15.6	–	–
	52.7	58.7	14.7	17.0

Where the Group has vacated a property prior to the end of the lease term, the Group will attempt to sub-let such vacant space on short-term lets. The sub-lease rental income for the year to 31 March 2017 was £0.6m (2016: £0.7m). The minimum rent receivable under non-cancellable operating leases is as follows:

	2017 £m	2016 £m
Total future minimum lease payments		
– not later than one year	0.6	0.6
– later than one year and not later than five years	1.1	1.4
– later than five years	–	0.1
	1.7	2.1

27 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 0.67 pence per share as a final dividend in respect of the year ended 31 March 2017. 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:

	2017 £m	2016 £m
0.67 pence (2016: 0.40 pence) on 523.6m (2016: 523.3m) ordinary shares	3.5	2.1

28 Related party disclosures

Key management remuneration

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

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

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

Full details of key management personnel compensation and interests in the share capital of the Company as at 31 March 2017 are given in the Remuneration Report.

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Company Balance Sheet

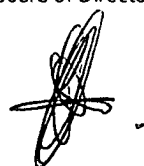
at 31 March 2017

	Note	2017 £m	2016 £m
ASSETS			
Non-current assets			
Investments	30	93.5	93.5
Deferred tax asset	35	0.1	0.3
		93.6	93.8
Current assets			
Trade and other receivables	31	325.1	409.5
Cash	34	-	6.0
		325.1	415.5
Total assets		418.7	509.3
LIABILITIES			
Current liabilities			
Bank overdraft	34	(0.4)	-
Trade and other payables	32	(98.4)	(120.2)
Other financial liabilities	33	(0.4)	(0.7)
Current tax liability		(1.5)	(2.6)
		(100.7)	(123.5)
Non-current liabilities			
Borrowings	34	(74.7)	(119.6)
Total liabilities		(175.4)	(243.1)
Net assets		243.3	266.2
EQUITY			
Share capital	36	26.2	26.1
Share premium		191.4	191.4
Merger reserve		2.3	2.3
Hedging reserve		(0.6)	(0.9)
Retained earnings		24.0	47.3
Total equity		243.3	266.2

The Company Financial Statements on pages 112 to 118 were approved by the Board of Directors on 15 May 2017 and were signed on its behalf by:

Russell Down
Director

Thomas Christopher Morgan
Director



Company registered number: 00927680

Company Statement of Changes in Equity

for the year ended 31 March 2017

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earnings equity £m	Total equity £m
At 1 April 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)
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
Loss for the financial year	-	-	-	-	(19.5)	(19.5)
Effective portion of change in fair value of cash flow hedges	-	-	-	0.3	-	0.3
Tax in items taken directly to equity	-	-	-	-	-	-
Dividends	-	-	-	-	(3.8)	(3.8)
Issue of shares under the Sharesave Scheme	0.1	-	-	-	-	0.1
At 31 March 2017	26.2	191.4	2.3	(0.6)	24.0	243.3

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Company Cash Flow Statement

for the year ended 31 March 2017

	2017 £m	2016 £m
Cash generated from operating activities		
(Loss)/profit before tax	(18.4)	13.2
Financial income	(10.1)	(19.3)
Financial expense	4.8	5.6
Decrease/(increase) in trade and other receivables	84.4	(0.2)
Decrease in trade and other payables	(22.1)	(8.2)
Equity-settled share-based payments	–	0.5
Cash generated from operations	38.6	(8.4)
Interest received	10.1	19.3
Interest paid	(4.8)	(5.6)
Tax paid	(2.0)	(0.1)
Net cash flow from operating activities	41.9	5.2
Cash flow from financing activities		
Drawdown of loans	374.7	393.9
Payment of loans	(419.3)	(390.4)
Proceeds from the issue of Sharesave Scheme shares	0.1	0.4
Dividends paid	(3.8)	(3.6)
Net cash flow from financing activities	(48.3)	0.3
(Decrease)/increase in cash	(6.4)	5.5
Cash at the start of the financial year	6.0	0.5
(Overdraft)/cash at the end of the financial year	(0.4)	6.0

Notes to the Company Financial Statements

29 Accounting policies

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

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

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

30 Investments

	Investments in related undertakings £m
Cost	
At 1 April 2015, 31 March 2016 and 31 March 2017	113.3
Provisions	
At 1 April 2015, 31 March 2016 and 31 March 2017	(19.8)
Net book value	
At 1 April 2015, 31 March 2016 and 31 March 2017	93.5

Following the impairment testing performed in accordance with IAS 36 (see note 12), the Company's carrying value of investment in related undertakings has been reviewed and no impairment has been made (2016: £nil).

The Company's related undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Allen Contracts Ltd ³	UK	Dormant	100%
Allen Investments Limited ³	UK	Dormant	100%
Allen Trustee Limited ³	UK	Dormant	100%
Chestview (North East) Limited ³	UK	Dormant	100%
Crewe Plant Hire Limited ^{3,3}	UK	Hire services	100%
Drain Technology (1985) Limited ⁴	UK	Dormant	100%
Drain Technology Limited ⁴	UK	Dormant	100%
Eveready Equipment Hire Limited ³	UK	Dormant	100%
Hire-A-Tool Limited ³	UK	Dormant	100%
OHP Limited ^{1,3}	UK	Holding company	100%
Rail Hire (UK) Ltd ^{1,3}	UK	Hire services	100%
Rapid Hire (UK) Limited ^{1,3}	UK	Dormant	100%
Rapid Hire Limited ^{1,3}	UK	Dormant	100%
SHH 501 Limited ^{1,3}	UK	Dormant	100%
Speedy Asset Leasing Limited ³	UK	Dormant	100%
Speedy Asset Services Limited ³	UK	Hire services	100%
Speedy Assist Limited ³	UK	Dormant	100%
Speedy Engineering Services Limited ³	UK	Dormant	100%
Speedy Hire (Ireland) Limited ⁵	UK	Hire services	100%
Speedy Hire (Ireland) Limited ^{1,6}	Ireland	Hire services	100%
Speedy Hire (Scotland) Limited ³	UK	Dormant	100%
Speedy Hire (UK) Limited ³	UK	Dormant	100%
Speedy Hire Centres (Eastern) Limited ³	UK	Dormant	100%
Speedy Hire Centres (London) Limited ³	UK	Dormant	100%

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Notes to the Company Financial Statements

continued

30 Investments

	Incorporation and operation	Principal activity	Ordinary share capital held
Speedy Hire Centres (Midlands) Limited ³	UK	Dormant	100%
Speedy Hire Centres (Northern) Ltd ³	UK	Dormant	100%
Speedy Hire Centres (Southern) Limited ³	UK	Dormant	100%
Speedy Hire Centres (Western) Limited ³	UK	Dormant	100%
Speedy Hire Centres Limited ³	UK	Dormant	100%
Speedy Hire Direct Ltd ^{1,3}	UK	Dormant	100%
Speedy Hire Property Limited ³	UK	Dormant	100%
Speedy Industrial Services Limited ³	UK	Dormant	100%
Speedy International Asset Services (Holdings) Limited ³	UK	Holding company	100%
Speedy International Asset Services Equipment Rental LLC ^{1,2,7}	UAE	Hire services	49%
Speedy International Asset Services LLC (Egypt) ^{1,8}	Egypt	Dormant	100%
Speedy International Asset Services LLC (Qatar) ^{1,2,9}	Qatar	Hire services	49%
Speedy International Leasing Limited ^{1,3}	UK	Leasing services	100%
Speedy LCH Generators Limited ⁴	UK	Dormant	100%
Speedy LGH Limited ³	UK	Dormant	100%
Speedy Lifting Limited ³	UK	Dormant	100%
Speedy Lifting No. 2 Limited ³	UK	Dormant	100%
Speedy Plant Hire Ltd ³	UK	Dormant	100%
Speedy Power Limited ³	UK	Dormant	100%
Speedy Pumps Limited ³	UK	Dormant	100%
Speedy Rail Services Limited ³	UK	Dormant	100%
Speedy Safemaker Limited ^{1,3}	UK	Dormant	100%
Speedy Services Limited ³	UK	Dormant	100%
Speedy Space Ltd ³	UK	Dormant	100%
Speedy Support Services Limited ³	UK	Provision of group services	100%
Speedy Survey Limited ³	UK	Dormant	100%
Speedy Transport Limited ³	UK	Provision of group services	100%
Speedy Zholdas LLP ¹⁰	Kazakhstan	Hire services	
Speedyloo Limited ³	UK	Dormant	100%
Stockton Investments (North East) Limited ³	UK	Dormant	100%
Tidy Group Limited ³	UK	Dormant	100%
Turner & Hickman Limited ¹¹	UK	Holding company	50%
Waterford Hire Services Limited ¹²	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.

3 Registered office: Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

4 Registered office: 123 St Vincent Street, Glasgow, G2 5EA.

5 Registered office: Unit 2 Duncrue Pass, Duncrue Road, Belfast, Antrim, Northern Ireland, BT3 9DL.

6 Registered office: Unit 2, Glen Industrial Estate, Broombridge Road, Glasnevin, Dublin 11, Republic of Ireland.

7 Registered office: Sector # MW5, Inside ESNAAD Base, ICAD-1, Musafah Industrial Area, Near National Petroleum Construction Company, PO BOX 127149, Abu Dhabi, UAE.

8 Registered office: City Light Tower A3, Third Floor, Office No. 303, 1 Makram Ebeid Street, Nasr City, Cairo, Egypt.

9 Registered office: PO Box 4619, Doha, Qatar.

10 The Group has a 50% investment in Turner & Hickman Limited, which has a 90% investment in Speedy Zholdas LLP. The registered office of Speedy Zholdas LLP is Building 276, Traffic Atyrau – Dossor, Atyrau City, Kazakhstan.

11 Registered office: 18 Woodside Crescent, Glasgow, G3 7UL.

12 Registered office: Kingsmeadow Retail Park, Ring Road, Waterford, Republic of Ireland.

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

31 Trade and other receivables

	2017 £m	2016 £m
Amounts owed by Group undertakings	323.3	407.6
Other receivables	1.8	1.9
	325.1	409.5

32 Trade and other payables

	2017 £m	2016 £m
Amounts owed to Group undertakings	98.0	119.7
Accruals	0.4	0.5
	98.4	120.2

33 Financial instruments

The Company financial instruments are stated in accordance with note 18.

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

	31 March 2017		31 March 2016	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	325.1	325.1	409.5	409.5
Cash	-	-	6.0	6.0
Bank overdraft	(0.4)	(0.4)	-	-
Secured bank borrowings	(74.7)	(74.7)	(119.6)	(119.6)
Interest rate swaps and caps, used for hedging	(0.4)	(0.4)	(0.7)	(0.7)
Trade and other payables	(98.0)	(98.0)	(119.7)	(119.7)
	151.6	151.6	175.5	175.5
Unrecognised gain/(loss)		-		-

34 Borrowings

	2017 £m	2016 £m
Current borrowings		
Bank overdraft	0.4	-
Non-current borrowings		
Maturing between two and five years		
- Asset-based revolving credit facility	74.7	119.6
Total borrowings	75.1	119.6
Less: cash	-	(6.0)
Net debt	75.1	113.6

The Company borrowings are stated in accordance with note 19.

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

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35 Deferred tax

Company asset	Total £m
At 1 April 2015	0.6
Recognised in income	(0.1)
Recognised in equity	(0.2)
At 31 March 2016	0.3
Transfer out to subsidiary	(0.2)
At 31 March 2017	0.1

36 Share capital and share incentives

The Company share capital is stated in accordance with note 22.

37 Contingent liabilities and commitments

The Company contingent liabilities and commitments are stated in accordance with note 25.

38 Post-balance sheet events

The Company post-balance sheet events are stated in accordance with note 27.

39 Related party disclosures

The Company related party disclosures are stated in accordance with note 28.

Five-year Summary

	2017 £m	2016 Restated £m	2015 £m	2014 £m	2013 Restated £m
Income Statement					
Revenue	369.4	329.1	386.0	349.7	340.0
Gross profit	191.7	184.2	210.9	214.6	223.0
Analysis of operating profit/(loss)					
Operating profit before amortisation and exceptional costs	19.3	10.0	26.4	22.1	22.9
Amortisation	(1.8)	(2.7)	(2.7)	(2.9)	(4.0)
Exceptional costs	-	(59.9)	(16.8)	(4.7)	-
Operating profit/(loss)	17.5	(52.6)	6.9	14.5	18.9
Share of results of jointly controlled entities	1.7	0.7	0.6	(0.1)	-
Net financial expense	(4.8)	(5.7)	(5.1)	(7.4)	(7.6)
Net financial expense – exceptional	-	-	(0.3)	-	-
Total net financial expense	(4.8)	(5.7)	(5.4)	(7.4)	(7.6)
Profit/(loss) before taxation	14.4	(57.6)	2.1	7.0	11.3
Non-GAAP performance measures					
EBITDA before exceptional items	63.1	53.1	72.7	68.7	72.0
Adjusted profit before tax, exceptional costs and amortisation	16.2	5.0	21.9	14.6	15.3
Balance sheet					
Hire equipment – original cost	350.7	378.5	364.3	386.6	375.7
Hire equipment – net book value	194.8	219.9	212.3	225.5	214.2
Total equity	189.6	178.4	234.0	239.3	234.9
Cash flow					
Cash flow generated from operations	48.9	25.9	13.3	63.8	63.6
Free cash flow	35.0	8.6	(16.2)	(8.2)	7.5
Purchase of hire equipment	40.5	57.8	68.6	65.8	58.6
(Loss)/profit on disposal of hire equipment ¹	(1.5)	0.7	5.0	3.7	3.9
In pence					
Dividend per share (interim and final dividend in year)	1.00	0.70	0.70	0.61	0.53
Adjusted earnings per share ¹	2.44	0.79	3.23	2.05	2.08
Net assets per share	36.2	34.1	44.8	46.0	45.4
In percentages					
Gearing	37.7	57.2	45.0	35.3	30.8
Return on capital (operating) ¹	7.7	3.2	8.0	7.0	7.5
EBITDA margin ¹	17.1	16.1	18.9	19.6	21.2
In ratios					
Net debt/EBITDA ¹	1.1	1.9	1.5	1.2	1.0
Net debt/net tangible fixed assets	0.3	0.4	0.4	0.3	0.3
In numbers					
Average employee numbers	3,641	3,657	3,889	3,729	3,776
Depot numbers	210	208	220	247	264

¹ Before amortisation and exceptional items.

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Shareholder Information

Annual General Meeting

The Annual General Meeting ('AGM') will be held on 12 July 2017 at the offices of Liberum Capital Limited at Ropermaker Place, Level 12, 25 Ropermaker Street, London, EC2Y 9LY.

Details of the business of the AGM and the resolutions to be proposed will be sent to those shareholders who have opted to continue receiving paper communications, which is also available to other shareholders and the public on our website at speedyservices.com/investors.

Shareholders will be asked to approve the Directors' Remuneration Report (including the Directors' Remuneration Policy) and the re-election of all Directors.

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

Share price information/performance

The latest share price is available at speedyservices.com/investors. By selecting share price information under the investor information section, shareholders can check the value of their shareholding online or review share charts illustrating annual share price performance trends.

Shareholders can download copies of our Annual Report and Accounts and interim accounts from speedyservices.com/investors.

Dividend reinvestment plan (DRIP)

You can choose to reinvest dividends received to purchase further shares in the Company through a DRIP. A DRIP application form is available from our registrar, whose contact details are 0371 384 2769, or from overseas +44 (0)121 415 7047. Lines are open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Alternatively you can write to our registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Electronic communications

You can elect to receive shareholder communications electronically by signing up to Equiniti's portfolio service at shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Enquiries on shareholdings

Any administrative enquiries relating to shareholdings in the Company, such as dividend payment instructions or a change of address, should be notified direct to the registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Your correspondence should state Speedy Hire Plc and the registered name and address of the shareholder. Information on how to manage your shareholdings can be found at help.shareview.co.uk.

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

Boiler room fraud

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

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

- > get the name of the person and organisation contacting you;
- > search the list of unauthorised firms to avoid at fca.org.uk/consumers/scams to ensure they are authorised;
- > only use the details on the FCA Register to contact the firm; and
- > call the Consumer Helpline on 0800 111 6768 if you suspect the caller is fraudulent.

REMEMBER: if it sounds too good to be true, it probably is!

Forward-looking statements

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

Contact details

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

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Email plc.admin@speedyservices.com

Website speedyservices.com/investors

CORPORATE INFORMATION

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