



Annual Report and Accounts 2014

Focusing on **our customers**

This has been another year of progress for Wincanton.

We have delivered revenue and profit growth in the year, reduced net debt and executed against our strategy.

We remain committed to innovative solutions that maximise our efficiency and create greater value for all our customers.

Strategic report

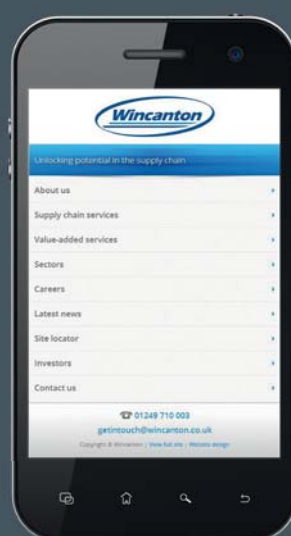
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Find out more: www.wincanton.co.uk

Highlights of the year

Another year of progress

Financial highlights



Revenue

£1.1bn

+1.1%



Underlying EBITDA

£63.4m

+1.4%



Underlying operating profit

£48.0m

+6.0%



Underlying profit before tax

£25.6m

+20.2%



Underlying EPS

16.6p

+24.8%



Net debt

£64.9m

-39.7%

Operational highlights

- > **Winning new business** We have again won important new contracts in several markets, including the rapidly-growing retail convenience sector where we are logistics partner of choice for **Morrisons** as they continue their **M Local** convenience store roll out.
- > **Renewing existing contracts** Our relentless focus on adding value has seen us renew contracts across all sectors, taking our relationship with **WHSmith** to over 20 years and extending our co-packing and container operations for **Procter & Gamble**.
- > **Creating new partnerships** Retail is a key market sector, and one where we continue to gain new customers including **Williams-Sonoma, Inc**, the leading US furniture retailer. We are providing solutions as their logistics partner for their entry into the UK market.
- > **Building on our construction strengths** We offer construction customers an unparalleled service and during 2013/14 won new work from existing customers including **Marley Eternit** and **CEMEX**.
- > **Taking market leadership** The UK's largest independent provider of repair and maintenance services for commercial vehicles, **Pullman** is now the established market leader in home delivery vehicle maintenance.
- > **Broadening our relationships with key customers** The year saw us continue to enhance and extend relationships with established customers such as **Asda** and **Argos**.
- > **Establishing broader solutions** While traditional fuel services focus on delivery only, we have created a customer service team for **Valero** which also takes responsibility for all planning and scheduling activities.
- > **Improving efficiency** We have continued to enhance the efficiency of our operating model across our three main asset pools: people, property and fleet.

Marketplace

Realising potential in a dynamic environment

Washing machines and wallpaper, bread and jeans, laptops and diesel... almost everything you buy for your home and workplace passes along a complex supply chain. In many cases that supply chain is operated and managed by Wincanton.

Drivers of outsourcing:

- > Allows companies to focus on their core areas of expertise
- > Delivers efficiencies, better productivity and reduced costs through the use of specialist providers
- > Enables customers to offer new, faster and improved levels of service
- > Provides access to a wide range of specialist expertise not available in-house

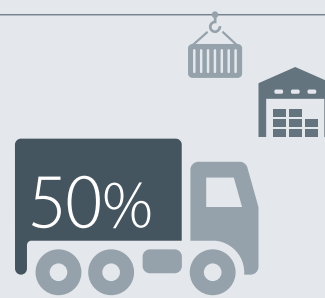
A stable market

£1.1bn

Wincanton 2013/14 revenue

£36bn

Total supply chain logistics expenditure in the UK



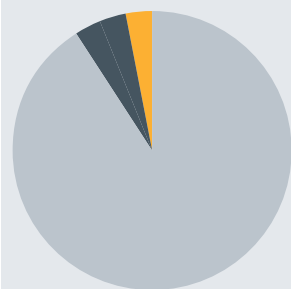
50% of supply chain activity is outsourced (£18bn)

UK economic growth

Logistics will have a key role to play in supporting the UK economy as it returns to growth



Wincanton market share



Wincanton is one of three supply chain logistic providers recording >£1bn in revenue in the UK

- Wincanton £1.1bn revenue
- Other two providers with >£1bn
- Other companies/in-house



Creativity happens every day in supply chain – be it around sourcing, logistics, warehousing or technology.

Retail Week's Supply Chain report

A stable market

The supply chain logistics market in the UK is estimated at £36bn of expenditure. It is a recognised barometer for the UK economy due to the key role it plays in feeding and transporting manufacturing output and supporting the retail market in the UK. The UK recovery is gathering pace, with ONS data showing that the UK economy grew 1.7% in 2013 and while we are clearly in the early stages of a recovery, the CBI forecasts continued growth of 2.4% in 2014 and 2.6% in 2015.

Activity in most sectors of the logistics market is intertwined with the consumption of materials and products which is closely correlated to macro-economic trends, and is therefore expected to grow broadly in line with GDP. Approximately 50% of supply chain activities are outsourced, and this overall proportion has been relatively stable in recent years. Within the UK outsourced logistics market only three supply chain providers record annual revenue in excess of £1bn. One of these is Wincanton.

Against the backdrop of a subdued UK economy, logistic providers played a key role in helping customers redefine their supply chain; delivering innovation and cost efficiency improvement programmes becomes business as usual in retaining customers.

There are positive indicators that the manufacturing sector is showing growth while the construction sector, one of the hardest hit by the economic downturn, is looking to recover to pre-financial crisis levels in 2014. Construction is growing at its fastest rate for six years, led by an increase in domestic house building, an area of strength for Wincanton.

With the UK recovery gathering pace, there is a strong emphasis on innovation and creativity to deliver future growth. This view is further supported by the Freight Transport Association's (FTA) annual Logistics Report, which identifies four trends currently impacting customers:

- managing the profitability of the total supply chain;
- reducing overall supply chain costs;
- meeting increasing customer requirements; and
- preparing supply chains for handling volume flexibility both up and down.

These areas are top priorities for logistics providers; no longer is the supply chain a simple back office function, it is increasingly seen as an area of differentiation, a view supported by Retail Week's Supply Chain report "Creativity happens every day in supply chain – be it around sourcing, logistics, warehousing or technology." As a logistic provider's people and capabilities are highly visible representatives of the customer's brand, in many cases their attitude and performance create important points of difference. In the ever-growing home delivery sector, high levels of reliability, professionalism and customer service are the foundations for success.

While the outsourced proportion of the addressable market has been relatively stable, the range and nature of services expected by our customers is evolving at speed. The e-tail revolution fuelled by the change in consumer behaviours continues to drive growth and present challenges to suppliers, retailers and logistics providers alike, as companies look to develop multichannel operations to deal with the rapid growth of mobile-commerce sales. This provides a range of opportunities for companies such as Wincanton to provide rapid response supply chain solutions with longer term value add to meet changing consumer requirements.

The change in consumer behaviour is affecting other areas of the retail sector too. As customers looked to control their finances and reduce waste during the economic downturn, adopting a 'little and often' approach, grocery shopping habits have been transformed. This has seen the dramatic growth of convenience-store formats as consumers' perception of value changes and is no longer focused solely on cost. With the overall convenience channel set to grow by 30% over the next five years, retailers are continually looking how to differentiate themselves through the provision of additional services, food-to-go and a greater community focus.

Trends, challenges and opportunities

During the year, the bi-annual UK Logistics Conference Index* identified a number of trends, challenges and opportunities for our sector, many of which are closely aligned with our strengths and strategy. Confidence across the logistics industry continues to rise, with around 80% of respondents anticipating that both revenue and profitability will improve in 2014. Increases in government and consumer spending are regarded as the actions most likely to further boost the sector. Government support and investment is likely to drive momentum in construction, a key sector for Wincanton, with increased consumer spending generating greater activity across the retail sector.

Over half of those surveyed see winning customers from competitors as the most likely source of new business, while a third expect to grow via new business from existing customers. Our investment in increased marketing activity has already led to new customer contracts. At the same time, we have an excellent track record for both retaining contracts and extending the services we provide to existing customers. Efficiency gains remain an important focus for many, with over a quarter citing the greater use of technology as a potential platform for cost savings. Again, this trend reflects our own strengths: we provide in-house technology and systems platforms that minimise capital costs and risk for customers while maximising efficiency.

The index found that the greatest sector opportunities lie in increased collaboration with customers (27.9%), underlining the importance of our focus on building and maintaining long term relationships across all our sectors. Respondents also identified opportunities for growth by providing more value-added services (18.6%), with winning new customers and consolidation each measured at 16.3%.

As the nature of supply chain management evolves, one factor remains constant: our commitment to building long term customer relationships based on trust, innovation and proven performance.

Our business

Organised to serve our markets

The logistics market is increasingly complex and sophisticated, driven by innovation and outstanding service. Our customers depend on our experience and expertise to provide best-in-class solutions in two distinct operating segments: Contract logistics and Specialist businesses.

Contract logistics

We provide contract logistics solutions to customers across a wide range of sectors and have leading positions in the retail, construction and defence markets. Our services extend from setting up and operating distribution services and networks to bonded warehouses and technology hosting.



£0.9bn

Revenue



£38.3m

Underlying operating profit

Services

- > Bonded warehousing
- > Change management
- > Co-packing
- > Dedicated and shared user warehousing
- > Home delivery solutions
- > Multichannel fulfilment solutions
- > Operational start-up services
- > Returns management
- > Road transport
- > Supply chain consulting and system design
- > Supply chain technology implementation and hosting



15,500

Employees



200+

Locations

Customer base includes:

- > AgustaWestland
- > Asda
- > BAE Systems
- > CEMEX
- > Dairy Crest
- > GlaxoSmithKline
- > H J Heinz
- > Home Retail Group
- > Kiddicare
- > Kingfisher Group
- > Lafarge
- > Marks & Spencer
- > Morrisons
- > The NHS
- > Premier Foods
- > Procter & Gamble
- > Rolls-Royce
- > Sainsbury's
- > Tesco
- > Waitrose

Market sectors

- > Construction
- > Defence
- > FMCG
- > Fuels and energy
- > Milk
- > Retail:
 - General merchandise
 - Grocery
 - Household and home

Specialist businesses

We have three specialist businesses which add depth and expertise to our supply chain capability, enabling us to support customers across the breadth of their operations.



£0.2bn

Revenue



£9.7m

Underlying operating profit

Pullman

The UK's leading independent commercial vehicle repair and maintenance specialist, Pullman provides the expertise that keeps many of the country's most high profile fleets on the road. It offers a 24/7 mobile service delivered by a UK-wide network of experienced professionals.

Wincanton Records Management (WRM)

WRM is one of the UK's most respected records management companies. It provides a blue chip customer base with services including secure document and data storage, scanning, imaging and shredding.

Containers

Our containers business includes transport and storage as well as specialist capabilities such as tail lift skeletal lifts that enable us to fill the containers on their return journeys to port. We work closely with shipping lines, freight forwarders, retailers and manufacturers, using our logistics expertise to maximise the potential of intermodal transport.



3,600

Operating responsibilities for vehicles



13million

Square feet of warehousing space

Business model

Creating value across the business

We manage sophisticated supply chain solutions, and provide excellent service levels to blue chip organisations in the UK and Ireland. Our stable client base provides strong forward revenue visibility typically through contracts of three to five years, with many of our customer relationships extending to over 20 years.

Sophisticated supply chain solutions

Wincanton competitive advantage: innovation, people and assets



Almost everything you buy for your home or workplace



Skilled knowledge and expertise of our people



Proven technology and logistics systems



Sophisticated warehousing facilities, both dedicated and shared



Innovation

Our business is characterised by exclusive features that we have honed into highly marketable competitive advantages.

We are the only provider with a UK-wide network of construction vehicles with specially trained drivers. We are also the only one that can offer a UK-wide network of fully trained technicians who work 24/7 to repair and maintain commercial vehicles. At all times, in all operations, our objective is to deliver benefits to our customers. For example, our bonded warehouse facilities enable customers to store goods under duty suspension, with all duties deferred until the point of despatch. In addition, we have created start-up multichannel supply chain solutions that can be delivered in as little as 12 weeks, as well as warehouse management systems that reduce risk and capital outlay for customers.

However, we also demonstrate our commitment to innovation and breaking new ground for our customers in many other ways. During the year, we helped fund the new Centre for Sustainable Road Freight in partnership with leading academic institutions including Cambridge University to discover how innovation can reduce costs, carbon and congestion by using fewer, larger and more efficient vehicles. In Northern Ireland, larger vehicles became legal during 2013 and we were the first company to be granted licences to use the new 14.6m and 15.65m semi trailers.

In September our container business demonstrated its innovative approach to customer service by rapidly changing supply routes when a 10,000teu ship deviated from its scheduled call to berth at the new London Gateway port.

At WRM, we invested in a new mobile shredding vehicle in 2013 enabling our customers to witness documents being destroyed on-site, providing even greater data protection.

Our initiatives are frequently recognised in industry award schemes. In 2013/14, we won the Supply Chain Project of the Year at Retail Week's Supply Chain awards for helping Kiddicare move from an online brand into a true multichannel retailer with a major store presence around the UK in just 16 weeks. We were also proud to receive a major industry honour at the Motor Transport Awards for our Marks and Spencer home delivery service. This service offers a two-hour customer delivery window and has achieved a 98% customer satisfaction rating.

59%

Open book operations

In open book contracts, we typically receive a management fee plus operating costs for providing outsourced supply chain activities with the ability to earn additional performance fees for meeting certain operational or financial targets.

We usually operate properties and vehicles for customers on their behalf. Alternatively, we may take on these properties and vehicles, provided there is no risk exposure at the end of the agreement. In the same way, we aim to transfer on any employee-related liabilities at the end of a contract. This means that while open book contracts provide relatively modest margins, they do not involve substantial risk.

41%

Closed book operations

Closed book operations see us retaining the principal financial opportunity as well as the risk. We seek to maintain higher margins across our closed book operations, within the limits of a competitive market.



People

We work hard to attract, develop and retain the best employees in our industry. We recognise that perceptions of logistics do not reflect the dynamic and technologically advanced nature of our work – and we invest significant resources in repositioning our industry and raising its profile in the UK and Ireland talent pool.

Customer service is at the centre of our proposition. We immerse our people in our customers’ businesses, helping them to meet the highest service expectations and to professionally represent our customers’ brands. We transfer best practice across sectors, enabling emerging areas such as online and convenience to benefit from experience gained in the more mature outsourcing sectors.

Our Company is steeped in supply chain knowledge. However, we also have teams of experts dedicated to each industry sector. From retail and construction to defence, FMCG, fuels and the public sector, we understand the challenges our customers face and shape our services accordingly. Ensuring we optimise operational performance, and continuous improvement, Lean Sigma techniques are utilised across the business. All members of our senior team, including our Chief Executive, are readily accessible to customers. Wincanton employees are regularly acknowledged externally as among the best in the industry. In 2013, two of our female employees won prestigious everywoman in Transport & Logistics awards, including Director of the Year, while a Wincanton team member was named The Road Transport Industry Training Board’s, Fork Lift Operator of the Year.

Maximising assets

Property and fleets are major investments. Through proactive management, we work hard to enhance the value of our property portfolio and therefore create competitive advantage, for us and our customers. At the same time, we maximise the efficiency of our customers’ and our own fleets by collaborating across sectors and customers. We also use our nationwide network of distribution centres to enable new entrants to the retail sector to reduce costs by sharing facilities.

Strategy

Delivering our strategy

The Wincanton strategy is now well established and we continued to make good progress throughout 2013/14. We have also maintained our reputation for operational excellence and service delivery, while working hard to reduce our impact on the environment. For more details on how our strategy unfolded during the year, please see the Chief Executive's statement on page 11.

Our strategy is based on three pillars:

1

Continuing our operational focus on the UK and Ireland, seeking to develop our existing service propositions for customers across current and new market segments

- > Winning new customers and market share in existing sectors
- > Concentrating on our core strengths and margin improvements
- > Driving contract renewals

2

Establishing broader 'supply chain solutions' to unlock our customers' potential and leverage our strong capabilities in operations, systems and processes

- > Leveraging our strong capabilities in operations, systems and processes to develop higher margin revenue streams
- > Delivering operational excellence and great service
- > Continually seeking to use innovation to minimise costs, carbon and congestion, supported by partnerships with academia

3

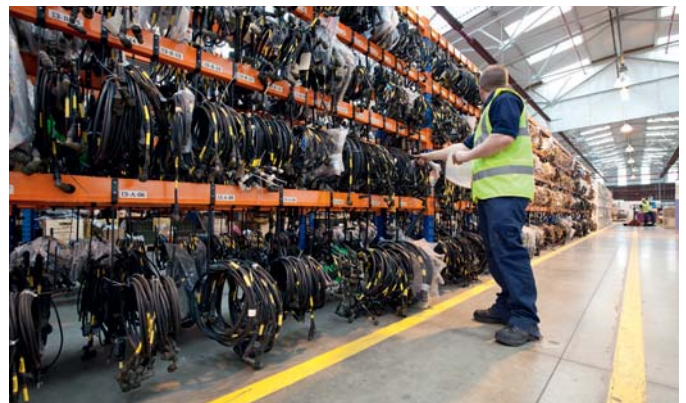
Driving ongoing cost reductions and cash generation

- > Continuing to reduce operating costs across the organisation
- > Reducing the average level of net debt

Key contract wins and renewals

The year featured a number of significant contract wins and renewals, including:

- > American speciality retailer **Williams-Sonoma, Inc** chose Wincanton to provide warehousing, store delivery and furniture home delivery services for its first ever move into the UK market
- > Construction materials supplier **Marley Eternit** appointed us to distribute its cladding solutions, underlining our position as the client's sole distribution partner in the UK
- > Building on a partnership that now goes back 15 years, **Phillips 66** contracted us to deliver more than a billion litres of fuel and liquid petroleum gas (LPG) per year
- > **Loaf.com**, the UK's fastest-growing homeware company, awarded us a multichannel contract for nationwide warehouse and distribution services



KPIs

Measuring our success

KPIs

The success of our strategy is measured by our performance and demonstrated through the KPIs on this page.

Revenue

£1,098.3m ↑ 1.1%

14	£1,098.3m
13	£1,086.8m
12 ¹	£1,202.8m

Underlying EBITDA

£63.4m ↑ 1.4%

14	£63.4m
13	£62.5m
12 ¹	£59.7m

Underlying operating profit

£48.0m ↑ 6.0%

14	£48.0m
13	£45.3m
12 ¹	£42.6m

Underlying operating profit margin

4.4% ↑ 20bps

14	4.4%
13	4.2%
12 ¹	3.5%

Underlying EPS

16.6p ↑ 24.8%

14	16.6p
13	13.3p
12 ¹	9.8p

Net debt

£64.9m ↓ -39.7%

14	£64.9m
13	£107.6m
12 ¹	£114.5m

¹ Where applicable, amounts relate to continuing operations only and have been restated to exclude the results of Culina Logistics Limited which was sold in March 2012 and to reflect the impact of IAS 19 Employee Benefits (Revised)



Chairman's review

A solid performance



Steve Marshall

Chairman

Wincanton has delivered another solid trading performance in the year. Strong levels of renewals, a good stream of new business, and a continued emphasis on cost efficiency have all contributed to a good operational performance.

Economic conditions in the UK and Ireland started to improve during the year, most notably for the Group in the construction sector. Other industry areas that Wincanton serves, such as retail, have shown more muted improvement and customers continue to remain extremely focused on costs. We have shown an ability to deliver against these cost challenges to provide excellent value and important solutions for our customers as well as improving the financial performance of the Group.

Results

Revenues of £1,098.3m represents a 1.1 per cent improvement compared to 2012/13 revenues of £1,086.8m. This has been underpinned by a strong focus on securing key renewals in the year. The Group's continued attention to cost efficiency and value has resulted in an increase in underlying operating profit of 6.0 per cent from £45.3m to £48.0m. The result after tax improved by 171 per cent from a profit of £10.1m to a profit of £27.4m also benefiting from lower interest charges in the year due to lower net debt levels as well as the net pension gain of £15.8m, principally from the closure of the defined benefit sections of the Group's pension arrangements to future accrual.

The Group continues to focus on reducing net debt and improving its balance sheet position. Closing net debt was reduced to £64.9m from £107.6m at the end of the previous year. During the year the Group also closed the defined benefit sections of its pension scheme to future accrual in order to provide greater balance sheet stability, to restrict future deficit volatility and to ensure the Group remains competitive in its marketplace. The pension scheme deficit at the year end stood at £110.9m (2012/13: £148.7m) on an IAS 19 basis. The Board believes that the focus should continue to remain on reducing the debt level of the Group and has therefore concluded that it is not appropriate to consider a dividend payment at this time.

People and Board

Our people are the key to the excellent reputation for operational delivery that Wincanton holds with its customers. Throughout the year they have continued to provide high levels of service and value to our customers through their dedication, focus and innovation. I wish to thank all of our employees for their commitment, both to the business and to our customers, which is a fundamental strength of our business.

Richard Adam joined the Board as a non-executive Director with effect from 1 June 2014. Richard is Group Finance Director at Carillion plc, a position he has held since 2007 and was previously a non-executive Director and Chairman of the Audit Committee of SSL International plc. Richard is an experienced Group Finance Director and Audit Committee chair. He also has hands on experience of the competitive business services and contracting environment of the type in which Wincanton operates. From appointment, Richard has joined the Audit, Remuneration and Nomination Committees. It is envisaged that Richard will chair the Audit Committee in due course.

After nearly nine years as a non-executive Director, Jonson Cox stood down from the Board with effect from 31 May 2014. Jonson leaves with the Board's best wishes for the future and with thanks for the personal commitment he has shown and valued contribution he has made to Wincanton during his time on the Board.

Outlook

In the coming year the Group's strategy will remain unchanged as it continues to focus on delivering high levels of service and performance for its customers and developing value added solutions to facilitate their aspirations in a recovering economy. Together with an ongoing focus on maximising the efficiency of our assets we believe the Group will show continued progress in the coming year. The Board remains fully focused on cash generation in order to both manage down the level of average net debt in the business and to continue to meet our pension obligations.

Chief Executive's statement

Delivering against our strategy



Eric Born

Chief Executive

This year has seen further good progress against our strategy. We have continued to deliver profit growth with a second year of clean trading results and have also substantially reduced net debt levels.

The Group has delivered a strong stream of important renewals in the year and has a valued and stable portfolio of customer contracts underpinned by our delivery of operational excellence in supply chain logistics in the UK and Ireland. Our focus on managing the risks in our balance sheet continued, with the closure of the defined benefit sections of the Group's pension scheme to future accrual at the end of the year and the transfer of the majority of active members of this section into the Group's defined contribution pension arrangements.

Financial performance

Group revenue grew by 1.1 per cent to £1,098.3m in 2013/14 from £1,086.8m in 2012/13. The continued focus on asset efficiency and cost control have contributed to the 6.0 per cent underlying operating profit improvement in the year from £45.3m to £48.0m and the improvement in our underlying operating profit margin from 4.2 per cent to 4.4 per cent.

Delivering against our strategy

Our strategy has remained unchanged and progress against the strategic pillars is described below.

Continue to drive improvements in our existing operations and service propositions

During the year the Group delivered a very strong performance in renewing contracts with long-standing customers. The Group's success in renewals this year was evidenced across all sectors. In our energy and tankers business we successfully extended our partnership with Valero for a further five years. This contract saw us expand our responsibilities and scope by taking over the scheduling and planning of their deliveries, including taking and managing customer orders.

Chief Executive's statement continued

**Fuelling ambition**

We have expanded our partnership with petroleum refiner **Valero**. Through a new, five year contract, we have now taken over the scheduling and planning of fuel deliveries including receiving and managing customer orders

This renewal will take our working partnership with Valero to nearly twenty five years and represents clear evidence of continued operational excellence for our customers over a sustained period.

The Group also delivered a stream of new contract wins across all sectors including new customers such as US furniture retailer Williams-Sonoma, Inc and Paul's Boutique and new areas of work with existing customers such as Morrisons.

We have focused our teams on building strong relationships with customers to ensure they understand their needs and the opportunities where we can help add value to their businesses. This was evidenced in the year through our Pullman business as it won important new business with existing Group customers including Argos and Asda. Pullman's market leading operational performance for customers combined with the strong relationships the Group has with customers such as these enabled it to succeed in competitive bids.

Establish broader supply chain solutions

We continue to leverage our expertise, systems and infrastructure to add real value to our customers' operations. During the year the Group had particular success in delivering, often against tight deadlines, start-up operations and major change projects for our customers incorporating Wincanton project management, process and systems design. These solutions and consulting services enable Wincanton to provide value enhancing services to our customers and to generate improved returns for the Group.

Building on our partnership with Morrisons we successfully opened the second convenience store distribution centre utilising our systems solution to service their growing convenience store offering. Similar to the first convenience store distribution centre, we also provided significant project management expertise to ensure the warehouse start-up and systems infrastructure was brought on stream in time for the launch of the service. Having set up, and now running, four convenience store distribution centres we have established ourselves as a leading logistics partner for the convenience store format in the UK. Our reputation for delivery of start-up operations against tight deadlines and high quality operations once open is a key service requirement in a major target market for grocery retail customers.

An area of stronger performance in the UK economy during the year has been in higher value household and home merchandising. We were delighted that our strong partnership with Marks and Spencer was recognised when our home delivery team won the award for Customer Care at the Motor Transport Awards. Building on this successful offering of two man home delivery we have also attracted and won business from new and growing participants into this market including Williams-Sonoma, Inc and Loaf.com. Wincanton's home delivery platform and scale enable us to deliver speed, assurance and quality service for multiple customers by leveraging the substantial infrastructure that a Group such as ours can access. This enables both Wincanton and our customers to benefit from a lower cost to serve through shared use of fleet, flexible warehousing and systems technology.



In the coming year we will continue to enhance our own efforts to build pipeline, win market share and capture customer opportunities.

Eric Born, Chief Executive

Drive ongoing cost reductions and cash generation

We continue to drive ongoing cost reductions across the organisation. These benefit both our customers in terms of lowering their cost of operations in open book contracts and in improving our margins in closed book contracts. This was evidenced in the year by the improvement in our underlying operating margin from 4.2 per cent in 2012/13 to 4.4 per cent in 2013/14. Using the skills and experience we have in the business enables us to continue to improve efficiency of operations, which in turn also enhances our ability to retain business with customers.

Year over year the Group has substantially reduced the level of closing net debt to £64.9m (2013: £107.6m) and the average level of net debt to £168m (2013: £201m) as a result of the focus on cash generation and improved working capital management.

Our people

Our people are at the centre of our business and on a daily basis are delivering high quality operations, improving and enhancing supply chains and implementing start-up operations and change projects for our customers. I would like to thank them for their dedication and performance during the year. They are also key to the future success of the Group and we strive to ensure that their welfare is maintained and that they have the opportunities and environment in which to develop.

The health and safety of our colleagues is of the highest importance and the Group has significantly reduced the number of reported incidents that occurred in operations during the last year. There has been a strong focus on targeting specific areas of the business for improvement and for sharing best practice across the Group. An example of this is in the roll out of an innovative new safety strap methodology to ensure safer unloading procedures at customer sites, which was developed internally by one site and has now been rolled out across similar operations with different customers of the Group.

The Wincanton Academy is now in its second year. During the year 50 aspiring and junior managers participated in key development programmes to grow their skills and expertise around customer excellence, leadership and commercial finance. Additionally, the Group's Apprenticeship Programme is now well established and has seen 230 recruits during the year commence this programme to gain further qualifications and to develop and nurture their talents.

Priorities for the coming year

We have seen the impact of improved conditions in the UK economy in areas such as construction and higher value household and home merchandise and we expect this to continue this year. However, in major areas of the economy such as grocery retail and FMCG our customers rightly remain efficiency and cost-focused and we will continue to create high quality operational delivery and supply chain improvement initiatives, to drive the efficiency of their logistics operations.

In the coming year we will continue to enhance our own efforts to build pipeline, win market share and capture customer opportunities through the cross selling of products and services via improved business development structures. We will also continue to build on the work undertaken this year to constantly improve the efficiency of our operating model across our three main asset pools of people, property and fleet. Further enhancements from these areas and continued attention to detail on all costs will support improved performance going forward.

Keeping home delivery vehicles on the road

As the UK's leading independent commercial vehicle specialist, **Pullman** has confirmed its market leadership in the repair and maintenance of home delivery vehicles. **Pullman** has a long history of helping retailers keep their home delivery fleets on the road, minimising the number of customer orders cancelled because of vehicle-related issues.

During 2013/14, **Pullman** was appointed by **Asda** to look after around half of its growing home shopping fleet of 1,800 vehicles. The contract is for a comprehensive fleet management solution that includes dedicated 24/7, 365 days a year repair and maintenance cover for **Asda's** fleet of 3.5 tonne home delivery vehicles. The new contract followed a highly successful two year period that has seen **Pullman** provide a nationwide defect management programme for **Asda's** UK fleet of large goods vehicles (LGVs). Late in 2013, **Argos**, the UK's largest high street retailer, also awarded **Pullman** a three year repair and maintenance contract for its fleet of heavy goods vehicles (HGVs).

24/7

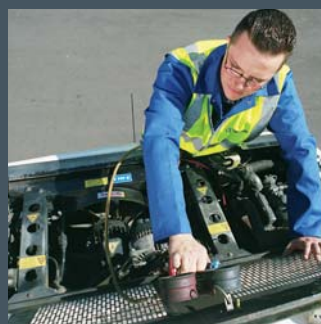
365 days per year UK wide operation

98%

of breakdowns fixed at roadside

97%

first time MOT pass rate





We were adamant that we required a partner that could help us meet our promise of saving our customers money every day. **Pullman** already provides a comprehensive and successful defect management programme to our nationwide fleet so we were well aware of its capabilities.

Sean Clifton, National Fleet Manager,
Asda





Wincanton has proved itself a trusted and experienced partner in the convenience market. We have a true partnership relationship and Wincanton's team takes the lead when it comes to progressing new ideas and initiatives that add real value to our operations.

Jerome Saint-Marc, Development Director,
Morrisons



250,000sq ft

Sainsbury's 250,000 sq ft facility at Thameside, supporting up to 200 convenience stores from London to Brighton.



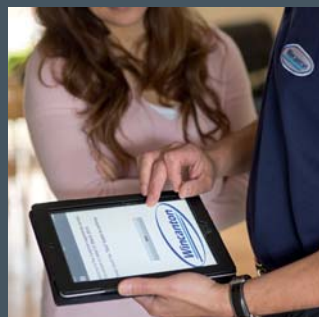
Leading the convenience sector

The convenience sector is big business for retailers, with several major names launching or expanding their presence. We have valuable expertise in this market, and in 2012 **Morrisons** appointed us to manage transport and warehousing at its first-ever dedicated UK convenience distribution centre in London. The project management skills and technical ability we demonstrated were key to our success in winning a new contract from **Morrisons** during 2013/14, this time to support the expansion of its 'M Local' format in the north of England.

The year also saw the opening of a new £30 million **Sainsbury's** distribution centre, which is operated in partnership with Wincanton and supports the growth of the supermarket's convenience store network in London and the South East. We now manage the logistics operation for most **Sainsbury's Local** stores across the capital, run four key distribution centres and are the sole providers of **Sainsbury's** port-to-distribution centre container movements in the UK.

12 weeks

to deliver a risk-free start-up
for multichannel supply chain



Supporting a new market entrant

Our proven track record was the deciding factor when US specialist retailer **Williams-Sonoma, Inc** was seeking a logistics partner for its first move into the UK market.

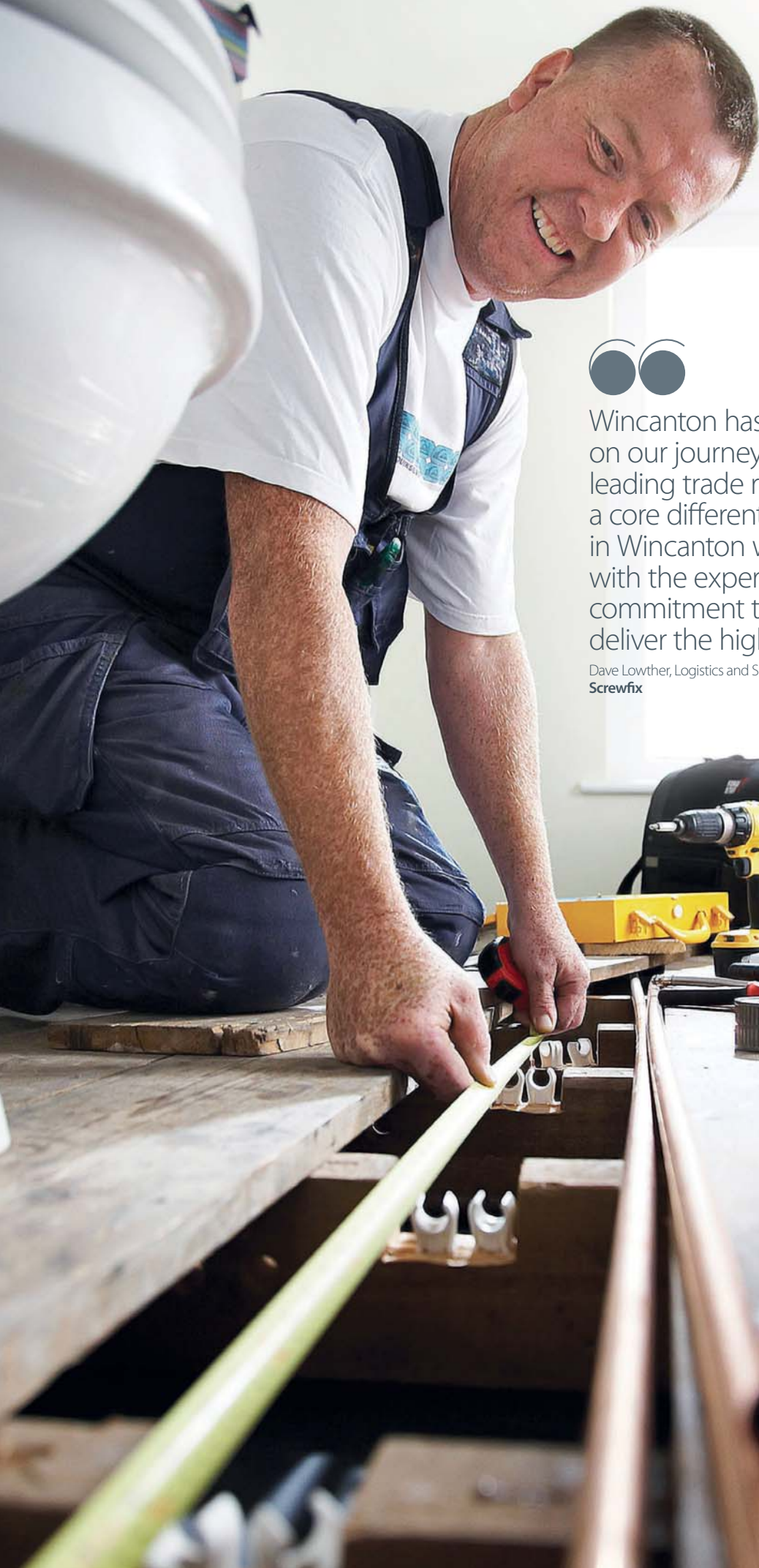
Known for its high quality furniture, rugs and cookware, **Williams-Sonoma, Inc** wanted to work with a provider who could be trusted to protect its brand and support an exceptional reputation for customer service. We helped the customer achieve a risk-free start-up by identifying a suitable property, implementing our multichannel IS solution, leveraging our people and fleet expertise. The result is a sustainable and scalable multichannel supply chain solution created from scratch.



For our UK launch, we needed a supply chain partner that shares our values and can be trusted to deliver operational excellence.

Dean Miller, Chief Supply Chain Officer,
Williams-Sonoma, Inc





Wincanton has been an invaluable partner on our journey to become one of the UK's leading trade retailers. Customer service is a core differentiator for **Screwfix**, and in Wincanton we have a logistics provider with the expertise, experience and commitment to help us continue to deliver the highest standards of service.

Dave Lowther, Logistics and Supply Chain Director,
Screwfix

239%

increase in
trade counters

11%

reduction in
transport costs

Enabling dynamic growth

During the seven years of our value-added partnership, **Screwfix** has recorded an outstanding financial performance based on consistent double-digit annual growth. The number of trade counters has soared from 99 to 336, an increase of 239%, while transport costs have reduced by 11%.

Customer service is **Screwfix's** strength and key priority. The Company's initial vision was to be recognised as the best warehouse employer in Staffordshire – and our efforts on **Screwfix's** behalf were rewarded when the site won the North of England Excellence Awards in 2011. Since then, while the workforce has expanded to over 700, the challenge has been to attract and retain the high quality employees who can drive further growth. Both warehouse sites we operate for **Screwfix** have now achieved gold in Investors in People as well as ROSPA, and our 'can do' approach and commitment to service extends from drivers and warehouse operatives to management.

Corporate responsibility

Working Responsibly

At Wincanton, our culture comes from a shared set of ideas, beliefs and values as to what is important to us as a company, and what drives value for our customers. For us, sustained growth as a business is our primary objective, therefore we focus on creating a sustainable future for Wincanton and our stakeholders.

Our people

People are the backbone of our business and we strive to attract, develop and retain the best in the industry. With the growth of online retailing, home delivery services are assuming ever greater importance. In many cases, the home delivery driver is the only representative of the brand that the consumer will meet, so it is increasingly vital that our employees have a high level of personal skills as well as technical ability.

We have around 15,500 colleagues employed in the UK and Ireland, with some 2,000 of these recruited during 2013/14. Our people work in a wide range of roles across the business, but are united in the knowledge that common values will drive value for our organisation and our customers. These values are Integrity, Mutual respect, Passion, Accountability, Commitment and Teamwork (IMPACT). We regularly acknowledge the efforts of our people through programmes such as 'I made an IMPACT' which recognises those individuals who have made outstanding contributions to the business.

Recruitment

We work hard to recruit the best people, from seasoned professionals to graduates and school leavers. We are a founding sponsor of the Novus Trust, a major new initiative designed to encourage talented young people to join the logistics sector. Novus is working in partnership with the University of Huddersfield to create a scheme in which students undertaking a BSc degree in Supply Chain and Logistics will be guaranteed a graduate job at the end of the course.

We also recognise the value that service personnel can bring to our business in terms of reliability, commitment and experience. During 2013/14, we continued to work in a strategic partnership with the Career Transition Partnership to enable people leaving the Ministry of Defence to pursue new careers at Wincanton. Over the coming months we will be attending various career fairs for armed forces personnel, as well as conducting site presentations at numerous garrisons to talk about careers in Wincanton.

Learning and development

We provide a comprehensive range of training opportunities, using internal resources as well as external consultants, to help our people realise their potential. For example, our BTEC apprenticeship



Number of employees promoted through management within the Wincanton Academy

70%

programme is now well established and at the end of the financial year, over 200 people were working towards our Improving Operational Performance qualification. To date over 50 per cent of our workforce has taken part in a vocational qualification in either a transport or warehousing programme to level 2 or 3.

Supporting our managers

We employ talented, flexible individuals who have the drive and potential to become our leaders of the future. Launched in 2012, the Wincanton Academy provides a tailored and supportive approach to learning and development for all levels of employees, from those who are completely new to a role through to leadership and executive development.

During 2013, three key programmes were launched to drive the development of individuals and create a robust talent pipeline to support our business priorities. Two programmes focus on team leadership and first line management with the third one – Aspiring General Manager – designed specifically to identify and develop future leaders. Within six months of launching this latter programme, 70 per cent of our participants have been promoted and we continue to recruit new applicants from across our business.

Health and safety

Safety is a top priority for Wincanton. Our approach to health and safety focuses on developing behaviours which identify situations that could lead to accidents.

Since focusing on Lost Time Incidents (LTIs) we have seen an 11 per cent decline in the number mainly due to the start of 'Project Opportunity', a framework that focuses on increased risk-based planning and colleague engagement. As a result, every sector has reduced its lost time incidents from the previous year.

We encourage safe driving at all times and our Driver of the Year competition, which was held for the ninth time during the year, is recognised as an excellent showcase for the skills and professionalism of our drivers. During 2013/14, we also established a group to examine how our operations can impact vulnerable road users. Drawing on our experiences on the road, we have created resources including a toolkit, stickers and a DVD to educate drivers on blind spots and make vulnerable road users more aware of the dangers posed by large vehicles.



Wincanton's work in the community
The Co-operative food distribution centre in St Helens after their 25 hour road trip for charity

Communities

We are committed to playing our part in our industry. At a corporate level, we have been active supporters of the international Transaid charity for more than a decade. Transaid tackles poverty and disadvantage in Africa and the developing world by helping to build transport expertise and knowledge. In 2013, one of our directors raised funds for Transaid by cycling 335km from London to Amsterdam. The money will benefit Transaid's Professional Driver Training Project, which aims to improve driving safety standards in sub-Saharan Africa. Road accidents in this region are the third-highest cause of premature death after HIV/AIDS and malaria.

Our people are also encouraged to support good causes in their own communities. Over the last 12 months our sites have taken part in initiatives to promote breast cancer awareness, Children in Need and road safety. Around 45 staff from our team at the Co-operative Food distribution centre in St Helens took part in a 25-hour road trip to Gibraltar that raised £10,000 for the Carers Trust.

Environment

In June 2013, the Group refreshed and re-launched its environmental strategy to reflect the positive progress made against its objectives. The updated strategy is available on the Group's website at www.wincanton.co.uk/how-we-work/environment and provides more details in relation to the Group's environmental strategy.

The Group's goal is to be the first choice for customers, employees and investors from an environmental perspective. Building a reputation as a company delivering environmentally sustainable logistics through a focus on operational excellence and innovative product leadership supports this goal.

For our customers, we know that a well managed supply chain plays a key role in mitigating their impact on the environment. The Group therefore has an important part to play in helping customers achieve their wider environmental goals. The Group supports customers by identifying efficiencies, promoting collaborative working and by offering significant expertise and experience in managing environmentally sustainable logistics.



Decline in Lost Time Incidents

11%

Environmental principles

Wincanton uses its environmental principles to guide the Group in identifying and managing the impact of its operations on the environment. These principles are set out below:

1 Integrate

We will integrate environmental considerations into key business decisions.

2 Develop

We will develop progressive products and services that help our customers improve their environmental performance.

3 Management systems

We will ensure operational excellence and legal compliance through the operation of environmental management systems and the provision of training for employees.

4 Measure

We will monitor, measure and continuously improve our environmental performance.

5 Communicate

We will communicate our progress to our customers, employees and investors.

6 Carbon emissions

We will minimise the consumptions of fossil fuels and the associated emissions of carbon dioxide, and other greenhouse gases.

7 Resources

We will minimise our consumption of non-renewable and environmentally sensitive resources.

8 Waste

We will minimise the amount of waste produced through prevention, reuse and recycling.

9 Pollution

We will prevent ground and water pollution and minimise emissions of airborne pollutants.

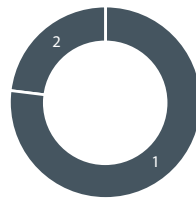
10 Communities

We will minimise the negative impact of our activities on local communities and engage positively with the communities in which we operate.

Corporate responsibility continued

Emissions from managed supplies tonnes CO₂e

1 Transport (Scope 1) 77%
2 Non-transport (Scope 1, 2) 23%



CDP disclosure scores

75%

**Greenhouse gas (carbon) emissions**

The Group recognises that continuous improvement and operational excellence will be enhanced through robust environmental governance and management systems. Responsibility for the overall management of the environmental programme at a Group level lies with the Group Environment Committee, chaired by the Business Transformation Director who is a member of the Executive Management Team.

The environmental management system operated across the Group is certified to ISO14001 and we have also been certified against the Carbon Trust Standard since 2010.

The Group's business segments have in place measurable objectives and targets for improving environmental performance, with environmental reporting integrated into the Group's reporting systems. This integrated reporting enables business segments to measure performance on a monthly basis for a range of indicators, which support them in reducing carbon emissions.

Wincanton has prepared its carbon emissions information in line with the guidance provided by the Carbon Disclosure Standards Board (CDSB) Framework 1.1, which recommends that greenhouse gas (GHG) emissions are reported for the same entities as those for which financial statements are produced. Emissions categorisation and organisational boundaries are as per the GHG Protocol Corporate Standard for operational control. Carbon Factors are as per Defra/DECC conversion factors for company reporting 2013 with both electricity generation and distribution emissions being included in the scope 2 emissions.

Wincanton currently records energy and fuel use for managed supplies, which includes all supplies that are wholly or partially managed at sites operated by Wincanton for itself or its customers, irrespective of whether the fuel and/or energy is purchased by Wincanton. Emissions sources included are transport diesel, LPG and LNG; mains electricity and natural gas; gas oil and LPG for non-transport uses, and fuel for business travel in Wincanton driven vehicles.

Wincanton has also included its consumption of refrigerant fluorinated gases as a scope 1 emission.

No emissions sources have been excluded on the basis of a Wincanton defined materiality threshold.

Total Wincanton scope 1 and 2 carbon emissions for the year ended 31 March 2014 were 381,917 tonnes of carbon dioxide equivalent (tCO₂e).

Carbon intensity ratio

The Group has set internal targets for carbon emissions reduction which are absolute in nature and which encourage the Group to try to decouple emissions performance from business performance. However, changes in business activity levels do drive changes in emissions and we therefore utilise a 'carbon intensity' measure to optimise the carbon efficiency of our operations wherever possible.

Wincanton defines carbon intensity as total scope 1 and 2 carbon emissions from managed supplies per unit of revenue.

Wincanton's carbon intensity ratio for the year ended 31 March 2014 was 350 tCO₂e per £m of revenue.

External reporting

Wincanton has been certified against the Carbon Trust Standard since 2010 and is a participant in the UK CRC Energy Efficiency Scheme. All CRC qualifying emissions are included in our scope 1 and 2 carbon emissions figures.

Wincanton has been submitting fully collated data to the CDP for the past three years. The CDP, formerly the Carbon Disclosure Project, is the leading international index of climate change and carbon management maturity for companies.

Since 2011 our CDP disclosure score has increased from 56 per cent to 75 per cent highlighted in the chart above.



Motor Transport, everywoman, Retail Week Supply Chain Awards

Our people and innovative solutions are frequently recognised in industry award schemes including Retail Week's Supply Chain Project of the Year and Motor Transport's Customer Care Award



Expected reduction in electricity, carbon and maintenance costs at our site in Corby compared to traditional warehouse lighting

70%

Other environmental impacts

In addition to managing carbon emissions, the Group manages other environmental impacts including water usage and waste. Examples of some of the initiatives undertaken in the year ended 31 March 2014 are set out below.

Lighting at Corby – Following a change to the layout of our distribution centre in Corby, to accommodate increased volumes, new lighting was required to match the revised racking layout. 64 LED light fittings with programmable sensor controls were chosen. Feedback from employees has been very positive. Light levels appear brighter and the more natural tone of light compared to more traditional lighting technologies provides an even better work environment. Electricity, carbon and maintenance costs are expected to reduce by 70 per cent compared to traditional warehouse lighting.

Waste reduction at Branston – Certain products of a retail customer were delivered from Europe in chipboard shippers. Once the products had been picked, the chipboard shippers could only be used as fuel through an energy recovery plant at significant cost to the customer. Given the Group's expertise in packaging innovation, Wincanton worked with a supplier to design and trial a new size of corrugated shipper. As a result approximately 250 tonnes of waste chipboard per year have been eliminated and replaced with recyclable cardboard.

Savings from eliminated chipboard and associated handling costs and revenue from recycle are expected to reduce costs by £40,000 per year.

Heat reduction at Wigan – The Group continues to challenge and progress opportunities with a leading manufacturing customer to reduce waste and provide sustainable energy solutions. In addition to internal and external LED lighting, rapid rise doors and movement and lux sensors on warehouse lighting, the Group has developed and implemented an innovative solution to utilise heat retained in new product following its delivery from the manufacturing plant. A cost effective solution was put in place to move the warm air to other areas of the distribution centre. In the early stages of operation, a reduction in month-on-month gas consumption of 30 per cent has been realised.

Cool running at Sherburn – Deliveries for a leading retailer are made on multi-temperature vehicles with compartments for chilled, ambient and frozen products. The frozen compartment was being chilled to minus 25°C. A trial was run to increase the temperature of the frozen compartment to reduce energy use. During the trial period savings of over 110,000 litres of gas oil were made with no loss of product quality. This will deliver annual savings of approximately £150,000.



Winners of Wincanton's Driver of the Year

Wincanton's commitment to safety and driver training culminates in its Driver of the Year competition. Fuel reduction techniques are also given high priority

Financial review

Maintaining a strong revenue visibility, **improving profitability** and **reducing net debt**



Adrian Colman

Group Finance Director

Underlying operating profit grew by 6.0 per cent to £48.0m and underlying operating margin increased from 4.2 to 4.4 per cent. Reduced net debt levels throughout the year lowered finance charges resulting in 25 per cent underlying EPS growth.

Performance summary

	2014 £m	2013 restated ¹ £m	Change
Revenue	1,098.3	1,086.8	+1.1%
Underlying EBITDA	63.4	62.5	+1.4%
Underlying operating profit	48.0	45.3	+6.0%
Underlying operating margin (%)	4.4%	4.2%	20bps
Net financing costs	(22.4)	(24.0)	
Underlying profit before tax	25.6	21.3	+20.2%
Amortisation of acquired intangibles	(6.5)	(7.3)	
Impact of pensions changes	15.8	–	
Profit before tax	34.9	14.0	
Underlying EPS (pence)	16.6p	13.3p	+24.8%
Net debt	(64.9)	(107.6)	–39.7%

¹ Comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised). See note 23 to the financial statements.

Contract logistics 2013/14

£930.1m

↑ 0.7%

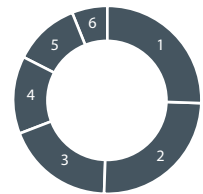
1 Retail grocery	£243.7m
2 Retail general merchandise	£230.5m
3 FMCG	£171.6m
4 Tankers and bulk	£99.0m
5 Construction	£126.1m
6 Other	£59.2m



Contract logistics 2012/13

£923.2m

1 Retail grocery	£236.4m
2 Retail general merchandise	£232.5m
3 FMCG	£170.5m
4 Tankers and bulk	£122.9m
5 Construction	£106.8m
6 Other	£54.1m



In the year ended 31 March 2014, Wincanton reported revenue of £1,098.3m (2013: £1,086.8m), which represents a year on year increase of 1.1 per cent.

Underlying operating profit grew by 6.0 per cent to £48.0m (2013: £45.3m), providing an underlying operating margin of 4.4 per cent up from 4.2 per cent in the prior year reflecting the impact of continuing efforts to improve operational efficiency and cost control. Following the adoption of IAS 19 Employee Benefits (Revised) with effect from 1 April 2013, the prior year underlying operating profit has been restated from £46.5m to £45.3m to account for pension scheme administration charges, previously included in financing charges and now reflected in operating profit (see note below).

The Group reported a net pension gain in the year of £15.8m in respect of a programme of changes made to its pension arrangements, principally the closure of the defined benefit sections of the Wincanton plc Pension Scheme (the Scheme) to future accrual.

Net financing costs were £22.4m (2013: £24.0m), £1.6m lower year on year. Financing charges principally comprise interest payable on loans plus other financing items of £16.0m in total (2013: £18.4m) and £6.4m (2013: £5.6m) of pension financing charge, a non-cash item in respect of the UK defined benefit arrangements. This latter item for 2012/13 has been restated from a credit of £4.0m to a charge of £5.6m following the adoption, on 1 April 2013, of IAS 19 Employee Benefits (Revised).

Profit before taxation of £34.9m compares to £14.0m in the prior year. Tax in the year was a charge of £7.5m compared with £3.9m in the prior year, restated from £6.5m following the adoption of IAS 19 Employee Benefits (Revised).

Underlying earnings per share of 16.6p represents an increase of 24.8 per cent from 13.3p in the prior year. On an overall basis the earnings per share was 23.6p compared with 8.7p in 2012/13.

Trading

	2014 £m			2013 restated £m		
	Contract logistics	Specialist businesses	Total	Contract logistics	Specialist businesses	Total
Revenue	930.1	168.2	1,098.3	923.2	163.6	1,086.8
Underlying operating profit	38.3	9.7	48.0	36.9	8.4	45.3
Margin	4.1%	5.8%	4.4%	4.0%	5.1%	4.2%

The Group's internal management structure aligns the Group under two sectors, Contract logistics which is a provider of supply chain logistics solutions and services and Specialist businesses of Containers, Wincanton Records Management and Pullman. This structure has been constant in both years to 31 March 2014 and hence the segments disclosure remains unchanged.

Contract logistics

The Contract logistics business reported revenues of £930.1m in the year, a 0.7 per cent increase compared to the £923.2m reported in the year to 31 March 2013. The contractual split of this segment between open and closed book remains relatively constant at 69 per cent (2013: 67 per cent).

Underlying operating profit for the year was £38.3m, 3.8 per cent up on the £36.9m reported in 2012/13. The improvement in profitability primarily reflects continued operational efficiency in the year.

The split of Contract logistics activities revenue by sub-sector is as follows:

	2014 £m	2013 £m
Construction	126.1	106.8
FMCG	171.6	170.5
Retail grocery	243.7	236.4
Retail general merchandise	230.5	232.5
Tankers and bulk	99.0	122.9
Other	59.2	54.1
	930.1	923.2

The overall 0.7 per cent increase in revenues in this sector is a combination of underlying customer volume increases, principally in the Construction sector, which drive up the activities in Wincanton's operations, plus a net gain in revenues from operations commencing, over those ending in the year.

New business start-ups successfully going live in the year included second convenience distribution centre operations for both Morrisons and J Sainsbury, transport network operations for Coca Cola and warehouse services for new UK market entrant Williams-Sonoma, Inc, a US furniture retailer. In addition to new customers a number of key renewals were secured in the year including a fuel distribution contract for Valero (five years), network transport operations for GSK (two years), co-packing and container operations for Procter & Gamble (three years), Pernod Ricard (five years) and Brett Landscaping and Building Products (three years). We continue to develop long term partnerships with existing customers and over the last year have contracted with WHSmith and Phillips 66 taking the relationships to 20 years and 15 years respectively.

The decline in Tankers and bulk revenues reflects contracts lost in 2012/13 where residual revenues for part of the year remained in 2013/14 prior to the contracts ending.

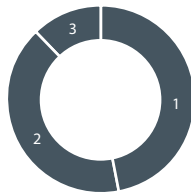
Financial review continued

Specialist businesses 2013/14

£168.2m

↑ 2.8%

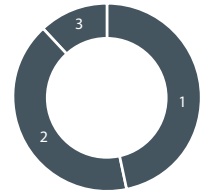
1 Containers	£78.5m
2 Pullman	£68.6m
3 Records Management	£21.1m



Specialist businesses 2012/13

£163.6m

1 Containers	£76.8m
2 Pullman	£67.7m
3 Records Management	£19.1m

**Caring for customers**

With a 98% customer satisfaction rating, the home delivery service we provide to **Marks and Spencer** is not just pleasing customers – it is also winning praise from our industry. In May, we were presented with the Customer Care Award at the Motor Transport Awards, in recognition of the innovation, outstanding service, efficiency and quality of our service

**Specialist businesses**

The Specialist business segment of the Group comprises container transport activities, Wincanton Records Management, which provides a full suite of document storage and associated scanning and shredding services, and the vehicle maintenance and repair business Pullman. Revenue for this segment was £168.2m, 2.8 per cent up on the previous year of £163.6m. Continuing tight focus on cost control and asset efficiency improved underlying operating margin to 5.8 per cent (2013: 5.1 per cent) and underlying operating profit of £9.7m was achieved (2013: £8.4m).

These Specialist businesses operate almost entirely under a closed book model. Whilst the three activities are identifiable sub-sectors, and for information the revenue split is given below, these are managed as one segment.

	2014 £m	2013 £m
Containers	78.5	76.8
Pullman	68.6	67.7
Records Management	21.1	19.1
	168.2	163.6

The Container transport market continues to be weak in the UK with limited overall volume and as such the business has focused on growing activity levels with new and existing customers. Further, the business has been very focused on cost control and fleet efficiency in the year.

Pullman's trading was solid in the year. Revenues in the year increased over the prior year, in particular due to new contract wins with Asda for around half of its 1,800 vehicle home shopping fleet and Argos for HGV repair and maintenance servicing in the second half of the year.

Records Management produced a strong organic growth performance, gaining new customers across existing and new sectors together with some ancillary activities such as shredding and scanning.

Changes to pension arrangements

The Group reported a net pension gain in the year of £15.8m in respect of a programme of changes made to its pension arrangements, principally the closure of the defined benefit sections of the Scheme to future accrual. On 16 October 2013 the Group announced that it was entering into consultation with active members of the defined benefit sections of the Scheme over the proposal to close these sections of the Scheme to future accrual. Following the conclusion of the consultation process the closure took place with effect from 31 March 2014. Additionally, the Group implemented a liability management programme which principally comprised a Pension Increase Exchange option for current pensioners and retiring members.

Net financing costs

	2014 £m	2013 restated £m
Bank interest payable on loans/leases	14.4	16.6
Interest receivable	(0.4)	(0.6)
Net interest payable	14.0	16.0
Discounts unwinding re provisions	2.0	2.4
Pension financing item	6.4	5.6
Net financing costs	22.4	24.0

Financing costs related to the Group's debt of £14.4m reduced by £2.2m compared to the prior year charge of £16.6m, principally due to the lower average debt in the year which was £33m lower at £168m (2013: £201m).

Taxation

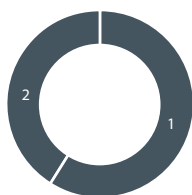
The tax charge of £7.5m (2013: £3.9m) reflects an effective tax rate on underlying profits of 24.6 per cent (2013: 27.7 per cent). This reduction is largely a result of the drop in the main UK corporation tax rate from 24 per cent to 23 per cent, as offset by certain disallowable expenditure. Whilst the main UK corporation tax rate is expected to ultimately trend to 20 per cent by 2015/16, the factors influencing the effective tax rate in 2013/14 are expected to remain reasonably constant, resulting in an effective tax rate continuing slightly above the headline UK rate for the foreseeable future.

Open and closed book 2013/14

£1,098.3m

1 Open book	59%
2 Closed book	41%

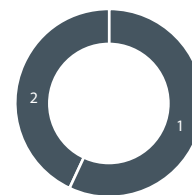
↑ 1.1%



Open and closed book 2012/13

£1,086.8m

1 Open book	57%
2 Closed book	43%

**Cementing plans**

We have a long established relationship with cement company **CEMEX** to deliver building products and packed aggregates to UK construction sites. In 2013/14, we won a new three year contract for the planning and transport of bagged cement from the **CEMEX** plant at Rugby to UK construction sites, retailers and wholesalers



The Group paid cash tax in the current year of £2.4m, an increase of £2.1m on the prior year payment of £0.3m, primarily as available tax losses have been utilised. The cash tax payable continues to trend below the underlying charge due to the impact of the pension deficit recovery payments made in the period. This is expected to continue going forward.

The total deferred tax asset carried forward at 31 March 2014 has decreased to £24.0m (2013: £32.9m), primarily as a result of the decreased pension deficit and the deferred tax asset thereon.

Profit after tax, earnings per share and dividend

The profit after tax reported for the Group for the year of £274m compares to £10.1m in 2012/13.

These retained earnings translate to a basic EPS of 23.6p (2013: 8.7p). As set out in note 7 the Group reports an alternative, underlying EPS figure which excludes the impact of pensions changes and amortisation of acquired intangibles, which has increased year on year by 24.8 per cent to 16.6p from 13.3p.

The Group has not declared or paid a dividend this year in line with its continuing objective to reduce net debt.

Impact of adoption of IAS 19 (Revised) – restatement of comparatives

The net pension financing item for the prior year has been restated for the adoption of IAS 19 Employee Benefits (Revised), which became effective for the Group on 1 April 2013 and as a result the pension financing item is now a net charge. This arises as the revised standard requires the same discount rate, based on AA Corporate bonds, to be applied to both the assets and liabilities of the Scheme rather than as previously applying a future rate of return to the assets. The restatement of the year to 31 March 2013, which was first reported in the Group's half year statement to 30 September 2013, shows first a £10.8m increase in financing charges with a corresponding credit in the Statement of comprehensive income within the remeasurements of defined benefit liability. Secondly, the revision to IAS 19 required any administration expenses of the scheme previously incorporated in the return on assets to be taken as a charge in operating expenses. This has resulted in a £1.2m reduction in operating profit matched by a corresponding reduction in net financing costs.

Based on the above, the restatement of the reported results for the Group in the year to 31 March 2013 is summarised below. There was no impact on the reported net assets/liabilities of the Group.

	As previously reported £m	Return on assets £m	Admin charges £m	Incorporating IAS 19 adjustment £m
Operating profit	39.2	–	(1.2)	38.0
Net finance charges	(14.4)	(10.8)	1.2	(24.0)
Profit before tax	24.8	(10.8)	–	14.0
Basic EPS	15.8p			8.7p
Underlying EPS	20.4p			13.3p

Financial position

The summary financial position of the Group is set out below;

	2014 £m	2013 £m
Non-current assets	191.2	220.4
Net current liabilities (ex net debt)	(215.0)	(191.2)
Non-current liabilities (ex net debt/pension deficit)	(50.4)	(59.4)
Net debt	(64.9)	(107.6)
Pensions deficit (gross of deferred tax)	(110.9)	(148.7)
Net liabilities	(250.0)	(286.5)

The movement in the year of £36.5m is principally due to retained profit for the year of £27.4m and the remeasurement in the pension deficit net of deferred tax of £5.9m. The retained profit includes the impact of the changes to the Group's pension arrangements principally the curtailment gain arising from the closure of the defined benefit sections of the Scheme to future accrual.

Financial review continued

Financing and covenants

The Group's committed facilities at the year end were £304m. Headroom in committed facilities at 31 March 2014 was £239m.

The Group also has additional operating overdrafts which provide day to day flexibility and amount to a further £12m in uncommitted facilities. Sterling and Euro pools are operated and whenever possible, surplus cash is netted against overdrafts.

The Group refinanced the main bank facility in November 2011 for a period of four years. Following the first £10m amortisation effective in November 2013, the main bank facility is now £175m. The bank facility expires in November 2015, and the £75m term loan from the Prudential/M&G UK Companies Financing Fund LP expires in January 2022, with four equal repayments commencing in January 2019. The Group's facilities also include the balance of the US Private Placement debt of £54m, which expires in tranches of £34m (December 2015) and £20m (November 2016).

The Group maintains a mix of hedging instruments (swaps) to give an appropriate level of protection against changes in interest rates. At the year end £75m (2013: £70m) of debt was at fixed rates, and the balance at floating rates.

Wincanton operates comfortably within its banking covenants, as summarised in the table below:

Covenant	Ratio	At 31 March 2014
Adjusted net debt : EBITDA	<2.75:1	1.55
Interest cover	>3.5:1	5.15
Fixed charge cover	>1.4:1	1.86

The covenant ratio of adjusted net debt to EBITDA moves to < 2.5:1 as at 31 March 2015.

Net debt and cash flows

Group net debt at the year end was £64.9m (2013: £107.6m) a net cash inflow of £42.7m. This cash generation in the period reflects cash generated from operations, lower capital expenditure in the year, as compared to prior years and the receipt of c. £5m from the sale of a surplus freehold property. Additionally, improved working capital management throughout the year has contributed to the reduction. The Group's average level of net debt during the year was also reduced by £33m from £201m in 2012/13 to £168m in 2013/14.

The Group's cash flows can be summarised in the following table:

	2014 £m	2013 restated £m
Underlying operating profit	48.0	45.3
Depreciation and amortisation	15.4	17.2
EBITDA	63.4	62.5
Capital expenditure net of asset disposals	(1.7)	(4.6)
Net financing costs	(13.6)	(13.6)
Pension deficit payment	(14.1)	(13.6)
Onerous leases	(10.2)	(10.9)
Working capital movement/tax/other	18.9	(12.9)
Total	42.7	6.9

The amount of cash interest paid reduced in the year reflecting the lower level of average net debt compared to the prior year. The average borrowing rate on debt including all fees, but excluding the non-cash items of discounts unwinding and pension financing charges, is 7.7 per cent (7.4 per cent in 2012/13).

Capital expenditure totalled £79m (2013: £11.1m). The year on year reduction is largely as a result of a continued focus on cash generation and the timing of spend on certain capital projects, elements of which will flow into 2014/15. During the year the Group disposed of a surplus freehold property in Runcorn for £4.8m, a level approximately equal to the net book value.

In March 2012 the Group made provision for the onerous property liabilities which were identified as having arisen due to the then change to market conditions and a charge of £34.1m was recognised as a result, adding to existing provisions. The cash outflows in respect of these liabilities in the year ended 31 March 2014 were £10.2m. In the forthcoming year to 31 March 2015 these are forecast to be £12–15m and in subsequent years the annual payments are expected to materially reduce as leases expire or properties are utilised/sublet.



Closing net debt and average net debt have declined by 39.7% and 16.4% respectively.

Adrian Colman, Group Finance Director

Pensions

The Group operates a number of pension arrangements in the UK and Ireland.

Defined benefit arrangements

The Wincanton plc Pension Scheme (the Scheme), which has now closed its defined benefit sections to future accrual (see below), had an IAS 19 deficit of £110.9m (2013: £148.7m) (£88.7m net of deferred tax) at the year end. The deficit has reduced due to the changes to the Scheme detailed below, together with an increase in the market value of the investments. The discount rate has remained consistent with the prior year at 4.5 per cent. Each 0.1 per cent movement in the rate impacts the liabilities of the scheme by 1.7 per cent, currently some £15m.

The Group closed the defined benefit sections of the Scheme to future accrual on 31 March 2014. Pension benefits built up to the date of closure will be preserved. The affected members were offered alternative pension provision within the Group's range of defined contribution pension arrangements and the majority have taken advantage of this offer. The Group is also implementing a Pension Increase Exchange (PIE) project where current pensioners and retiring members may elect for a higher initial pension payment in exchange for foregoing certain rights to future pension increases. As a result of the above changes, the Group has reported a one off, non-cash credit of £20.2m (£15.8m net of associated implementation costs).

The triennial valuation as at 31 March 2011 was finalised with the Trustee in June 2012 with a technical provision basis deficit agreed of £189.5m. The additional cash contribution made in the current year to fund the deficit was £14.1m as part of the recovery plan set at the conclusion of the last valuation. Going forward the payment profile agreed with the Trustee increases the deficit recovery payment by RPI each year through the recovery period to 2022/23. The next triennial valuation will be based on the position as at 31 March 2014.

The approximate membership data split by key categories is as follows:

	2014	2013
Actives	–	1,360
Deferred	9,080	8,160
Pensioners	7,010	6,790
	16,090	16,310

Over recent years the Trustee has pursued a diversification of the investment portfolio as part of a de-risking strategy and the programme has continued in 2013/14 with changes to both the return-seeking and matching portfolios. A trigger mechanism is being used to reduce the return-seeking asset allocation as the funding level improves and at 31 March 2014 the target allocation remains unchanged from 31 March 2013 at 60:40 return-seeking to matching. During the year both the overall market and the funding level have been impacted by the continuing low interest rate environment albeit offset by a credible investment performance. As part of the derisking strategy the Trustee, in conjunction with the Company, has put in place liability hedging arrangements in the year covering c. 30 per cent (2013: c. 10 per cent) of the interest rate and inflation exposure of the Scheme.

Defined contribution arrangements

The Group's defined contribution arrangements include the Retirement Savings Section and Pension Builder Plan in the UK and a separate similar local scheme in Ireland. Active membership of these schemes was 4,246 (2013: 3,650) in the year. In 2014 these schemes have been augmented by a new auto enrolment section in line with the Government's requirement to offer pension arrangements to all employees. A further c. 10,000 employees became eligible to join this part of the scheme in June 2013 and the vast majority have done so. The income charge incurred for these arrangements total £10.9m (2013: £7.9m).

Adrian Colman

Group Finance Director

The Strategic report as set out on pages 1 to 33 has been approved by the Board.

On behalf of the Board

Stephen Williams

Company Secretary

Risk

Principal risks and uncertainties

Principal risks and uncertainties

In this section, we describe our key risk management and assurance mechanisms and the principal risks and uncertainties that we consider to be material and that may have a significant effect on the Group's financial position, results of operations and/or reputation.

Risk agenda

The Group faces a diverse range of risks and uncertainties that may adversely affect it. The Group's approach to risk management is designed to encourage clear decision making as to which risks the Group takes and how these are managed, based on an understanding of the potential strategic, commercial, financial, compliance, legal and reputational implications of these risks.

The Group works to ensure that effective risk management processes are in place to support the delivery of its strategy. The Group monitors its activities and external and internal environments for new, emerging and changing risks to ensure that these are appropriately managed as they arise.

The Board believes that the processes that are in place provide it with sufficient information on the key risks and uncertainties faced by the Group. The lines of responsibility for managing risk in the Group are set out as follows:

Risk assessment

Ultimate responsibility for setting the Group's risk appetite and for the effective management of risk rests with the Board. Acting within authority delegated by the Board, each key risk is owned by a member of the Executive Management Team. The following structures are in place to support the assessment of risks.

- **Key business risk reviews:** An annual assessment of key risks throughout the Group with the outputs presented to the Executive Management Team and the Audit Committee.
- **Risk Committee:** A Committee introduced to monitor the risk management structures and support management in embedding risk management throughout the Group.
- **Control risk self-assessment:** A self-assessment programme introduced to support the mitigation of key operating risks throughout the Group.

A risk register for each business segment is maintained and regularly reviewed by the relevant segment management team. The Executive Management Team consolidates the business segment risk registers to form the Group risk register, which is monitored by the Board.

All risks are scored, using a 5 x 5 matrix, taking into consideration the likelihood of an event occurring and the impact of that event. Likelihood is based on the chance of an event occurring in the next 12 months on a five point scale from 'rare' (less than five per cent change) to 'almost certain' (with a chance greater than 80%). The impact of an event is considered within five categories; financial; operational; personal injury; reputation; or compliance. Each impact category has a detailed definition across a five point scale from 'insignificant' to 'fundamental'. Where appropriate, impact is considered in relation to the scale of the business sector in which the risk has been identified.

Risk response

Once risks have been assessed, an appropriate mitigation response is determined for each significant risk identified. The mitigation response will depend upon the impact and likelihood assessment and, for example, may consist of a control action or insurance. The risk mitigation response reduces either the likelihood of the risk occurring or the impact on the Group if the risk does occur, or both.

Business continuity planning



The Group has detailed plans in place to ensure an immediate and appropriate response to a disaster. During the year under review, the Group has enhanced its resilience in terms of IT disaster recovery by migrating certain business critical applications and services to a new data centre.

Whistleblowing

The Group has in place a code of conduct, which all employees are required to adhere to. The code of conduct sets out the ethical standards expected and includes details of how matters can be raised in strict confidence. Employees are encouraged to first talk to their line manager, their manager's line manager or to call the central HR team directly.

Principal risks

The Group risk register identifies the principal risks facing the business as a whole, including those that are managed directly at Group level. Summarised below are the key risks that have been identified and that could have a material impact on the Group's reputation, operations or financial performance. A number of other risks reflect social and ethical issues.

	Risk	Mitigation
	<p>Health and safety</p> <p>→ The Group's operations take place in a diverse range of operating environments. These operations require ongoing monitoring and management of health and safety risks in order to ensure a safe working environment for our employees and others we engage with. A failure to manage these risks properly may give rise to significant potential liabilities from the Group's interaction either with the public or employees.</p>	<p>The Group maintains detailed health and safety procedures and processes which are managed by a team of dedicated health and safety professionals. The team focus on developing behaviours which identify situations that could lead to accidents as well as supporting and advising operational management and running a programme of site reviews and audits.</p>
	<p>Strategic market position and ongoing commercial operations</p> <p>→ The Group acts in a competitive and complex market and with large and sophisticated customers. The Group has distinct commercial pressures in maintaining levels of revenue and margin from existing customers, building new business relationships and maximising the utilisation of assets.</p>	<p>The Group maintains a consistently high level of operational performance. Furthermore, a high quality business development team exists to identify opportunities in the third party logistics market and the benefits to Wincanton in that market. Dedicated teams exist to manage ongoing customer relationships and contract renewal processes within the Group's defined frameworks. In addition the Group is focused on clearly articulating its existing as well as developing innovative solutions in the logistics market place.</p>
	<p>Legal compliance</p> <p>→ The Group acts within jurisdictions, markets and sectors which are highly regulated or covered by significant legislation.</p>	<p>The Group employs internal and external subject matter experts, supported by legal counsel, to set policy and monitor application including risk-based testing programmes. The Group maintains programmes of appropriate staff training to ensure legal compliance, operational efficiencies and to minimise mistakes. This is backed up with comprehensive record keeping policies. Finally, appropriate IS management processes and governance exist to ensure system access controls operate and to monitor movements of our own and, where relevant, our customers' data.</p>
	<p>Net debt and pensions deficit</p> <p>→ The compliance with the covenant structures in the Group's financing arrangement, the future refinancing of the existing debt and the management of the Group pension fund are key to the future financial sustainability of the Group.</p>	<p>The Group is acutely focused on growing operating profit and generating free cash flow to enable it to address these issues. The Group maintains comprehensive relationship management with its banking partners and provides senior management resources to the management of bank covenant compliance. The Group monitors both the external financing market and changes occurring in the way pension arrangements are provided including maintaining detailed financial planning and forecasting models. The Group maintains senior management focus on these balance sheet areas and a close relationship exists between the Group and the Pension Trustee board. During the year the Group closed the defined pension arrangements to future accrual thereby preventing the build-up of further risk.</p>
	<p>People</p> <p>→ The inability to recruit and retain management and employees with the necessary and appropriate competencies, values and behaviours may restrict the Group's ability to grow.</p>	<p>The Group has an appropriate human resources structure which maintains the necessary standard of recruitment processes, based on key competencies, plus monitors and develops the talent pool within the Group's employee base.</p>
	<p>IS infrastructure and product development</p> <p>→ The Group is highly dependent on the provision of a high quality IS infrastructure as it is essential to the smooth running of the business as well as that of its customers where we operate key systems such as warehouse management and transport planning systems.</p>	<p>The Group completes regular reviews to consider the corporate IS roadmap and agree its IS approach. Particular focus is given to the approach and infrastructure required to ensure adequate disaster recovery processes and procedures are in place. The Group maintains an extensive IS team, including teams charged with innovating new products and services and others who maintain and secure the existing infrastructure. The IS team also includes change experts working with appropriate project management methodologies.</p>

Board of Directors

The Board is committed to the highest standards of corporate governance



Steve Marshall
Chairman

Steve was appointed Chairman in December 2011. Steve is currently Executive Chairman of Balfour Beatty plc and Chairman of Biffa Group Holdings Ltd. He is also a non-executive Director of Halma plc. He was previously Chairman of Delta plc, Torex Retail plc and Queens' Moat Houses plc and Group Chief Executive of both Thorn plc and Railtrack Group plc, having previously served as Group Finance Director of each company. His earlier career included a variety of corporate and operational roles at Grand Metropolitan plc (now Diageo plc), Burton Group PLC and Black & Decker. He is a Fellow of the Chartered Institute of Management Accountants.



Eric Born
Chief Executive

Eric was appointed an Executive Director in October 2010 and subsequently became Chief Executive in December 2010. He joined the business as Chief Operating Officer in April 2009 from Gategroup, where he was Group SVP and President West/South Europe. Prior to that, he had various senior roles in the retail industry including Managing Director of Frimago AG in Switzerland and Managing Director of Office World in the UK. Eric is also a non-executive Director of John Menzies plc.



Adrian Colman
Group Finance Director

Adrian was appointed Group Finance Director in January 2013. He was formerly Finance Director with Psion plc, an international technology business, through to its acquisition by Motorola Solutions, Inc. in October 2012. Prior to joining Psion, Adrian was Chief Financial Officer of London City Airport and before that Financial Controller and Head of Investor Relations at QinetiQ Group plc.



Paul Venables
Senior Independent non-executive Director

Paul became a non-executive Director of Wincanton in September 2009. A Chartered Accountant, he is currently Group Finance Director of Hays plc, having joined from DHL Logistics, a division of Deutsche Post World Net. Prior to the acquisition of Exel plc by Deutsche Post in December 2006, he was Deputy Group Finance Director, a member of the executive board of Exel plc and Chairman of their Acquisitions and Projects Review Board. During 13 years with Exel he held a number of senior finance and operational roles, including Finance Director of Exel's European and Global operations.

The members of the Committees are as follows

Nomination Committee
Steve Marshall – Chairman
 Eric Born
 Jonson Cox*
 David Radcliffe
 Martin Sawkins
 Paul Venables
 Richard Adam**

Remuneration Committee
Martin Sawkins – Chairman
 Jonson Cox*
 David Radcliffe
 Steve Marshall
 Paul Venables
 Richard Adam**

Audit Committee
Paul Venables – Chairman
 Jonson Cox*
 David Radcliffe
 Martin Sawkins
 Richard Adam**

*until 31 May 2014 **from 1 June 2014



Richard Adam

Non-executive Director from 1 June 2014

Richard became a non-executive Director of Wincanton on 1 June 2014. A Chartered Accountant, Richard is currently Group Finance Director at Carillion plc, a position he has held since 2007. Immediately prior to joining Carillion, Richard was Group Finance Director of Associated British Ports Holdings plc. Prior to this he gained broad experience in a number of public and private company finance director roles after qualifying at KPMG. Richard has previously been non-executive Director and the Chairman of the Audit Committee of SSL International plc.



Jonson Cox

Non-executive Director until 31 May 2014

Jonson became a non-executive Director of Wincanton in October 2005. Jonson is currently Chairman of Coalfield Resources plc and the Water Services Regulation Authority. Until March 2010, he was Group Chief Executive of Anglian Water Group plc. Former positions include Chief Executive of Valpak Limited, a business services company, Chief Operating Officer of Railtrack Group plc and Managing Director of Kelda Group plc (formerly Yorkshire Water plc). His early career was with Royal Dutch Shell. Jonson stood down from the Board on 31 May 2014.



David Radcliffe

Non-executive Director

David became a non-executive Director of Wincanton in July 2012. He is currently Chief Executive of Hogg Robinson Group plc where David has spent most of his career.



Martin Sawkins

Non-executive Director

Martin became a non-executive Director of Wincanton in July 2012. Martin is currently Group HR Director of Rentokil Initial plc. Martin has operated within both the plc and private equity environments and previously held positions as Group HR Director at HomeServe plc; Group HR Director at The AA Limited; and HR Director at Centrica Home and Road Services. Prior to this Martin held a number of senior positions in HR and operations at UEF Limited, Bridon plc, British Aerospace and United Biscuits.

Corporate governance report

Chairman's introduction

Corporate governance is key to ensuring that Wincanton is run in a successful, responsible and sustainable way. The Corporate governance report for the year ended 31 March 2014 sets out the Group's approach by describing how the Board works, our views on risk management, the Wincanton team and includes separate reports from each of the Board Committees.

The UK Corporate Governance Code

The principal rules applying to the Company are contained in the UK Corporate Governance Code (the Code), which the Board is committed to complying with to the extent that it is required to. I would like to highlight how each of the Code's main principles are being applied in practice, other than in respect of remuneration, which is addressed in the Directors' remuneration report.

Board effectiveness

During the year, a performance review of the Board, its key Committees and of the Directors both individually and as a team was undertaken. The process and findings are described on page 37. Following this review, I am satisfied that the Board and its Committees are performing efficiently and that there is the appropriate balance of skills, experience, independence and knowledge of the Company to enable the Directors to discharge their respective duties and responsibilities effectively.

Commitment

The non-executive Directors devoted significant time to the Company over and above attendance at Board and Committee meetings. During the year, the non-executive Directors carried out visits to individual sites and received briefings from members of the Group's management team on a number of matters. The full Board remains totally committed to the success of Wincanton and to ensure that it is run to the highest standards of corporate governance.

Steve Marshall
Chairman

Compliance statement

Wincanton and its subsidiaries (the Group) continue to be committed to maintaining high standards of corporate governance. The UK Corporate Governance Code 2012 applies to accounting periods beginning on or after 1 October 2012. In addition, the Company complied with the provisions of the UK Corporate Governance Code 2010, as required by Listing Rule 9.8.6. Throughout the year ended 31 March 2014, the Board considers that it and the Company have complied without exception with the provisions of the Codes. The Codes are issued by the Financial Reporting Council and are available for review on the Financial Reporting Council's website www.frc.org.uk.

Organisation and structure of the Board

Role of the Board

Wincanton plc (the Company) is led and controlled by the Board, which is collectively responsible for the long term success of the Company. The Board is committed to maintaining the highest standards of corporate governance.

Board decisions

The Board has a formal schedule of matters reserved to it for decision making, including the approval of annual and half year results, annual budgets, material acquisitions and disposals, material agreements and major capital commitments.

The powers and duties of the Directors are determined by legislation and by the Company's Articles of Association. Directors are required to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders as a whole. In doing so, the Directors have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly towards all shareholders of the Company.

In addition to their statutory duties, the Directors must ensure that the Board focuses effectively on all of its accountabilities.

Roles of the Chairman and Chief Executive

The different roles of the Chairman and Chief Executive are acknowledged. A responsibility statement for each of these roles has been agreed with the Chairman and Chief Executive respectively and adopted by the Board. The Chairman is primarily responsible for the workings of the Board and ensuring that its strategic and supervisory role is achieved. The Chief Executive is responsible for the day-to-day running of the business. In discharging his responsibilities, the Chief Executive is advised and assisted by the Executive Management Team, which oversees the operational and financial performance of the Group.

Role of the non-executive Directors

The non-executive Directors are chosen for their diversity of skills and experience. Each non-executive Director is appointed for a fixed term of three years. This term may then be renewed by mutual agreement. Non-executive Directors are subject to annual election by shareholders. Non-executive Directors scrutinise, measure and review the performance of the Executive Management Team; assist in the development of the strategy; review the Group financial information; ensure systems of internal control and risk management are appropriate and effective; review the relationship with the external auditor through the Audit Committee; and review the remuneration of, and succession planning for, the Board. At least twice a year, the Chairman and non-executive Directors meet without the Executive Directors being present.

Role of the Senior Independent non-executive Director

Paul Venables is the Senior Independent non-executive Director. Paul acts as a sounding board for the Chairman and serves as intermediary to other Directors where necessary. Paul is available to shareholders if they have concerns, where contact through the normal channels of Chairman and Chief Executive has failed to resolve such concerns or for which such contact is inappropriate.

Board Committees

There are three Board Committees; the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference of each Committee are set by the Board, are reviewed annually and are available on the Group's website. Membership of a Committee is determined by the Board on the recommendation of the Nomination Committee and in consultation with the appropriate Committee Chairman. Details of each Board Committee, including membership, meetings, role and activities in the year ended 31 March 2014 are set out on pages 39 to 41 and 48.

Executive Management Team

The Executive Management Team is responsible for implementing strategy and policy set by the Board and for the operational management of the Group. At the date of this report, the Executive Management Team comprises the Executive Directors and five senior business unit and support function leaders of the Group. The Executive Management Team meets monthly.

Attendance at Board and Committee meetings

There is normally full attendance at Board and Committee meetings, although occasionally there may be non-attendance due to unforeseen circumstances. If a Director is unable to attend, the Director will review the Board or Committee papers and provide comments and feedback to the Chairman, Committee Chairman or Company Secretary who ensures that the comments received are raised at the meeting. Individual members of the Executive Management Team are invited to attend Board meetings at least once each year. Directors are given appropriate documentation in advance of each Board or Committee meeting. This normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give its approval. Health and safety is reviewed at every Board meeting. The Board has nine scheduled Board meetings each year. The table below sets out the attendance of the Directors at the scheduled Board meetings during the year under review:

	Attended/ scheduled
Steve Marshall	9/9
Paul Venables	9/9
Jonson Cox	9/9
David Radcliffe	9/9
Martin Sawkins	9/9
Eric Born	9/9
Adrian Colman	9/9

Attendance at Committee meetings is set out in the separate reports on each of the Committees below.

Composition of the Board

The composition of the Board and its Committees is regularly reviewed to ensure that the balance and mix of skills and experience is maintained.

As at the year end and as at the date of this report, the Board comprises of the Chairman, four independent non-executive Directors and two Executive Directors. This gives the Board a good balance of independence and experience, ensuring that no one individual or group of individuals has undue influence over the Board's decision-making.

Board changes in the year

There were no new appointments to the Board during the 2013/14 financial year. Jonson Cox stepped down from the Board after nearly nine years as a non-executive Director on 31 May 2014 and Richard Adam was appointed as an independent non-executive Director on 1 June 2014.

Director independence

The Board considers that the Chairman was independent on appointment and all non-executive Directors are independent for the purposes of the Code.

Conflicts of interest

During the year, a review of the Directors' interests and appointments was carried out by the Company Secretary. The Board considered and authorised each Directors' reported actual or potential conflicts of interest. The Board continues to monitor and review potential conflicts of interest on a regular basis.

Board effectiveness

Performance evaluation

The Board, its Committees and the individual Directors participate in an annual evaluation of performance. In the year under review, the Board evaluation process was carried out by way of an internal questionnaire. The findings of the evaluation confirmed that the composition, interaction and experience of the Board remains appropriate. The Directors also participated in detailed reviews of individual performance. The Senior Independent non-executive Director carried out the Chairman's performance evaluation, together with the other non-executive Directors and with input from the Executive Directors.

Information and professional development

On joining the Board, Directors receive an induction tailored to their individual requirements, which includes meeting with the Executive Directors and members of the Executive Management Team and visits to key sites. It also covers a review of the Group's governance, policies, structure and business, including details of the risks and operational issues facing the Group.

As part of the Board evaluation process, the training and development needs of individual Directors are reviewed by the Chairman. The Company makes the necessary resources available should any Director require training.

There is an agreed procedure for Directors to be able to take independent professional advice, if necessary, at the Company's expense. In addition, all Directors have access to the advice and services of the Company Secretary.

Executive Directors' other directorships

Executive Directors may be invited to become non-executive Directors of other companies. Any such appointments are set out in the biographical information set out on page 34 and any fees are disclosed in the Annual report on remuneration. Each Executive Director is limited to one non-executive role at any one time.

Protection available to shareholders

Directors are ultimately responsible for most aspects of the Company's business dealings. Therefore, they face potentially significant personal liability under criminal or civil law, the UK Listing, Prospectus, Disclosure & Transparency Rules, and face a range of penalties including private or public censure, fines and/or imprisonment. In line with normal market practice, the Company believes that it is in the Company's best interests to protect Directors from the consequences of innocent error or omissions.

The Company maintains, at its expense, a Directors' and Officers' liability insurance policy to provide an indemnity in certain circumstances for the benefit of Group personnel including, as recommended by the Code, the Directors. This insurance policy does not provide cover where the Director or Officer has acted fraudulently or dishonestly.

Corporate governance report continued

Engagement with shareholders and major stakeholders

Relations with shareholders

The Company continued to maintain an effective dialogue with shareholders to ensure that the Company's strategy is understood and that any queries can be dealt with in a constructive manner.

The Company maintains regular contact with institutional shareholders, fund managers and analysts through meetings led by the Chief Executive and Group Finance Director. Brokers' reports and analysts' briefing notes are regularly distributed to all Directors. The Board receives updates on feedback raised by institutional shareholders, fund managers and analysts, which enable the Directors to form a view of the priorities and concerns of the Company's stakeholders. In addition, the Chairman meets major institutional shareholders from time to time.

Communications with shareholders

The Group's website contains up to date information for shareholders and other interested parties, including share price information, announcements and news releases, Annual Reports and other shareholder circulars.

Shareholders have a choice of how to receive their Company communications. The Company recognises the benefit of electronic communications and encourages shareholders to receive communications via electronic means.

Annual General Meeting

The Company's thirteenth Annual General Meeting (AGM) will be held at 1:00pm on Wednesday, 16 July 2014 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. Details of the business to be proposed at the meeting are contained in the Notice of AGM.

The AGM provides an opportunity for the Board to meet with shareholders and provides an update on the performance and plans of the Company. Shareholders are invited to ask questions at the AGM and have the opportunity to meet Directors and senior managers.

Communications with other stakeholders

Throughout the year, the Directors and senior managers meet with a range of external stakeholders. The purpose of these events is to discuss the Group's position in a range of business, policy and public interest issues and to learn more about stakeholders' views.

Risk management

The Board takes ultimate responsibility for the Group's systems of risk management and internal control and reviews their effectiveness.

The Group's systems and controls are designed to ensure that the Group's exposure to significant risk is managed appropriately, but the Board recognises that any system of internal control is designed to mitigate and not eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management practices

In order to manage risk, the following risk management structures are in place:

- **Key business risk reviews:** An annual assessment of key risks throughout the Group with the outputs presented to the Executive Management Team and the Audit Committee.
- **Risk Committee:** A committee introduced to monitor the risk management structures and support management in embedding risk management throughout the Group.
- **Control risk self-assessment:** A self-assessment programme introduced to support the mitigation of key operating risks throughout the Group.

The Board assessed the effectiveness of the risk management processes and internal controls during the year covering all material controls, including financial, operational and compliance. Such assessment is based on reports presented to the Board and the Audit Committee, including:

- the results of Internal Audit's reviews of internal controls; and
- a Group wide certification that effective controls had been maintained or, where any significant non-compliance or breakdown had occurred, that appropriate remedial action has been or is being undertaken.

Central to the Group's systems of internal control are its processes and framework for risk management. These comply with the Turnbull Guidance on internal controls and were in place throughout the year and to the date of this report.

The Group's systems of internal control operate through a number of different processes. These are:

- a clear system of delegated authorities from the Board to the management team with certain matters reserved exclusively for the Board's decision;
- the annual review of the strategy and plans of each of the business segments and of the Group as a whole in order to identify the risks that the Group faces and any mitigating actions;
- regular financial reporting against budgets and the review of results and forecasts by Executive Directors, including particular areas of business or project risk;
- regular reporting, monitoring and review of the effectiveness of health and safety processes;
- the review and authorisation of proposed investment, divestment and capital expenditure throughout the Group;
- a Group wide risk management framework, which is established throughout the Group. Key risks are identified and assessed and action plans are developed to mitigate or eliminate unwanted exposures. The results of these are subject to review;
- reviews and tests by Internal Audit of critical business processes and controls and specific reviews in areas of perceived high risk; and
- the Group's policy in relation to staff being able to raise concerns, in confidence, about possible improprieties on matters of financial reporting and other issues.

Internal Audit

Internal Audit's work is designed to provide effective risk based coverage over the internal control environment. This is summarised in an audit plan, which is approved by the Board and the Audit Committee and updated on a rolling basis.

The Internal Audit department reviews the extent to which systems of internal control:

- are designed and are operating effectively;
- are adequate to manage the Company's key risks; and
- safeguard the Company's assets.

The Head of Internal Audit reports to the Group Finance Director and has direct access to the Chief Executive and the Chairman of the Audit Committee.

The Head of Internal Audit attends all Audit Committee meetings and reports regularly on Internal Audit reviews to the Executive Management Team.

Internal Audit's key objectives are to provide independent and objective assurance on risks and controls to the Board, Audit Committee and senior management, and to assist the Board in meeting its corporate governance and regulatory responsibilities. During the year, the effectiveness of the Internal Audit function was considered by the Head of Internal Audit and the Audit Committee. The results of the assessment were that the Internal Audit function operates effectively.

The role of Internal Audit and the scope of its work continue to evolve to take account of changes within the business and emerging best practice. A formal audit charter is in place.

Wincanton employees

Wincanton employees are at the heart of the Group's business. On 31 March 2014, the Group employed approximately 15,440 people. Most of these people work in the UK with approximately 400 employed in Ireland. Of all employees, 83% are men and 17% are women. The average age of the Company's employees is 42 years. Of all management level employees, 80% are men and 20% are women. Of the Board, including the Chairman, Executive and non-executive Directors, 100% are men.

The Group is committed to ensuring its development and the development of its employees. In doing so, it adopts the following principles:

- to build and maintain close harmony with its customers;
- to treat every employee with care, respect and integrity;
- to ensure the health and safety of every employee;
- to recruit the best people and to develop them to their full potential;
- to ensure that teamwork thrives; and
- to minimise operational effects upon the community and the environment.

The Group values the differences between employees that define them as unique individuals and that diversity within the workplace is an integral part of achieving success. The Group also recognises its responsibilities to its employees.

The Group's focus is on driving a high performance culture and improving performance at every level. The Group is committed to maximising and unlocking the potential of its employees and developing and retaining the most talented people in the Group.

The Group's equality, fairness and diversity strategies are based on the following principles:

Recruitment

Apply non-discriminatory treatment to all potential and actual applicants during the recruitment process, and comply with legislative requirements, best practice and codes of practice, enabling the Group to draw on the widest pool of potential talent.

Training and career development

Ensure that opportunities for training, promotion and transfer are made equally available to all employees, with decisions based solely on the qualifications and suitability of the candidates, removing all artificial and irrelevant barriers to employees' contributions to the Group.

Terms and conditions of employment

Ensure that policies including compensation, benefits and any other relevant issues associated with terms and conditions of employment comply with legal minimum standards, are formulated and applied without regard to age, sex, gender identity, pregnancy, maternity, marital status, disability, colour, race, nationality, ethnic or national origins, sexual orientation, religion, belief or political affiliation and are reviewed regularly.

The Company operates a Share Incentive Plan and actively promotes participation so that all employees can be actively involved in the Group's performance.

Working environment and communications

Ensure that employees are provided with an environment in which they are able to conduct their work safely, securely and without discrimination.

The Group is large and communication occurs in multi-faceted ways. Communication ensures that employees are connected to and engaged with the Group, ensuring that they know what is expected of them and that they feel valued for what they do. Communication is two way and employees are given the opportunity to share their views in a consultative manner.

Innovation, research and development

Wincanton employees have extensive knowledge, expertise and know-how. New ideas, improvements to processes and design and innovation are fundamental to the Group's ability to adapt to the challenges of the future. During the year, the Group was active in the development of new products and supply chain services to support current and future customer requirements.

Community and charitable activities

With operations all over the UK and Ireland, the Group supports and makes a positive impact to local communities. During the year ended 31 March 2014, the Group contributed £2k (2013: £11k) to charitable and community programmes.

Nomination Committee

Membership

Attendance at Nomination Committee meetings

	Attended/scheduled
Steve Marshall	2/2
Paul Venables	2/2
Jonson Cox	2/2
David Radcliffe	2/2
Martin Sawkins	2/2
Eric Born	2/2

Role of the Nomination Committee

The Nomination Committee's role is to review the leadership needs of the Board and senior management, with a view to ensuring the Group's continued ability to perform effectively. The Nomination Committee's remit, which is set out in its terms of reference, includes responsibility for:

- reviewing the structure, size and composition of the Board and its Committees and making recommendations to the Board on any desired changes;
- reviewing the succession plans for the Executive Directors;
- making recommendations to the Board on suitable candidates to fill vacancies for both non-executive and Executive Directors;
- ensuring that the procedure for appointing new Directors is rigorous and transparent and that appointments are made on merit and against objective criteria;
- reviewing potential conflicts of interests of Directors; and
- reviewing the external commitments of the Directors and the time required to discharge their responsibilities effectively.

Before a Board appointment is made, the Nomination Committee evaluates the skills, knowledge and experience of the Board to ensure that any new appointment complements these qualities. Candidates from a wide range of backgrounds are considered and appointments are made on merit, with due regard to the benefits of diversity on the Board, including gender. The selection process generally involves interviews with a number of candidates and use of the services of a professional search firm.

For the appointment of a chairman, the Nomination Committee prepares a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of a crisis.

Diversity on the Board

The Davies Review, published in February 2011, contained a review of 'Women on Boards'. The Company is committed to the principle of diversity set out in the Davies Review and diversity in the fuller sense, and will continue to consider all diversity matters for future Board and senior management appointments.

Corporate governance report continued

Activities in the year ended 31 March 2014

The Nomination Committee met twice during the year. The business covered at the meetings included the following:

- review of the structure, size and composition of the Board and Committees taking into consideration the results of the Board evaluation process;
- review of the Executive Director and senior manager succession plans; and
- the annual review of the Directors' conflicts of interests declarations.

As part of the Board evaluation process, the operation of the Nomination Committee was evaluated and it was confirmed that the Nomination Committee operates effectively.

Audit Committee**Membership****Attendance at Audit Committee meetings**

	Attended/scheduled
Paul Venables	3/3
Jonson Cox	3/3
David Radcliffe	3/3
Martin Sawkins	3/3

Role of the Audit Committee

Each member of the Audit Committee is independent and the membership meets the requirements of the Code. The Group Finance Director, Head of Internal Audit and the external auditor attend and report at Audit Committee meetings. The Company Chairman and the Chief Executive also regularly attend Audit Committee meetings. During the year, the Audit Committee met privately with the external auditor and separately with the Head of Internal Audit.

The Audit Committee has unrestricted access to Company documents and information as well as to management and the external auditor.

The Audit Committee assists the Board on the effective discharge of its responsibilities for financial reporting and internal control, together with the procedures for the identification, assessment and reporting of risks. The Audit Committee's remit, which is set out in its terms of reference, includes responsibilities for:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained therein;
- reviewing the Company's internal financial controls and reviewing the Company's internal control and risk management systems;
- monitoring and reviewing the effectiveness of the Company's internal audit function;
- making recommendations to the Board, for it to put to the shareholders for their approval in a general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve their remuneration and terms of engagement;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- reporting to the Board on how it has discharged its responsibilities.

Activities in the year ended 31 March 2014

The Audit Committee met three times during the year. The business covered at the meetings included the following:

Financial statements

- reviewed the financial statements in the 2013 Annual Report and Accounts and the half year results to 30 September 2013. As part of these reviews the Audit Committee received from the external auditor a report on their audit of the Annual Report and Accounts and their review of the half year results;
- reviewed papers addressing the key judgement and accounting matters pertinent to the full year and half year results; and
- reviewed the preliminary and half year results announcements.

Control environment and risk management

- received reports by Internal Audit setting out the audit programme, its progress against the programme, the results of key audits and other significant findings, the adequacy of management's response and the timeliness of resolution of actions;
- reviewed and agreed the Group Internal Audit Plan for the year ending 31 March 2015; and
- received reviews from Internal Audit on risk management programmes completed in the year including a Group wide Control risk self assessment and formal Group risk mapping exercise.

External audit process

- reviewed the effectiveness of the overall audit process for the year ended 31 March 2013, meeting with the external auditor and management separately to identify any areas of concern in the preparation of the financial statements;
- approved the audit strategy for the year ended 31 March 2014;
- reviewed independence and objectivity and agreed the terms of appointment, areas of responsibility, associated duties and scope of the audit as set out in the engagement letter for the year;
- reviewed and agreed the audit fees;
- reviewed internal control and key accounting and audit issues; and
- reviewed recommendations made by the external auditor and the adequacy of management's response.

Independence of auditor

- reviewed the extent of non-audit services provided by the auditor in accordance with the established policy. This control is exercised by ensuring non-audit projects, where fees are expected to exceed £60,000 are subject to prior approval of both the Audit Committee Chairman and the Group Finance Director. If non-audit project fees are expected to exceed £100,000 the prior approval of the Board is required.

The Audit Committee continued to monitor the level of non-audit work undertaken by the auditor. Full disclosure of the audit and non-audit fees paid during the year is made in Note 3 to the financial statements.

Under the Audit Committee's terms of reference, the Audit Committee is responsible for recommending to the Board the appointment, reappointment and removal of the external auditor. The Audit Committee is satisfied with the external auditor's effectiveness.

As part of the Board evaluation process, the operation of the Audit Committee was evaluated and it was confirmed that the Audit Committee operates effectively.

Financial reporting and significant financial issues

The principal matters of judgement considered by the Committee in relation to the 2013/14 accounts and how they were addressed were:

Property provisions

The year end balance sheet includes property provisions of £33.4m. Considering the size and nature of the onerous lease provision, the Committee reviewed a report by management which set out in detail on a property by property basis, both the utilisation of the provision during the year and the basis of the year end provision. The Committee also considered the work performed by KPMG in testing the assumptions.

The Committee discussed the appropriateness of the assumptions used on all material properties and any changes in those assumptions that had been made versus that used in the prior year and after extensive discussion was satisfied that the assumptions used and the disclosures in the reports and accounts were appropriate.

Goodwill

The year end balance sheet includes goodwill of £77.3m. The Committee reviewed the carrying value of goodwill by examining a report by management which set out in detail the values attributable to each cash generating unit, the expected value in use, based on projected cash flows and the key economic assumptions related to growth rates and discount rates. The Committee also considered the work undertaken by KPMG in testing the projections. After discussion, the Committee was satisfied that the assumptions used and the disclosures in the reports and accounts were appropriate.

Pension scheme deficit

The year end balance sheet includes a pension scheme deficit of £110.9m. In addition to the normal review of the basis of the accounting for the pension scheme, in the year ended 31 March 2014, there have been three areas of significant change, the first relating to the amendment to IAS 19 Employee Benefits (Revised), the second resulting from the closure of the defined benefit arrangements to future accrual and the third the implementation by the Group of a Pension Increase Exchange (PIE) exercise. The Committee reviewed the pension items, by examining a report by management based on work performed by the Company's actuary which set the key assumptions underpinning the calculation of the deficit and the related income statement items. The Committee also considered the work performed by KPMG in testing the assumptions.

The Committee discussed the appropriateness of the key assumptions used both in calculating the deficit and also the net pension gain relating to the closure and the PIE. After extensive discussion the Committee was satisfied that the assumptions used and the disclosures in the reports and accounts were appropriate.

Materiality and misstatements

The auditor, following discussion with the Audit Committee, set materiality at £1.3m. The Committee agreed with the auditor that all corrected and uncorrected misstatements identified through their audit with a value in excess of £0.1m would be reported to the Committee. The auditor reported to the Committee the misstatements that they had found in the course of their work and no material amounts remain unadjusted. The Committee confirmed that it was satisfied that the auditor had fulfilled its responsibilities with diligence and professional scepticism.

After reviewing the presentations and reports from management and consulting, where necessary, with the auditor, the Committee was satisfied that the financial statements appropriately addressed the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee was also satisfied that the significant assumptions used for determining the value of assets and liabilities had been appropriately scrutinised, challenged and were sufficiently robust.

Effectiveness of external auditor

To assess the effectiveness of the external audit process, the external auditor is asked on an annual basis to set out the actions that it has taken to ensure objectivity and independence, including where non-audit services are provided.

The Company monitors the auditor's performance, behaviour and effectiveness during the exercise of its duties, which informs the Committee's decision to recommend reappointment on an annual basis.

Auditor independence

As part of KPMG's ethics and independence policies, all KPMG partners and staff annually confirm their compliance with their ethics and independence manual, including in particular that they have no prohibited shareholdings. KPMG's ethics and independence manual is fully consistent with the professional practice rules of the APB Ethical Standards by whom they are regulated for audit purposes. In addition, KPMG has underlying safeguards in place to maintain independence through:

- instilling professional values;
- communications;
- internal accountability;
- risk management; and
- independent reviews.

Further safeguards include a regular review of the composition of the audit team including rotation in accordance with the relevant regulations. Any significant new engagement undertaken for the Company is subject to acceptance procedures, requiring consultation with Andrew Campbell-Orde, the Senior Statutory Auditor. KPMG also considers the fees paid by the Company and its related entities for professional services provided by it.

Non-audit services

Permissible non-audit services that KPMG can perform are enshrined in the APB's Ethical Standard 5 and in the Company's own policy. KPMG operates a global system to ensure that all requests from the Company, via local KPMG offices, for KPMG to provide non-audit services are considered in the context of the Company's policy and KPMG's ethical standards.

Audit tendering

The Audit Committee has noted the changes to the Code, the recent findings of the Competition Commission and the Guidance for Audit Committees issued by the Financial Reporting Council, each in the context of tendering for the external audit contract at least every 10 years. The Company's external audit has not been tendered since the Company demerged in 2001. The Audit Committee has determined, in line with the transition arrangements provided, to tender the external auditor at the end of the current five-year rotation of the Senior Statutory Auditor in 2016. There are no contractual obligations that restrict the choice of the external auditor.

Directors' remuneration report

Remuneration Committee Chairman's Introduction

Introduction

I am pleased to introduce the Directors' remuneration report for the year ended 31 March 2014, which has been prepared in accordance with the new rules and guidance on remuneration reports as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Directors' remuneration report will be presented to shareholders for approval at the Company's AGM, which will be held on 16 July 2014. At the AGM, shareholders will have the opportunity to vote on two separate remuneration resolutions as follows:

- A binding vote on the Directors' remuneration policy as set out on pages 43 to 47, which describes the Company's forward looking Directors' remuneration policy which will, subject to shareholder approval, become formally effective on 1 April 2015; and
- an advisory vote on the Annual report on remuneration as set out on pages 48 to 55, which provides details of the remuneration earned by Directors for performance in the year ended 31 March 2014 and how the Company intends to pay its Directors for the year ending 31 March 2015.

Responsibility of the Remuneration Committee

The main task of the Remuneration Committee (the Committee) is to ensure that the remuneration of Directors and senior managers supports the delivery of the strategic objectives of the Group. This is achieved by setting remuneration in the context of the markets in which we operate, making a significant proportion of remuneration dependent on delivering demanding performance targets and developing a culture of high performance linked to retention of key individuals and skills.

General remuneration principles

Executive Directors' remuneration consists of base salary, annual bonus, including deferred annual bonus, long term incentives, pension provision and taxable benefits. The bonus and long term incentive elements are performance related and are conditional on continued service to encourage retention. To assess performance, targets are set at the start of each performance cycle that are clear, robust and objective alongside a realistic appraisal of performance in the context of the wider economic environment in which the Group operates. Remuneration packages are intended to be sufficiently competitive to attract, retain and motivate individuals of the quality required to achieve the Group's objectives and thereby enhance shareholder value. The Committee aims to ensure that pay rewards all employees fairly and responsibly for their contribution. In addition, the Committee aims to ensure that the Directors' remuneration policy does not raise environmental, operational, social or governance risks by inadvertently motivating irresponsible behaviours.

The main principles are to:

- attract and retain Executive Directors and other senior managers to run the Company effectively for the benefit of all stakeholders;
- adopt a competitive and straightforward approach to remuneration, which meets shareholder expectations; and
- structure remuneration to promote the long term development of the Group and to reward individuals in line with performance.

Major activities during 2013/14

The Company's approach to remuneration arrangements for Directors has not changed in the year ended 31 March 2014 and no changes are planned for the year ending 31 March 2015. However, as highlighted in last year's report, the current bonus and long term incentive arrangements come to a natural conclusion at the end of the year ending 31 March 2015. As a result, during the year, the Committee has carried out a review to consider the arrangements that should replace the existing arrangements.

The Committee appreciates the importance of sharing and discussing changes to remuneration policy with major shareholders. As a result, the Committee undertook a consultation exercise with its 10 largest shareholders, who collectively held circa 55% of the Company's share capital at the time the consultation exercise commenced. In addition, proxy voting agencies were included in the consultation exercise. Feedback was predominantly positive, as described in more detail on page 46.

I would like to thank shareholders for their active participation in the consultation exercise. The principles behind a change in policy were to simplify executive pay arrangements, de-leverage variable pay by making it less geared to the share price, broadly maintain fair value and to continue to ensure that the new arrangements are supported by shareholders. The resulting policy, which is due to come into effect from 1 April 2015, is set out in detail in the Directors' remuneration policy section of this report. The existing policy is set out in the Annual report on remuneration on pages 48 to 55. To facilitate the implementation of the new policy, the Board is seeking authority from shareholders at the Company's 2014 Annual General Meeting for the establishment and implementation of a new Long Term Incentive Plan, further details of which can be found in the Notice of Annual General Meeting dated 4 June 2014.

As described above, the Committee aims to ensure remuneration promotes the long term development of the Group and rewards all employees fairly and responsibly for their contributions. Against this background, the Committee made a number of key decisions during the year:

- No salary increases were awarded to Executive Directors in 2013/14, compared to an average increase of 1% for employees. Effective 1 July 2014, the Committee has awarded salary increases of 2% to Executive Directors; the average increase to employees is expected to be at least 2%.
- The Committee has awarded a bonus to the Executive Directors in the year after taking into consideration:
 - the Group's operating profit performance;
 - the individual performance of the Executive Directors against both financial and operational personal objectives; and
 - the average bonus payable to other employees in the Group.
- The Committee approved awards under the Company's Special Option Plan to the Executive Directors and other senior managers in the Group who have been identified as having key skills and / or are in key roles to significantly drive value to the Group.

Shareholder dialogue

As I have already stated, the Committee acknowledges the importance of taking into consideration the views of shareholders and other stakeholders and the Committee will continue to have a productive and open dialogue with all parties.

Martin Sawkins

Remuneration Committee Chairman

Compliance Statement

This Directors' remuneration report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Committee adopts the principles of good governance as set out in the UK Corporate Governance Code and complies with the UKLA Listing Rules. The first part of this report, which is not subject to audit, sets out the Company's remuneration policy. The sections subject to audit in the Annual report on remuneration are highlighted accordingly.

Remuneration policy

The Committee regularly reviews the Directors' remuneration policy to ensure it supports shareholder interests and closely reflects business strategy. When setting the Directors' remuneration policy, the Committee additionally takes into account the following:

- total remuneration levels operating in companies of a similar size and complexity such as:
 - revenue and scale of operation;
 - number of employees;
 - market capitalisation and enterprise value;
 - customer base; and
 - geographic reach;
- the responsibilities of each individual role;
- individual performance; and
- an individual's experience.

The following tables set out the Company's proposed Directors' remuneration policy. As a result of the existing remuneration policy coming to a natural end at the end of the 2014/15 financial year, the Company intends that this policy will take effect from 1 April 2015, subject to shareholder approval. The existing policy was designed to support the turnaround business plan in ensuring a sustainable long term future, restoring, and enhancing shareholder value. However, it was only intended to be in place in alignment with the turnaround strategy. The proposed policy in respect of Executive Directors, as set out below, is intended to continue to support alignment of Executive Directors with both Company performance and shareholder interests, as well as simplify the structure and improve the long term retention value.

Executive Directors

Salary

Purpose and link to strategy	Salaries are set at a sufficient level to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation	<p>Base salaries are normally reviewed annually, with changes effective 1 July.</p> <p>Salaries are typically set after considering:</p> <ul style="list-style-type: none"> • the responsibilities of each individual role; • progression within role; • individual performance; • an individual's experience; and • salary levels in companies of a similar size and complexity. <p>Salaries may be adjusted and any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Increases beyond those granted to the wider workforce may be awarded in certain circumstances such as:</p> <ul style="list-style-type: none"> • where there is a change in responsibility; • progression in the role; • material market misalignment; or • a significant increase in the scale of the role and/or size, value and/or complexity of the Group. <p>Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant Annual report on remuneration.</p>

Benefits

Purpose and link to strategy	The Group provides the appropriate benefits for Executive Directors in a business of this size in order to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation	<p>Benefits include but are not limited to:</p> <ul style="list-style-type: none"> • Company car or car allowance • Private medical insurance for the Executive Director and their direct family • Personal accident and travel insurance • Death in service cover <p>In addition, relocation assistance is available on a case by case basis. Assistance may include (but is not limited to) facilitating and/or meeting the costs of removal and other relocation costs, children's education, a limited amount of family travel and tax equalisation arrangements and may extend to facilitating and/or meeting the costs of re-establishing them to their previous location at the end of the employment or assignment.</p>
Opportunity	Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not anticipated to exceed 10% of salary per annum over the period for which this policy applies. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of the Group's control have materially changed (e.g. costs of medical premiums). If this occurs, the Committee will provide details and rationale in the relevant Annual report on remuneration.

Remuneration policy continued

All employee share plans

Purpose and link to strategy	The Company encourages voluntary participation in share ownership through the Group where share plans are appropriate.
Operation of all employee share plans	Under the current all employee share plan arrangements, Executive Directors are entitled to participate in the Company's Share Incentive Plan (SIP). Participants make monthly contributions from their gross salary to buy Partnership Shares. The Company currently awards 1 Matching Share for every 4 Partnership Shares acquired. In addition, any dividends paid in respect of shares held under the SIP are used to buy Dividend Shares.
Opportunity	In line with HMRC limits, the rules of the Company's SIP set out the following maximum levels, which may be amended from time to time so that they are in line with legislation: Free Shares – The maximum value of Free Shares per tax year is £3,600. Partnership Shares bought by employees – The maximum pre-tax salary that can be used to buy Partnership Shares is £1,800 per annum. Matching Shares – The Company can match employees' Partnership Share purchases by giving them additional shares. The maximum award of Matching Shares is 2 Matching Shares for each Partnership Share bought. The Company currently awards 1 Matching Share for every 4 Partnership Shares bought.

Pension

Purpose and link to strategy	The Group provides the appropriate pension provision for Executive Directors in a business of this size in order to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation of pension arrangements	Executive Directors are entitled to join the defined contribution section of the Wincanton pension scheme. In certain circumstances, for example where the Annual Allowance level set by HMRC is met, the pension provision will be in the form of a taxable cash supplement.
Opportunity	Up to 22% of pensionable salary.

Bonus

Purpose and link to strategy	The aim of the annual bonus is to incentivise and recognise the performance of Executive Directors in respect of their annual contribution to the delivery of the Group's strategy by rewarding performance against stretching financial and personal objectives.
Operation	Performance is measured over each financial year. Performance measure weightings and individual objectives are reviewed prior to the start of the financial year to ensure they remain appropriate and reinforce the business strategy. Performance targets are set annually to ensure they are appropriately stretching and reflect those strategic objectives. At the end of the year, the Committee determines the extent to which these targets were achieved. The bonus is normally settled in cash. However, if the share ownership guideline is yet to be achieved, any bonus earned above 100% of salary must be used by the Executive Director to purchase Wincanton shares until the share ownership guideline is achieved. All bonus awards are at the discretion of the Committee.
Opportunity	An Executive Director's annual bonus cannot exceed 150% of salary. A bonus of up to 25% of maximum is payable for 'Threshold' performance, 50% of maximum for 'Target' performance and up to 100% of the bonus is earned for 'Maximum' performance, with straight-line vesting in between.
Performance measure:	Annual performance is typically based on achievement of underlying operating profit targets and personal objectives. Underlying operating profit has a minimum weighting of 60% and a maximum weighting of 80%, and achievement of personal objectives has a minimum weighting of 20% and a maximum weighting of 40%. Personal objectives include an element relating specifically to financial objectives other than underlying operating profit; currently 50% of personal objectives and is expected to remain so over the term of this policy. In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic bonus outcome within the limits of the plan where it believes the outcome is not truly reflective of performance and to ensure fairness to both shareholders and participants.
Recovery provisions	Clawback provisions exist in respect of misstatements.

Long term incentives

Purpose and link to strategy	The aim of long term incentives is to incentivise and recognise the performance of Executive Directors in respect of their contribution to the delivery of the Group's strategy over the longer term by rewarding strong financial performance and sustained increase in shareholder value.
Operation	Performance is measured over a period of no less than three years. The Committee reviews the performance measure weightings ahead of each award to ensure alignment with Wincanton's strategy and has discretion to adjust weightings to ensure alignment to that strategy. Performance targets are reviewed ahead of each performance period and the Committee has discretion to adjust targets to ensure they remain appropriate and stretching. Targets are set having regard to a number of internal and external reference points. Awards may be granted as nil-cost options or conditional share awards. Dividends or dividend equivalents may be awarded in shares or cash equal to the dividends paid during the period between the date of grant and the date on which the shares vest.
Opportunity	Maximum award levels for Executive Directors are 100% of salary. In exceptional circumstances, for example on recruitment, individual awards may be granted up to 250% of salary. 25% of an award vests for 'Threshold' performance and 100% of an award vests for 'Maximum' performance, with straight-line vesting in between.
Performance measures	Performance measures are TSR relative to an appropriate comparator group and EPS growth. Each measure is subject to a minimum weighting of 25%. For TSR, 'Threshold' performance for Wincanton is median ranking in the comparator group and 'Maximum' is upper quartile ranking. In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic performance outcome downwards to ensure alignment of pay with the underlying performance of the business during the performance period.
Recovery provisions	Clawback and malus provisions exist in respect of vested and unvested awards in circumstances of misstatement and misconduct.

Shareholding guidelines

Purpose and link to strategy	Shareholding guidelines ensure alignment between Executive Directors and shareholders.
Operation	Shareholding guidelines are for any new Executive Director to accrue and then maintain a holding of shares with a value of 150% of their salary as assessed by the Committee from time to time; for Eric Born and Adrian Colman the shareholding guideline remains at 300% of salary. Any bonus achieved in excess of 100% of salary will be required to be used to purchase shares until the shareholding guideline is met.

Notes to the policy table

For the long term incentives, the Committee has selected EPS as one performance measure due to it providing good line of sight for Executive Directors. In addition, relative TSR supports alignment of Executive Director remuneration with shareholder interests and it takes into account the impact of changes in the external environment on Company performance.

For the annual bonus, underlying operating profit performance reflects the basis on which the Group is managed; sustained operating profit performance improvement should enable the Group to improve its balance sheet position.

By measuring the personal performance of an Executive Director, the Committee is also able to monitor performance against other key strategic objectives.

When setting the performance targets for short and long term incentives, the Committee considers a range of internal and external reference points such as the Company's strategic plan, consensus market forecasts, previous Company performance and other companies' performance ranges. The Committee then sets stretching, yet achievable, incentive targets. The Committee also has discretion to adjust the performance conditions during the performance period in exceptional circumstances, provided the new conditions are no tougher or easier to achieve than originally intended.

Previous commitments

The Company will honour all commitments previously entered into and Executive Directors will be eligible to receive payment from any existing arrangement made prior to the implementation of the Directors' remuneration policy.

Differences between the remuneration policy for Executive Directors and employees generally

Pay mix – The remuneration policy for Executive Directors is more heavily weighted towards variable pay than for other employees to make a greater part of their pay conditional on the delivery of the Company's strategy.

Bonus – Certain employees are eligible to receive a bonus with the bonus potential based on their organisational level (grade) within the business. In addition to the Company's Executive Bonus Plan, the Company operates a management bonus scheme and some employees are eligible for a bonus depending on the customer contract on which they work.

LTI – Up to 30 senior managers in the Group who have been identified as having key skills and/or are in key roles to significantly drive value to the Group, are eligible to receive long term incentive awards, within a framework in line with the long term incentives awarded to the Executive Directors. Such awards encourage alignment of our senior staff with our shareholders.

Pensions – All employees, including the Executive Directors, are eligible to be members of one of the defined contribution sections of the pension scheme. The level of pension provision for employees is determined by their organisational level (grade) and/or age.

SIP – The Company operates a Share Incentive Plan and actively promotes participation so that all employees can be actively involved in the Group's performance.

Remuneration policy continued

Consideration of employment conditions elsewhere in the Group

In making remuneration decisions and to ensure that there is a consistent approach across the Group, the Committee considers the pay and employment conditions across the Group. For example, the Committee considers the range of base pay increases across the Group as a factor in determining the base salary increases for Executive Directors. In addition, the Committee reviews the annual bonus awards and long term incentive arrangements, as well as base salaries and levels of pension provision for the Executive Management Team.

The Committee has not formally consulted with employees but is kept informed of significant changes to Group policy as well as pay reviews and bonus awards made to other employees. Further, as members of the Board, the Committee members receive updates from the Executive Management Team on their discussions and consultations with employees.

Consideration of shareholders' views

The Committee considers developments in institutional investors' best practice expectations and the views expressed by shareholders during any dialogue. The Committee is committed to maintaining a dialogue with shareholders and consults extensively with major shareholders and institutional investors when making substantive changes to remuneration policy.

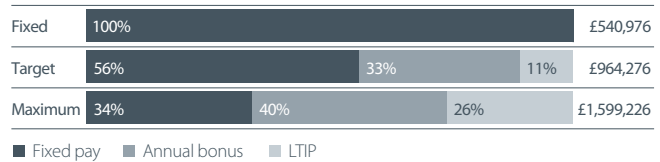
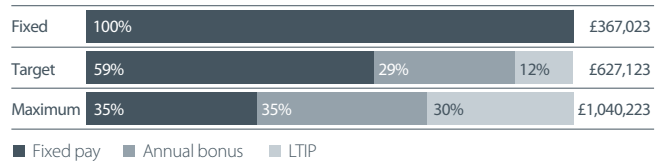
The Committee consulted with its main shareholders in respect of the policy proposed to be implemented with effect from 1 April 2015. Overall, shareholders provided positive feedback on the proposed changes. Some shareholders queried the initial proposal to reduce the shareholding requirement from 300% of salary to 100% of salary; it was generally recognised by shareholders that a shareholding requirement of 300% of salary was substantially ahead of market practice for comparative companies but that a reduction to 100% of salary was going too far in the opposite direction. After careful consideration, the Committee decided that any new Executive Director would be required to hold 150% of salary in shares, while shareholding requirements for current Executive Directors would remain unchanged at 300% of salary. Other feedback from shareholders focused on improving disclosure regarding the factors that the Committee considers when setting incentive performance targets. The Committee is mindful of all feedback received and, to this end, has improved such disclosure in this report.

Illustrations of application of remuneration policy

The charts opposite set out how much the Chief Executive and Group Finance Director could earn under the Directors' remuneration policy in the year ending 31 March 2016.

In the charts opposite, scenarios are based on the following assumptions. Note that performance scenarios exclude the impact of any share price appreciation and accrual of dividends or dividend equivalents:

	Remuneration receivable for different performance scenarios		
	Fixed	Target	Maximum
Fixed pay	<ul style="list-style-type: none"> Salary effective from 1 July 2014 as disclosed in the Annual report on remuneration on page 51 2013/14 pensions and taxable benefits as provided in the single figure table in the Annual report on remuneration on page 50 		
Annual bonus	Nil payout	Bonus award at 50% of maximum opportunity	Payout of 100% of award
LTIP	Nil payout	Threshold LTIP vesting at 25% of opportunity	Full LTIP vesting

Eric Born**Adrian Colman****Approach to remuneration on recruitment of an Executive Director**

When hiring or appointing a new Executive Director, including by way of internal promotion, remuneration packages will be set in accordance with the Company's Directors' remuneration policy. In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors, including the experience and calibre of the individual and the quantum/nature of remuneration and the jurisdiction from which the candidate was recruited, to ensure that arrangements are in the best interests of both Wincanton and its shareholders. Initial salaries may be set below market and consideration given to phasing any increases over two or three years subject to development in the role and normal variable pay will be subject to the maxima provided in the Directors' remuneration policy.

The Committee may consider it appropriate to grant one off awards to compensate for the loss of incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider relevant factors, including the structure of the awards forfeited, the toughness of performance conditions attached to those awards and the likelihood of those conditions being met. Compensation for forfeited awards will be on a fair value matching basis. To the extent that it is not possible or practical to provide compensation within the terms of the Company's existing incentive plans, a bespoke arrangement may be used, exercising the discretion available to the Committee under the UK Listing Rules. When the Company announces an Executive Director appointment, if applicable, it will provide an explanation of why a compensation award was granted and a breakdown of that payment.

In the case of an internal promotion, any outstanding variable pay awarded in relation to the previous role will be continued on the original terms.

Service contracts and policy for payments on termination and change of control

Under the Executive Directors' service contracts, the Company is required to give 12 months' notice and the Executive Director 6 months' notice of termination. Service contracts for new Executive Directors will generally be limited to 12 months' notice from both the Company and the Director.

All Executive Directors are appointed for an indefinite period but are subject to annual re-election at the Annual General Meeting.

Details of employment contracts for existing Executive Directors are summarised in the table below:

Executive Director	Date of appointment to the Board	Date of current contract	Notice period (Company)	Notice period (Director)	Unexpired term
Eric Born	1 October 2010	4 October 2008	12 months	6 months	Rolling 12 months
Adrian Colman	7 January 2013	6 December 2012	12 months	6 months	Rolling 12 months

The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

If notice is served by either party, the Executive Director can continue to receive basic salary, taxable benefits and pension provision for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of 'gardening leave'. Further, the Committee will take account of an Executive Director's duty to mitigate their loss. There are no arrangements in place between the Company and its Directors that provide for remuneration for loss of office following a change of control of the Company, other than in respect of the treatment of incentives, as set out below.

In addition to the contractual provisions regarding payment on termination set out above, the Group's incentive plans and share schemes contain provisions for termination of employment, based on 'good leaver' and 'bad leaver' treatment. Good leavers are typically defined as participants who leave early on account of injury, disability or ill health, death, a sale of their employer or business in which they were employed, statutory redundancy, retirement or any other reason at the discretion of the Committee, with bad leavers determined otherwise. In circumstances of termination on notice the Committee will determine an equitable remuneration package, having regard to the particular circumstances of the case.

For good leavers, the annual bonus is normally tested for performance over the full financial year and is pro-rated for the period of the financial year worked by the Director; there is no provision for an amount in lieu of bonus to be payable for any part of the notice period not worked, with Committee discretion to treat otherwise. Bad leavers would lose the right to the annual bonus.

For good leavers, deferred shares will vest on the date of leaving, with Committee discretion to allow for earlier release. Bad leavers would lose the right to deferred shares. For entitlement to shares under long term incentive arrangements, for a good leaver, the award will not be forfeited on cessation of employment and instead will continue to vest on the normal vesting date or earlier at the discretion of the Committee, subject to the performance conditions attached to the relevant awards. The awards will, other than if the Committee determines otherwise, be scaled back pro rata for the period of the vesting period worked by the Executive Director. Bad leavers would lose the right to any outstanding share awards.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met for example, in a redundancy situation. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

In the event of a change of control, all unvested awards under the deferred annual bonus and long term incentive arrangements would vest, to the extent that any performance conditions attached to the relevant awards have been achieved. The awards will, other than if the Committee determines otherwise, be scaled back pro rata for the proportion of the performance period worked by the Director prior to the change of control. Alternatively, unvested long term incentive arrangements may not vest on a change of control and instead may be replaced by an equivalent grant of a new award, as determined by the acquiring Company.

Policy on Executive Directors holding external appointments

Executive Directors are able to accept one non-executive Director appointment outside the Company with the consent of the Board, as such appointments can enhance Directors' experience and add value to the Company. Any fees may be retained by the Director.

Letters of appointment for non-executive Directors

The Chairman and non-executive Directors' terms of appointment are recorded in letters of appointment. All Directors are subject to re-election every three years in accordance with the Company's Articles of Association. In line with corporate governance best practice, all Directors currently put themselves forward for re-election at each AGM. The required notice is six months written notice from either side. Non-executive Directors are not entitled to any remuneration on loss of office.

Non-executive director	Date of appointment	Date of original letter of appointment	Effective date of current letter of appointment	Unexpired term ¹	Expiry of current term
Steve Marshall	14 December 2011	21 November 2011	14 December 2011	5 months	21 November 2014
Richard Adam	1 June 2014	9 April 2014	1 June 2014	35 months	1 June 2017
Jonson Cox	21 October 2005	21 October 2005	21 October 2011	n/a	31 May 2014 ²
Martin Sawkins	27 July 2012	22 June 2012	27 July 2012	13 months	27 July 2015
David Radcliffe	27 July 2012	22 June 2012	27 July 2012	13 months	27 July 2015
Paul Venables	2 September 2009	23 July 2009	2 September 2012	14 months	2 September 2015

¹ Full months from date of this report.

² Date of resignation.

Non-executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office.

Non-executive Directors

Purpose and link to strategy	The Company seeks to attract and retain a high calibre Chairman and non-executive Directors by offering market competitive fee levels.
Operation	<p>On the appointment of a new Chairman or non-executive Director, the fees will be set taking into account the experience and calibre of the individual.</p> <p>Neither the Chairman nor the non-executive Directors participate in any of the Company's short or long term incentive arrangements, nor do they receive benefits or pension provision. They are however reimbursed for reasonable costs incurred in carrying out their role.</p> <p>The Chairman receives an annual fee. The non-executive Directors receive an annual base fee and additional fees are paid to reflect additional responsibilities, such as chairing a Board Committee.</p> <p>The Chairman and non-executive Directors receive their annual fee paid monthly in instalments. The fee of the Chairman is set by the Committee and the fees of the non-executive Directors are approved by the Board, on the recommendation of the Chairman and Chief Executive.</p>
Opportunity	Fee levels are reviewed on a periodic basis, and may be increased taking into account factors such as the time commitment of the role and market levels in companies of a similar size and complexity. Fees for the Chairman and non-executive Directors will not exceed £500,000 in aggregate as set out in the Articles of Association of the Company.

Annual report on remuneration

Introduction

This section of the Directors' remuneration report sets out the Company's remuneration of its Directors during the year ended 31 March 2014 and how the Company intends to pay its Directors for the year ending 31 March 2015. This report is subject to an advisory vote by shareholders at the Company's AGM on 16 July 2014.

Membership of the Remuneration Committee

The Committee's composition complied with Section D of the UK Corporate Governance Code throughout the year. The following table sets out the attendance at Remuneration Committee meetings held in the year.

	Attended/scheduled
Martin Sawkins (Chairman)	4/4
Jonson Cox	4/4
Steve Marshall	4/4
David Radcliffe	4/4
Paul Venables	4/4

At the date of this report, the membership of the Committee comprises four independent non-executive Directors plus the Company Chairman. The members represent diverse backgrounds and experience, which is designed to provide balance and diversity within the Committee. In addition to formal Committee meetings, Committee members met outside of the scheduled meetings as necessary. No attendee was present when their own remuneration was being discussed.

In addition to the members of the Committee, the Chief Executive, Group Finance Director, HR Director and Company Secretary attended certain of the Committee meetings by invitation. The executive attendees were invited to provide advice and assistance to Committee meetings that materially supported the Committee in making appropriately considered and informed decisions. In particular:

- the Chief Executive and the HR Director advised the Committee on matters relating to the appropriateness of awards for the Executive Directors and members of the Executive Management Team;
- the HR Director also advised on HR strategy and the application of policies across the Group;
- the Group Finance Director advised on the performance conditions, in particular the impact of changes to accounting standards and market consensus; and
- the Company Secretary attended as Secretary to the Committee and provided advice in relation to share dilution and the Employee Share Trust.

Kepler Associates is the appointed external adviser to the Committee.

The Committee evaluates the support provided by its advisers annually and is comfortable that Kepler Associates provides objective and independent remuneration advice to the Committee and do not have any connections with Wincanton that may impair their independence. Kepler Associates is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During the year, Kepler Associates attended certain Committee meetings to provide advice that materially supported the Committee in making appropriately considered and informed decisions, which included market information, governance developments, advice on the appropriate structure of short term incentives and long term incentives and comparator group pay and performance. Fees payable to Kepler Associates amounted to £12k in the year, based on time and materials. The increase in the year is a result of the advice provided to the Committee in relation to the significant remuneration policy review and shareholder consultation exercise that was undertaken in the year.

Terms of Reference of the Remuneration Committee

The Terms of Reference of the Committee are reviewed annually and were updated in the year predominantly to incorporate changes to the remuneration reporting environment. The Committee's Terms of Reference are available on the Group's website. The main responsibilities of the Committee are to:

- determine and agree with the Board the broad policy for the remuneration of the Company's Executive Directors and the Chairman;
- approve the design of, and determine targets for, relevant performance related pay schemes operated by the Group;
- determine whether performance targets have been met;
- review the design of all share incentive plans for approval by the Board and shareholders;
- oversee any major changes in employee benefit structures at Group level; and
- select and appoint consultants to provide independent advice to the Committee.

Activities of the Committee in the year ended 31 March 2014

The principal business covered during the year included the following:

- considering the Directors' remuneration policy to take effect from 1 April 2015;
- reviewing the Directors' remuneration report;
- agreeing bonus awards in respect of the year ended 31 March 2013;
- reviewing annual salaries and determining that the Executive Directors would receive no pay rise;
- measuring and concluding that the performance conditions for the 2010 Performance Share Plan and the 2011 Special Option Plan awards have not been met and setting the performance conditions for the 2013 Special Option Plan awards; and
- commencing a review of future bonus and long term incentive arrangements.

Stakeholder engagement and consultation

The Committee recognises the importance of engaging with stakeholders in relation to the setting of remuneration policy. At the Company's 2013 AGM, the advisory resolution seeking approval for the Directors' remuneration report received the following votes.

Votes for	%	Votes against	%	Total votes	% of ISC voted	Votes withheld
50,616,424	76.6	15,471,410	23.4	66,087,834	54.3%	2,563,552

¹ The ISC (Issued Share Capital) of the Company as at the date of the Company's 2013 AGM was 121,747,293.

At a General Meeting of the Company held in July 2011, the Company obtained shareholder approval to put in place the current remuneration arrangements, specifically the Company's Special Option Plan (the Company's current long term incentive plan) and the Company's Executive Bonus Plan (annual bonus plan). Those arrangements were put in place following a detailed shareholder consultation exercise. One major shareholder voted against those plans and has continued to do so as reflected in the table above. The Company has retained a dialogue with all major shareholders throughout the period since the current policy was introduced. The current remuneration arrangements were put in place for a period through to the end of the financial year to 31 March 2015.

The Committee considers all feedback it receives and has sought to address all feedback in finalising the new remuneration policy, including those concerns raised by the major shareholder that voted against the Directors' remuneration report at the 2013 AGM.

The Committee Chairman has met with shareholders to discuss, amongst other things, the Group's remuneration policy. In addition, a formal consultation exercise led by the Chairman of the Remuneration Committee has been carried out in relation to proposed changes to the Company's remuneration policy, as set out in more detail in the Directors' remuneration policy section of this report. The Company will put this policy to the 2014 AGM.

Relative importance of spend on pay

The following table is intended to assist in understanding the relative importance of the remuneration in the context of the Group's financial position more generally.

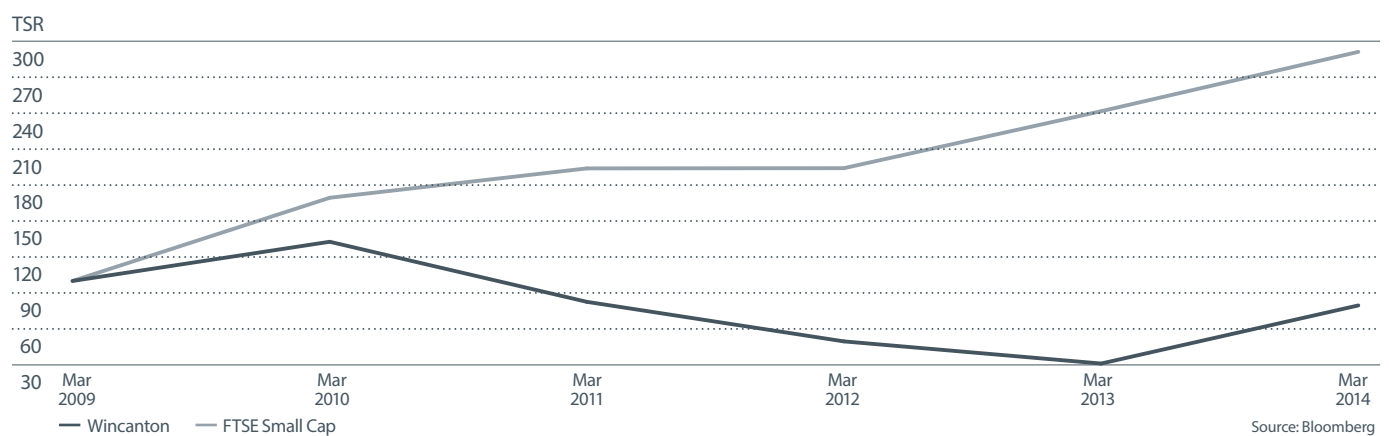
Item	2014 £m	2013 £m	Difference ² £m
Remuneration of all employees ¹	478.3	480.3	(2.0)
Dividend or share buyback	–	–	–

¹ This includes all personnel expenses, including Executive Directors, as set out in Note 4 to the consolidated financial statements.

² Despite all personnel expenses reducing in 2013/14 compared to 2012/13, the average number of employees has reduced. As a result, the average personnel expenses in 2013/14 increased by 1% compared to 2012/13.

Performance and pay

Set out below is a line graph that shows the TSR performance over a five year period for both a holding of the Company's shares and the FTSE Small Cap, which has been used as the Company is a constituent of the FTSE Small Cap.



Below is a table that sets out the total remuneration and the amount vesting under short term (bonus) and long term incentive plans (as a percentage of the maximum that could have been achieved) in each year of the same period as set out in the graph above, for the Chief Executive.

Year ended 31 March	Chief Executive	Chief Executive single figure of total remuneration £'000	Annual bonus payout against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
2014	Eric Born	885	68% ³	100% ⁵
2013	Eric Born	822	69% ³	100% ⁶
2012	Eric Born	710	41% ³	100% ⁶
2011 ¹	Eric Born	249	0%	n/a
2011 ²	Graeme McFaul	397	0%	0% ⁷
2010	Graeme McFaul	655	64% ⁴	9% ⁸

¹ Appointed 14 December 2010.

² Resigned on 14 December 2010.

³ The maximum opportunity for 'single figure' purposes is 100% of salary. 50% of bonus is deferred in shares which vest subject to performance and are therefore defined as a long term incentive.

⁴ The maximum opportunity for 'single figure' purposes is 25% of salary. 75% of bonus is deferred in shares which vest subject to performance and are therefore defined as a long term incentive.

⁵ Awards under the Company's Executive Bonus Plan vested in full.

⁶ Awards under the Company's Deferred Annual Bonus Scheme vested in full.

⁷ Awards under the Company's Share Match Incentive Scheme and the Performance Share Plan all lapsed due to performance conditions not being met.

⁸ Awards under the Company's Share Match Incentive Scheme and the Executive Share Option Scheme vested in full however the awards under the Executive Share Option Scheme were 'underwater' and are excluded from this table.

Annual report on remuneration continued

The following table sets out the percentage change in annual cash awarded to the Chief Executive between the year ended 31 March 2013 and the year ended 31 March 2014 as compared to the change in annual cash awarded to a comparator group of employees, as set out below.

	Salary			Taxable benefits			Bonus			Total		
	At 31 March 2014 £'000	At 31 March 2013 £'000	Change %	At 31 March 2014 £'000	At 31 March 2013 £'000	Change %	At 31 March 2014 £'000	At 31 March 2013 £'000	Change %	At 31 March 2014 £'000	At 31 March 2013 £'000	Change %
Eric Born	415	415	0%	26	26	0%	282 ¹	287 ²	(2)%	723	728	(1)%
Comparator group ³	72	71	1%	7	7	0%	7	7	–	86	85	1%

¹ This represents the cash portion of the bonus awarded in respect of the year ended 31 March 2014. 50% will be paid in cash and the remaining 50% deferred in shares.

² This represents the cash portion of the bonus awarded in respect of the year ended 31 March 2013. 50% was paid in cash and the remaining 50% deferred in shares.

³ The Comparator group is an average cost per person for all management level employees (circa 300 employees). This comparator group was chosen on the basis that it is broadly the same group of employees that are entitled to participate in the Company's general management bonus plan and that are entitled to a similar range of taxable benefits. Further, a significant proportion of the Company's employees are on legacy employment arrangements as a result of employees transferring into the business or are entitled to remuneration arrangements determined by the customer rather than Wincanton.

Payments made in the year under review

Single total figure of remuneration – Executive Directors (audited)

	Eric Born		Adrian Colman ⁶	
	At 31 March 2014 £'000	At 31 March 2013 £'000	At 31 March 2014 £'000	At 31 March 2013 £'000
Fixed Pay				
Salary and fees	415	415	300	75
Taxable benefits ¹	26	26	16	4
Pension related benefits ²	91	91	45	10
Sub total	532	532	361	89
Bonus	282 ³	287	171 ³	42
Long-term incentives ⁴	71	3	–	–
Sub total	353	290	171	42
Total⁵	885	822	532	131

¹ The taxable benefits comprise the gross value of those benefits provided to the Executive Directors, including company car allowance and healthcare. The value of company car allowance provided during the year ending 31 March 2014 was £25,000 for Eric Born and £15,600 for Adrian Colman.

² The pension related benefits comprise the amounts contributed to the defined contribution section of the Company's pension scheme or the salary supplement provided in lieu of such contributions.

³ The bonus amount is equal to the cash element of the Executive Bonus Plan which will be awarded to the Executive Directors in respect of the year ended 31 March 2014. Further information is detailed on page 52.

⁴ The long term incentives set out the value of those deferred shares that vested under the Executive Bonus Plan in the year ended 31 March 2014 and under the Deferred Annual Bonus Scheme in the year ended 31 March 2013, both subject to performance. These shares are valued as at the date of vest. Further information concerning the exercise of long term incentives can be found on page 54.

⁵ The total figure excludes the value of Matching Shares awarded under the Company's SIP in the year due to the value being de minimis. Full details of shares held under the Company's SIP can be found on page 54.

⁶ Appointed 7 January 2013.

Payments to past Directors

There have been no payments made to past Directors during the year under review.

Payments for loss of office

There have been no payments for loss of office made during the year under review.

Single total figure of remuneration – non-executive Directors (audited)

The below table sets out the fees of the non-executive Directors in the year. For 2013/14, the Chairman received an annual fee of £170,000 and the non-executive Directors received a base fee of £45,000. Additional fees of £7,500 were payable to Committee chairmen (excluding the Nomination Committee, which is chaired by the Chairman). It is intended that the fees will remain unchanged in the year ending 31 March 2015. The other information required under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of non-executive Directors does not apply and has therefore been excluded for simplicity.

	Steve Marshall		Paul Venables		Jonson Cox		Martin Sawkins ¹		David Radcliffe ¹	
	At 31 March 2014	At 31 March 2013	At 31 March 2014	At 31 March 2013	At 31 March 2014	At 31 March 2013	At 31 March 2014	At 31 March 2013	At 31 March 2014	At 31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed pay										
Fees	170	170	45	45	45	45	45	30	45	30
Committee Chair fee	–	–	8	8	–	–	8	5	–	–
Total	170	170	53	53	45	45	53	35	45	30

¹ Appointed 27 July 2012.

Executive Director salaries

Executive Director salaries are reviewed annually with any change effective from 1 July. The salaries of the Executive Directors as at 31 March 2014 and with effect from 1 July 2014 are set out in the following table:

	Salary as at 1 July 2014	Salary as at 31 March 2014	Change	Salary as at 31 March 2013	Change
Eric Born	£423,300	£415,000	2%	£415,000	0%
Adrian Colman	£306,000	£300,000	2%	£300,000	0%

Total pension scheme entitlements

Eric Born and Adrian Colman are members of a defined contribution section of the Wincanton pension scheme. An amount equivalent to 22% of Eric Born's pensionable salary and 15% of Adrian Colman's pensionable salary was payable in the year ending 31 March 2014. Insofar as the individual provision levels exceeded £50,000, the provision was in the form of a taxable cash supplement. Pension provisions are intended to remain at the same level for 2014/15, however the annual allowance reduces to £40,000 in the 2014/15 tax year and therefore any pension provision in excess of this level will be in the form of a taxable cash supplement in 2014/15.

Taxable benefits for 2014/15 will be provided in line with those offered in 2013/14.

Annual report on remuneration continued

Executive Bonus Plan**Executive Bonus Plan framework**

Awards made under the Executive Bonus Plan are determined by the Committee's assessment of the performance during the year based on the key areas set out below. All performance targets are linked to the Group's strategy.

The maximum bonus potential for Eric Born is 200% of base salary and for Adrian Colman it is 150% of base salary.

60% of an Executive Director's maximum potential is based on underlying operating profit performance. The bonus accrues on a straight-line basis between minimum and maximum thresholds. No bonus will be paid for performance below the minimum threshold, with 21% of this element payable at minimum threshold.

The remaining 40% of an Executive Director's maximum bonus potential is based on personal objectives, which are designed to support the Group's strategy and reinforce its values with 50% of the personal objectives relating specifically to financial measures other than underlying operating profit.

50% of the annual bonus is paid in cash. The remaining 50% is deferred in shares, which only vest subject to continued service and underlying operating profit performance. Every 12 months following the date of award, up to and including the anniversary in 2015, half of the deferred shares vest subject to 80% of each year's budgeted underlying operating profit target being met and continued employment. Deferred awards are made as nil cost options with reference to the Company's 30 day average share price for the period finishing on the last working day of the financial year of the Company.

2014/15 will be the last year of operation for the Executive Bonus Plan. At the anniversary in 2015, all remaining deferred share awards may vest subject still to 80% of budgeted underlying operating profit for the year ending 31 March 2015 being met and continued employment. To the extent that a bonus is awarded in respect of the 2014/15 financial year, the bonus will be awarded 50% in cash and 50% in shares with the shares vesting immediately on the date of award. This will be replaced by the new annual bonus arrangements for the 2015/16 financial year, as described in the Directors' remuneration policy (subject to shareholder approval).

Executive Bonus Plan performance for the year ended 31 March 2014

Achievement against targets for the annual bonus awards for performance in the year ending 31 March 2014 are as follows:

	Minimum	Maximum	Actual
Operating profit performance	£45.3m	£50.8m	£48.0m
Bonus level as percentage of maximum opportunity	13%	60%	36%

Personal objectives set during the year covered areas such as: preparing for the next re-financing; building the platform to capture stronger future growth; continuing to improve health and safety performance; improving the current operating model; and driving team performance.

Overall, the Committee concluded that progress was made in the areas covered by the personal objectives and the Executive Directors delivered strong performance during the year under review. This element contributed to a payment of 32% of the maximum potential award for Eric Born and 36% of the maximum potential award for Adrian Colman.

The value of the bonus awarded in respect of the year ended 31 March 2014 is set out as follows. The Deferred Share value will be included in future single figure tables to the extent that those shares vest:

	Cash element	Deferred in shares	Total award 2014	Percentage of salary at 31 March 2014	Total award 2013	Percentage of salary at 31 March 2013
Eric Born	£282,200	£282,200	£564,400	136%	£574,504	138%
Adrian Colman	£162,000	£162,000	£324,000	108%	£84,619 ¹	28% ¹

¹ Appointed 7 January 2013, with the 2013 award therefore being pro rated based on service in 2012/13.

Deferred share performance for the year ended 31 March 2014 (audited)

For the deferred bonus vesting for performance in the year, the budgeted underlying operating profit target was £47.3m and actual operating profit was £48.0m. The following deferred bonus awards therefore vested for performance in respect of the year ended 31 March 2014:

	Type	Total number of deferred shares held at 31 March 2014	Number of deferred shares available to vest during 2013/14	% vesting on performance	No. of interests vesting on performance	Facevalue ¹	Percentage of salary
Eric Born	Nil cost option	750,851	107,296	100%	107,296	£70,815	17%
Adrian Colman	Nil cost option	78,986	–	–	–	–	–%

¹ Based on the share price on the day of vest of 66p.

2014/15 Executive Bonus Plan framework

The maximum bonus opportunity for Eric Born at 200% of basic salary and Adrian Colman at 150% of basic salary will remain unchanged in the 2014/15 financial year. In addition, the performance measures will operate on the same basis as in the 2013/14 financial year with 60% of any award based on underlying operating profit performance and 40% based on personal objectives, with 50% of the personal objectives allocation relating to financial targets other than operating profit.

The targets themselves, as they relate to 2014/15 are deemed commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's remuneration report to the extent that they do not remain commercially sensitive at that time.

Long Term Incentives – Special Option Plan

In the year under review, the Company made long term incentive awards through the Special Option Plan. The award made in the year to Eric Born was equivalent to 200% of salary and to Adrian Colman was equivalent to 150% of salary. The awards were made as market priced options, which means that the Executive Directors only realise value, to the extent that the options meet the performance conditions and vest, from any increase in the share price over the option price.

Performance targets

In order for awards under the Special Option Plan to vest, average TSR growth has to be in excess of 10% per annum with full vesting achieved at 22% per annum during the three year period from date of award with straight-line option vesting between points. There is also an EPS underpin which requires that underlying EPS cannot reduce at any point during the relevant three year period. Were EPS to reduce at any point during the relevant three year period, the relevant awards would lapse in full. These performance conditions apply to all outstanding Special Option Plan awards.

Awards vesting for performance ending in the year under review (audited)

No awards vested for performance in the financial year ended 31 March 2014.

Awards made in the year under review (audited)

Details of options awarded to the Executive Directors in the year under review are set out below. The EPS performance period for the 12 July 2013 award is 1 April 2013 to 1 April 2016 and the TSR performance period is the period of 36 consecutive months commencing on the date of award.

	Date of award	Vest date	No. of shares under award as at 1 April 2013	Option exercise price ¹	Share price at date of award ²	Additional shares awarded during the year	No. of shares lapsed during the year	No. of shares exercised during the year	No. of shares under award at 31 March 2014
Eric Born	12/07/2013	12/07/2016	–	£0.68	£0.66	1,225,997	–	–	1,225,997
Adrian Colman	12/07/2013	12/07/2016	–	£0.68	£0.66	886,262	–	–	886,262

¹ The option price is calculated using the three-day average share price immediately preceding the date of award.

² The closing share price on the date of award.

Application of the Special Option Plan for 2014/15

For 2014/15, the Committee intends that the Special Option Plan will be operated in exactly the same way and with the same performance conditions as in 2013/14.

Long Term Incentives – Performance Share Plan

In 2010 Eric Born was awarded nil cost options under the terms of Wincanton's previous long term incentive the Performance Share Plan. This is the only outstanding award under this Plan. The performance condition is based on EPS and relative TSR.

A maximum of 50% of the award was subject to the Group's cumulative annual underlying EPS; with 25% vesting if cumulative annual EPS was 70.0p, rising on a straight-line basis to 50% vesting if cumulative annual underlying EPS was 72.4p. When the Committee set that performance condition, the Group also had operations in Mainland Europe. As a result of the disposal of the Mainland European operations, the Committee amended the performance condition so that it would be based on EPS of the continuing operations with the target range therefore being between 65.2p and 67.6p. Actual cumulative underlying EPS for the continuing operations was 56.9p and the performance condition therefore failed.

In addition to the EPS condition, 50% was subject to the Group's TSR relative to the TSR of the constituents of the FTSE 250 at the date of grant in the three consecutive years following grant. 12.5% would vest where performance was equal to the median performance of the FTSE 250 rising on a straight-line basis to 50% (maximum vesting) if TSR performance is in the upper quartile of the FTSE 250 constituents. Minimum vesting required 51% TSR growth whereas the Company achieved negative TSR growth of 68%. The performance condition therefore failed.

As a result of both performance conditions having failed, the award held by Eric Born lapsed, as set out in the table below:

	Date of award	Vest date	No. of shares under award as at 1 April 2013	Option exercise price	Share price at date of award	Additional shares awarded during the year	No. of shares lapsed during the year	No. of shares exercised during the year	No. of shares under award at 31 March 2014
Eric Born	22/07/2010	22/07/2013	163,080	Nil	£2.21	–	163,080	–	–

Executive Directors' external appointments

Eric Born is a non-executive Director of John Menzies plc. During the year ended 31 March 2014, Eric received and retained £40,500 in fees.

Annual report on remuneration continued

Share ownership**Total share interests at 31 March 2014 (audited)**

Director	Owned/vested	Shares		Nil-cost options		Options Unvested and subject to performance
		Unvested and subject to continued employment	Vested but unexercised	Unvested and subject to performance	Vested but unexercised	
Eric Born	62,349	1,240	107,296	643,555	–	3,531,552
Adrian Colman	36,000	–	–	78,986	–	1,945,584
Steve Marshall	20,000	–	–	–	–	–
Paul Venables	35,000	–	–	–	–	–
Jonson Cox	36,589	–	–	–	–	–
Martin Sawkins	25,000	–	–	–	–	–
David Radcliffe	9,532	–	–	–	–	–

Share ownership policy (audited)

Employee share ownership is a key part of the Company's remuneration policy and is designed to help maintain long term commitment and business understanding, offering the opportunity to benefit from any growth in shareholder value. Eric Born and Adrian Colman are required to build and then maintain a shareholding level currently of three times annual salary. Both Eric Born and Adrian Colman have not met this guideline as at 31 March 2014. It is anticipated that the guideline will be met in the 2015/16 financial year.

Executive Directors' share interests as at 31 March 2014 (audited)

	Partnership Shares held under the SIP		Unrestricted shares held		Total shares held	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Eric Born	4,961	4,140	57,388	57,388	62,349	61,528
Adrian Colman ¹	–	–	36,000	36,000	36,000	36,000

¹ Appointed 7 January 2013.

The only changes in the Directors' personal holdings between 1 April 2014 and the date of this report are as follows; a connected party to Adrian Colman purchased 5,500 shares; and Eric Born purchased 213 Partnership Shares and was awarded 53 Matching Shares.

Directors' Long Term Incentive Plan Interests (audited)

	Date of award	Vest under award date	No. of shares under award as at 1 April 2013	Option exercise price ¹	Share price at date of award ²	Additional shares awarded during the year	No. of shares lapsed during the year	No. of shares exercised during the year	No. of shares under award at 31 March 2014
Performance Share Plan									
Eric Born	22 July 2010	22 July 2013	163,080	Nil	£2.21	–	163,080	–	–
Special Option Plan									
Eric Born	12 July 2012	12 July 2015	2,305,555	£0.36	£0.33	–	–	–	2,305,555
	12 July 2013	12 July 2016	–	£0.68	£0.66	1,225,997	–	–	1,225,997
Adrian Colman	29 January 2013	29 January 2016	1,059,322	£0.71	£0.69	–	–	–	1,059,322
	12 July 2013	12 July 2016	–	£0.68	£0.66	886,262	–	–	886,262
Executive Bonus Plan deferred shares									
Eric Born	12 July 2012	12 July 2013 – 12 July 2015	214,591 ³	Nil	£0.33	–	–	–	214,591
	12 July 2013	12 July 2014 – 12 July 2015	–	Nil	£0.66	536,260 ⁴	–	–	536,260
Adrian Colman	12 July 2013	12 July 2014 – 12 July 2015	–	Nil	£0.66	78,986 ⁴⁵	–	–	78,986

¹ The option price is calculated using the three day average share price immediately preceding the date of award.

² The Mid Market Quotation (MMQ) share price on the date of award.

³ The award is made with reference to the 30 calendar day average of the Company's MMQ ending on 31 March 2012, which was £0.79.

⁴ The award is made with reference to the 30 calendar day average of the Company's MMQ ending on 31 March 2013, which was £0.54.

⁵ Adrian Colman was appointed on 7 January 2013. As a result the bonus award was pro rated based on his length of service.

Non-executive Directors' share interests as at 31 March 2014 (audited)

	Opening	Purchased	Disposed	Closing
Steve Marshall	–	20,000	–	20,000
Paul Venables	35,000	–	–	35,000
Jonson Cox	36,589	–	–	36,589
David Radcliffe	–	25,000	–	25,000
Martin Sawkins	–	9,532	–	9,532

There were no changes in the non-executive Directors' personal holdings between 1 April 2014 and the date of this report. Richard Adam was appointed on 1 June 2014 and holds no Wincanton shares.

Dilution limits

All share/option awards are made under plans that incorporate dilution limits consistent with the guidelines provided by the Association of British Insurers. These limits are 10% in any rolling ten year period for all plans and 5% in any rolling ten year period for executive share plans. Estimated dilution from existing awards made over the last ten years up to 31 March 2014 is as follows:

	Actual	Limit
All employee share plans	5.2%	10%
Executive share plans	2.3%	5%

Directors' report

Other statutory information

Principal activities

Wincanton plc is the parent Company of the Group. The Group is a leading provider of supply chain solutions in the UK and Ireland.

Strategic report

Wincanton is required to prepare a fair review of the business of the Group during the year ended 31 March 2014 and of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as a Strategic report). The purpose of the Strategic Report is to enable shareholders to assess how the Directors have performed their duty under Section 172 of the Companies Act 2006. The information that fulfils the requirement of the Strategic report can be found in pages 1 to 33. Details of the Group's business goal, strategy and model are on pages 4 to 9. The information that fulfils the requirements of the Corporate governance report can be found on pages 36 to 57.

Corporate governance report

The Corporate governance statement as required by Rule 7.2.1 of the Financial Conduct Authority's Disclosure and Transparency Rules is set on page 36.

Management report

For the purposes of Rule 4.1.5R(2) and Rule 4.18 of the Finance Conduct Authority's Disclosure and Transparency Rules, this Directors' report and the Strategic report on pages 1 to 33 comprise the Management report.

Events after the balance sheet date

There were no reportable events after the balance sheet date.

Directors

The Directors during the year and at the date of this report are:

Executive

Eric Born, Chief Executive

Adrian Colman, Group Finance Director

Non-executive

Steve Marshall, Chairman

Richard Adam (appointed 1 June 2014)

Jonson Cox (resigned 31 May 2014)

David Radcliffe

Martin Sawkins

Paul Venables

At the 2014 AGM, Richard Adam will offer himself for election and all other current Directors will retire and offer themselves for re-appointment. Biographical details of all Directors are set out on pages 34 and 35. Details of the service contracts of the Executive Directors and the letters of appointment for the non-executive Directors are set out in the Directors' annual report on remuneration on pages 46 and 47 respectively.

Results and dividends

The Group profit attributable to equity shareholders for the financial year amounted to £27.4m. The Directors do not propose a dividend.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future. The financial statements are therefore prepared on a going concern basis. Further details of the Group's liquidity position and going concern review are provided in Notes 25 and 1 respectively to the Group financial statements.

Share capital

Details of the Company's issued share capital as at 31 March 2014, which includes options granted under the Group's employee share schemes, are set out in Note 6 to the Company financial statements.

Authority to purchase shares

The Company was authorised at the 2013 AGM to purchase its own shares within certain limits. During the year ended 31 March 2014, the Company did not purchase any shares under this authority. The Directors will, however, seek renewal of their authority to purchase in the market the Company's shares at the AGM on 16 July 2014.

Annual General Meeting 2014

The Company's thirteenth AGM will be held at 1:00pm on Wednesday, 16 July 2014 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. The Notice of Annual General Meeting 2014, which contains full explanations of the business to be conducted at the AGM, is set out in a separate shareholder circular.

Substantial shareholdings

At the date of this report, the Company has been notified of the following major shareholdings. Both the number of shares held and the percentage holding are stated as at the date of notification to the Company:

Shareholder	Type of holding	Number of shares held	Holding (% of issued share capital)
Aberforth Partners LLP	Indirect	6,372,400	5.25
Ameriprise Financial, Inc	Direct and Indirect	13,393,159	11.00
Trustee of the Wincanton plc EBT	Indirect	6,070,647	5.00
F&C Asset Management plc	Indirect	5,350,308	4.40
Henderson Global Investors	Indirect	6,805,289	5.58
Newton Investment Management	Indirect	5,844,481	4.80
Rathbone Brothers Plc	Indirect	9,058,170	7.54
Schroders plc	Indirect	14,969,856	12.30
Standard Life Investments	Direct and indirect	9,632,569	6.367

Accounting policies, financial instruments and risk

Details of the Group's accounting policies, together with details of financial instruments and of financial risk are provided in Notes 1 and 25 to the Group financial statements.

Additional information

Where not provided elsewhere in the Directors' report, the following provides the information required to be disclosed by Section 992 of the Companies Act 2006.

Each ordinary share of the Company carries one vote at general meetings of the Company. There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions, which may from time to time be imposed by law. In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek approval of the Company to deal in its shares.

Employees who participate in the SIP, whose shares remain in the plan's trust, give directions to the trustee to vote on their behalf by way of a Form of Direction.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover. The Company is not aware of any contractual or other agreement, which is essential to its business that ought to be disclosed in this Directors' report.

Auditor

Upon the recommendation of the Audit Committee and approval of the Board, resolutions to appoint KPMG LLP as auditor, and to authorise the Directors to fix their remuneration, will be proposed at the 2014 AGM.

Each of the Directors who held office at the date of approval of this Directors' report confirms that, so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that ought to have been taken in his or her duty as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' statement on the annual report

The Directors consider the annual report taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for the shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Stephen Williams
Company Secretary

Statement of Directors' responsibilities in respect of the Annual Report and the Accounts

The Directors are responsible for preparing the Annual Report and Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements; 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 Report and Accounts

The Directors confirm that to the best of their 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 management report required by DTR 4.1.8R (contained in the Strategic report and the Directors' report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors approved the above responsibility statement on 4 June 2014.

Stephen Williams
Company Secretary

4 June 2014
Wincanton plc
Registered in England and Wales No. 4178808

Independent auditor's report to the members of Wincanton 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 Wincanton plc for the year ended 31 March 2014 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the related notes. 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 2014 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 (IFRS as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows.

Property provisions (£33.4 million)

Refer to page 41 (Audit Committee report), page 67 (accounting policy) and page 79 (financial disclosures).

- **The risk** – In the year ended 31 March 2012, an onerous lease provision was recognised in relation to the empty or under-utilised sites which formed part of the Group portfolio. This was as a result of significant unexpected withdrawals by customers from sites in response to the external market environment and a deterioration in both general economic conditions and the overall property market. The calculation of this provision required the Directors to make a number of judgements and estimates at the time of initial calculation, but also requires ongoing trading conditions and market sentiment to be reflected as time progresses.

This remains an area of significant judgement in the current year as changes in assumptions, particularly relating to the forecasting of cash flows and changes in market sentiment could lead to a material impact on the profit for the period.

The forecasting of cash flows and assessment of market sentiment are therefore key judgemental areas that our audit is concentrated on.

- **Our response** – In this area our audit procedures included, among others, the use of our own property specialists to critically assess the Group's measurement of market confidence, in particular to challenge the assumptions relating to the length of time currently marketed properties will remain empty prior to letting and the rent-free periods which would be required to be offered by comparing to industry norms for the particular location. We challenged the key inputs to the calculation of the provision; the discount rate used, through comparison with industry competitors; the forecast cash flows by assessing the historical accuracy of these cash flows, and the assessment of market confidence by performing sensitivity analysis on the key void and rent-free period assumptions.

Goodwill (£77.3 million)

Refer to page 41 (Audit Committee report), page 66 (accounting policy) and pages 74 and 75 (financial disclosures).

- **The risk** – Goodwill acquired in a business combination is allocated to the Group's Cash Generating Units (CGUs), which are aligned with its operating segments; Contract Logistics and Specialist Businesses. The recoverable amounts of the CGUs are determined from value in use calculations and where the carrying value of a CGU exceeds its recoverable amount an impairment charge is required. This is a key judgement area as adverse changes in assumptions, particularly relating to forecast cash flows and discount rates could reduce the recoverable amount below the carrying amount, and potentially give rise to a material impairment charge.

The forecasting of cash flows and the selection of an appropriate discount rate are therefore key judgemental areas that our audit is concentrated on.

- **Our response** – In this area our audit procedures included, among others, evaluating the Group's budgeting procedures upon which the forecast cash flows are based by performing an assessment of the historical accuracy of budgets. We challenged the Group's selection of the discount rate used by considering the basis of the calculation of the discount rate and used external data (including competitor analysis) to determine an appropriate range and compared the actual rate used to that range. For the period beyond the three year financial budgets and forecasts, we considered whether the growth rate used was consistent with both historical performance and future business strategies.

We evaluated the Group's sensitivity analysis, by performing our own analysis to assess the sensitivity of the impairment reviews to changes in the key assumptions of the discount rate, growth rate and the forecast cash flows.

We considered the adequacy of the Group's disclosures in respect of the impairment testing of goodwill and whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in it.

Pension scheme deficit (£110.9 million)

Refer to page 41 (Audit Committee report), pages 66 and 67 (accounting policy) and pages 81 to 84 (financial disclosures).

- **The risk** – Significant estimates are made in valuing the defined benefit section of the Group's post-retirement Scheme and small changes in either the assumptions or estimates used to value the Group's net pension deficit may have a significant effect on the results and financial position of the Group. The key assumptions in the calculation of the net deficit are the discount rate, inflation rate and mortality/life expectancy.

The defined benefit section of the Scheme was closed to future accrual from 31 March 2014, which resulted in a curtailment gain of £15.0 million. During the period the Group also changed the benefits of the plan to offer a Pension Increase Exchange (PIE) option, resulting in a gain of £5.2 million; a combined gain of £20.2 million. There are a number of inherent assumptions made in the calculation of these items, small changes in which might have a significant impact on the Group's results and financial position. The key assumptions are the inflation rate and salary increases in respect of the curtailment gain and in calculating the PIE past service gain the assumed uptake of the PIE option in future.

The selection of the inflation rate, salary increase and uptake of the PIE option are therefore key judgemental areas that our audit is concentrated on.

- **Our response** – With the support of our own actuarial specialists, we challenged the key assumptions applied to the membership data to determine the Group's net deficit, the curtailment gain and the PIE gain, as identified above. This included a comparison of these key assumptions against externally derived data.

Also with the support of our actuarial specialists, we challenged the methodology underlying the calculation of both the £15.0 million curtailment gain recognised in the year on the closure of the defined benefit section to future accrual and the £5.2 million gain recognised on the completion of the PIE.

We also considered the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to these assumptions and in relation to the impact of the closure of the defined benefit section to future accrual and the implementation of the PIE exercise.

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

The materiality for the financial statements as a whole was set at £1.3 million. This has been determined with reference to a benchmark of Group profit before taxation, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. Materiality represents 3.7% of group profit before tax and 5.1% of underlying Group profit before tax as disclosed in the financial review.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.1 million, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for group reporting purposes were performed by component auditors at the key reporting component in Guernsey and by the group audit team in the UK. These group procedures covered 100% of total Group revenue; 100% of underlying Group profit before taxation; and 100% of total Group assets.

The audits undertaken for group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the group audit team. These materiality levels were set individually for each component and ranged from £1.0 million to £1.3 million.

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

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate governance report set out on page 38 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5. 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 performance, business model and strategy; or
- the Corporate Governance 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; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 57, in relation to going concern; and
- the part of the Corporate governance report on page 36 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

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

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 57, 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/auditscopeukco2013a, 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.

Andrew Campbell-Orde (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

4 June 2014

Consolidated income statement

For the year ended 31 March 2014

	Note	2014 £m	2013 restated ¹ £m
Revenue	2	1,098.3	1,086.8
Underlying operating profit	2	48.0	45.3
Amortisation of acquired intangibles		(6.5)	(7.3)
Net pension gain	3	15.8	–
Operating profit	3	57.3	38.0
Financing income	5	0.4	0.6
Financing cost	5	(22.8)	(24.6)
Net financing costs	5	(22.4)	(24.0)
Profit before tax		34.9	14.0
Income tax expense	6	(7.5)	(3.9)
Profit attributable to equity shareholders of Wincanton plc		27.4	10.1
Earnings per share			
– basic	7	23.6p	8.7p
– diluted	7	21.7p	8.4p

¹ Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised), see note 23.

Consolidated statement of comprehensive income

For the year ended 31 March 2014

	Note	2014 £m	2013 restated ¹ £m
Profit for the year		27.4	10.1
Other comprehensive income/(expense)			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of defined benefit liability, net of deferred tax		5.9	(29.9)
Items which are or may subsequently be reclassified to the income statement			
Net foreign exchange (loss)/gain on investment in foreign subsidiaries net of hedged items		(0.1)	0.4
Effective portion of changes in fair value of cash flow hedges		(0.2)	(0.7)
Net change in fair value of cash flow hedges transferred to the income statement		2.0	1.4
Income tax relating to components of other comprehensive income	6	0.1	–
		1.7	1.1
Other comprehensive income/(expense) for the year, net of income tax		7.7	(28.8)
Total comprehensive income/(expense) attributable to equity shareholders of Wincanton plc		35.1	(18.7)

¹ Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised), see note 23.

Consolidated balance sheet

At 31 March 2014

	Note	2014 £m	2013 £m
Non-current assets			
Goodwill and intangible assets	9	105.5	114.4
Property, plant and equipment	10	61.7	73.1
Deferred tax assets	13	24.0	32.9
		191.2	220.4
Current assets			
Inventories	14	6.4	7.1
Trade and other receivables	15	135.4	144.6
Cash and cash equivalents	16	131.9	103.2
		273.7	254.9
Current liabilities			
Income tax payable		(9.7)	(7.5)
Borrowings and other financial liabilities	17	(12.1)	(13.9)
Trade and other payables	18	(322.9)	(312.3)
Employee benefits	23	(0.3)	(0.3)
Provisions	19	(23.9)	(22.8)
		(368.9)	(356.8)
Net current liabilities			
		(95.2)	(101.9)
Total assets less current liabilities			
		96.0	118.5
Non-current liabilities			
Borrowings and other financial liabilities	17	(184.7)	(196.9)
Employee benefits	23	(110.9)	(148.7)
Provisions	19	(49.4)	(58.4)
Deferred tax liabilities	13	(1.0)	(1.0)
		(346.0)	(405.0)
Net liabilities			
		(250.0)	(286.5)
Equity			
Issued share capital		12.2	12.2
Share premium		12.8	12.8
Merger reserve		3.5	3.5
Hedging reserve		(1.8)	(3.6)
Translation reserve		0.3	0.4
Retained earnings		(277.0)	(311.8)
Total equity deficit			
		(250.0)	(286.5)

These financial statements were approved by the Board of Directors on 4 June 2014 and were signed on its behalf by:

E Born
Chief Executive

A Colman
Group Finance Director

Consolidated statement of changes in equity

At 31 March 2014

	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	IFRS 2 reserve £m	Retained earnings		Total equity deficit £m
							Own shares £m	Profit and loss £m	
Balance at 1 April 2012	12.2	12.8	3.5	(4.3)	–	14.6	(16.6)	(290.6)	(268.4)
Total comprehensive income	–	–	–	0.7	0.4	–	–	(19.8)	(18.7)
Increase in IFRS 2 reserve	–	–	–	–	–	0.6	–	–	0.6
Own shares disposed of on exercise of options	–	–	–	–	–	–	1.3	(1.3)	–
Balance at 31 March 2013	12.2	12.8	3.5	(3.6)	0.4	15.2	(15.3)	(311.7)	(286.5)
Balance at 1 April 2013	12.2	12.8	3.5	(3.6)	0.4	15.2	(15.3)	(311.7)	(286.5)
Total comprehensive income	–	–	–	1.8	(0.1)	–	–	33.4	35.1
Increase in IFRS 2 reserve	–	–	–	–	–	1.4	–	–	1.4
Own shares disposed of on exercise of options	–	–	–	–	–	–	0.4	(0.4)	–
Balance at 31 March 2014	12.2	12.8	3.5	(1.8)	0.3	16.6	(14.9)	(278.7)	(250.0)

Consolidated statement of cash flows

For the year ended 31 March 2014

	2014 £m	2013 restated ¹ £m
Operating activities		
Profit before tax	34.9	14.0
Adjustments for		
– depreciation and amortisation	21.9	24.5
– net pension gain	(15.8)	–
– interest expense	22.4	24.0
– profit on disposal of plant, property and equipment	(0.1)	–
– share-based payments fair value charges	1.4	0.6
	64.7	63.1
Decrease in trade and other receivables	9.1	14.5
Decrease/(increase) in inventories	0.7	(0.4)
Increase/(decrease) in trade and other payables	5.7	(22.3)
Decrease in provisions	(9.8)	(18.0)
Increase in employee benefits before pension deficit payment	2.1	0.5
Income taxes paid	(2.4)	(0.3)
Cash generated before pension deficit payment	70.1	37.1
Pension deficit payment	(14.1)	(13.6)
Cash flows from operating activities	56.0	23.5
Investing activities		
Proceeds from sale of property, plant and equipment	6.2	6.5
Interest received	0.4	0.6
Additions of property, plant and equipment	(7.9)	(10.3)
Additions of computer software costs	–	(0.8)
Cash flows from investing activities	(1.3)	(4.0)
Financing activities		
Decrease in borrowings	(10.5)	(63.7)
Payment of finance lease liabilities	(1.5)	(4.0)
Interest paid	(14.0)	(14.2)
Cash flows from financing activities	(26.0)	(81.9)
Net increase/(decrease) in cash and cash equivalents	28.7	(62.4)
Cash and cash equivalents at beginning of year	103.2	165.6
Cash and cash equivalents at end of year	131.9	103.2
Represented by		
– cash at bank and in hand	115.7	88.2
– restricted cash, being deposits held by the Group's captive insurer	16.2	15.0
	131.9	103.2

¹ Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised), see note 23.

Notes to the consolidated financial statements

1. Accounting policies

Statement of compliance

Wincanton plc is a company incorporated in England and Wales. The Group's consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group), plus proportionately consolidate the Group's interest in jointly controlled entities.

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the International Accounting Standards Board (IASB) and by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (Adopted IFRS).

The following standards issued by the IASB have been adopted by the EU, but only become effective for accounting periods commencing after 31 March 2014:

- IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities, amendment to IAS 27 Separate Financial Statements and amendment to IAS 28 Investments in Associates and Joint Ventures are a package of new standards and amendments that set out the basis for consolidation and the accounting requirements. The Group will adopt these standards on 1 April 2014.
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities. These amendments set out the criteria required for offsetting. The Group will adopt these amendments on 1 April 2014.

The Group does not currently expect that adoption of these standards will have a significant effect on the consolidated results or financial position of the Group.

The Company has elected to prepare its parent Company financial statements in accordance with UK Accounting Standards; these are presented on pages 91 to 94 and present information about the Company as a separate entity and not about its group.

Basis of preparation

The Group and parent Company financial statements are presented in pounds sterling, rounded to the nearest hundred thousand. They are prepared on the historical cost basis except where assets or liabilities are required to be stated at their fair value.

The preparation of Group financial statements under Adopted IFRS and parent Company financial statements under UK Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various 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 estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and/or in future periods if applicable. Judgements made by management in the application of Adopted IFRS that have significant effect on the Group financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes to these consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements with the exception of first time application of IAS 19 Employee Benefits (Revised), IFRS 13 Fair Value Measurement and Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities. Except for the adoption of IAS 19 Employee Benefits (Revised) the adoption of these standards has not had a significant effect on the consolidated results or financial position of the Group. The impact of adopting IAS 19 Employee Benefits (Revised) is set out in note 23.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 11 to 13 and pages 26 to 31, which also contain a review of the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, note 25 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 exposures to credit risk and liquidity risk.

The Group is reporting net liabilities of £250.0m (2013: £286.5m) primarily as a result of a past loss and also the pension deficit. The main movement since the prior period relates to the profit in the year. The current syndicated core bank funding facility of £175m amortises by £10m in November 2014 and expires in November 2015 and the longer term funding loan of £75m amortises from year 7 of the 9 year term and matures in 2022. In addition, the US Private Placement bond (USPP) matures in tranches in 2015 and 2016.

As part of the year end process the Directors have undertaken a going concern review, as required by IAS 1 Presentation of Financial Statements, including determining the headroom available when the Group's facilities are compared to the forecast monthly cash flows for the forthcoming financial year and sensitising the borrowing covenants to give an indication of the headroom therein. Having undertaken this review the Directors have a reasonable expectation that the Company and the Group overall have adequate resources to continue to meet their obligations as they fall due and satisfy their borrowing covenants for the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated Group financial statements include the financial statements of the Company and its subsidiary undertakings made up to the balance sheet date. When the Company acquired the Wincanton group of companies upon demerger from the former parent in May 2001, the changes in group structure were accounted for using the principles of merger accounting available under UK GAAP at the time. Businesses acquired or disposed of since then have been accounted for using acquisition accounting principles from or up to the date that control passed.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from or up to the date that control passed.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the assets, liabilities, revenue and expenses which are included with items of a similar nature on a line-by-line basis, from or up to the date that joint control passes.

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. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)**Intangible assets****Goodwill**

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and jointly controlled entities.

Goodwill is stated at cost less any impairment losses (see below). Goodwill is allocated to cash-generating units and is tested annually for impairment (see below).

Other intangible assets

Intangible assets arising under a business combination (acquired intangible assets) are capitalised at fair value as determined at the date of acquisition and are stated at that fair value less accumulated amortisation (see below) and impairment losses (see below).

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of acquired intangible assets from the date they are acquired as follows:

Customer relationships	6 to 10 years
Software rights	1 to 5 years

The cost of computer software purchased or developed in-house which has the capacity to generate economic benefits for a period in excess of one year is capitalised as an intangible asset. Amortisation is charged to the income statement on a straight-line basis over the following estimated useful lives:

Computer software costs	3 to 5 years
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Major software projects, such as the Group back office project, may be amortised over lives of up to 10 years.

Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see below). The cost of tangible assets includes directly attributable costs, including appropriate commissioning costs. The cost of financing the construction of major properties is included in their capitalised cost. The interest rate applied represents the actual finance costs incurred on the funds borrowed specifically to construct the asset.

Plant and equipment acquired by way of finance lease is stated at deemed cost, being an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see below). Lease payments are accounted for as described in the accounting policy on expenses. Finance leases are those under the terms of which the Group assumes substantially all the risks and rewards of ownership.

Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant and equipment the costs incurred in replacing part of such an item if it is probable that the future economic benefits will flow to the Group and when the cost can be measured reliably. All other such costs, including the derecognition of the replaced part of the item, are expensed in the income statement as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold and long leasehold buildings	50 years
Short leasehold improvements	life of lease
Plant and equipment, furniture and fittings	5 to 25 years
Office machinery and computers	3 to 5 years
Motor vehicles	5 to 10 years

The range of useful economic lives given reflects the fact that assets held for specific contracts are depreciated over the lives of those contracts.

The residual value of tangible assets, if significant, is reassessed annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Trade and other receivables

Trade and other receivables are stated at their fair value on initial recognition (discounted if material) and subsequently at amortised cost, i.e. less any impairment losses (see below).

Cash and cash equivalents

Cash and cash equivalents comprises cash balances, restricted cash and call deposits.

Trade and other payables

Trade and other payables are stated at their fair value on initial recognition (discounted if material) and subsequently at amortised cost.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on such translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of other comprehensive income. They are released into the income statement upon disposal.

Employee benefits

The Group operates both defined contribution and defined benefit pension arrangements. The assets of these arrangements are held in separate Trustee administered funds independent of the Group. The investment strategy of the Trustee and Group is to maximise investment returns, with a key area for management attention being to seek to meet the Group's funded defined benefit obligations. In accordance with this strategy certain investments are designated at fair value and are accounted for as set out below. The defined benefit arrangements closed to future accrual with effect from 31 March 2014.

Defined contribution arrangements

Obligations for contributions to defined contribution pension arrangements are recognised as an expense in the income statement as incurred.

Defined benefit arrangements

The Group's net obligation in respect of defined benefit pension arrangements is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any scheme assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method.

Where the calculation results in an asset to the Group, this is limited to the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

Past service costs arise due to a plan amendment or a curtailment. They are recognised in the income statement immediately.

1. Accounting policies (continued)

Remeasurement gains and losses that arise in calculating the Group's obligation in respect of a scheme are recognised in full through other comprehensive income in the statement of comprehensive income.

Share-based payment transactions

The Group has applied the requirements of IFRS 2 Share-based Payments to the grants of options made under the Executive Share Option Schemes, Performance Share Plan, Share Match Incentive Schemes, Deferred Annual Bonus Scheme, Special Option Plan and Executive Bonus Plan.

The Group issues options under equity-settled share-based incentive schemes to certain employees which are measured at the date of grant as the fair value of the employee services required in exchange for the grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by an external valuer using the Binomial, Monte-Carlo or scenario-modelling methods as appropriate. The expected life assumptions used in the models have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A number of shares in the Company are held in trust on behalf of employees who hold options under the Group's equity-settled share-based incentive schemes. Such shares are held by an employee benefit trust and are treated as treasury shares and shown in the balance sheet as a deduction from equity.

Other share schemes

Shares awarded on a matching basis to employees participating in the Company's Share Incentive Plan are purchased at the prevailing market rate and charged to the income statement each period as employees make an eligible contribution. The shares purchased are held in a separately administered offshore trust for the benefit of the Plan participants.

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 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.

The Group provides for onerous property provisions on a site by site basis due to the unique nature and location of each site. Provision is made for the best estimate of the expected cost of empty and under-utilised properties, including dilapidations where applicable. Dilapidations are provided for specific individual properties and properties where the lease is due to end within 3 years on the basis that the outflow of resources is probable and the amount of the obligation can be reliably estimated. Where significant, amounts are discounted.

The Group provides for insurance claims on an appropriate discounted basis depending on the expected timing of their settlement. Provision is made for the estimated costs of claims arising from past events based on the advice of the Group's external insurance advisers.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is considered for impairment testing if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset. If any such indication exists the asset's recoverable amount is estimated. The two exceptions are dealt with as per the separate applicable accounting policy. For trade receivables specific bad debts are provided against unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the amount of goodwill allocated to the applicable cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of a receivable carried at amortised cost is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised and if the reversal can be related objectively to an event occurring after the impairment was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Revenue recognition

Revenue from services rendered is recognised in the income statement on the delivery of those services based on the proportion of the total delivered that can be reliably measured at the balance sheet date. Where payments are received in advance of revenue being recognised they are included as deferred income. Where revenue is recognised in advance of amounts being invoiced it is reported as accrued income.

Expenses

Lease payments

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.

For finance leases the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge 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.

Net financing costs

Net financing costs comprise interest payable and other charges less interest income.

Interest payable on borrowings is calculated using the effective interest rate method. Other charges include bank fees, amortisation of bank and USPP arrangement fees, unwinding of discounts, and losses on hedging instruments that are recognised in the income statement (see hedge accounting policy below).

Interest income includes interest receivable on funds invested and gains on hedging instruments, and these are recognised in the income statement as they accrue.

The interest expense component of finance lease payments is recognised in the income statement using the constant periodic rate of return method.

Net financing costs include the net interest on the net defined benefit pension liability.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)**Taxation**

Tax on profits or losses for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in the relevant component.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to accumulated profits of overseas subsidiaries to the extent that they will probably not be distributed. 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.

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 reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Operating segments

Operating segments are identified on the basis of information that is provided to the Board, which is the Group's chief operating decision-maker, to allocate capital and resources and to assess performance.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment 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.

Derivative financial instruments which are accounted for as trading instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps are determined by discounting the future cash flows at rates determined by year end yield curves.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Upon initial recognition attributable transaction costs are recognised in the income statement when incurred.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are also recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity within hedging reserves. The ineffective part of any gain or loss is recognised immediately within underlying operating profit, or within net financing costs in the case of interest rate swaps designated as cash flow hedges. When the forecast transaction that was being hedged is realised and affects profit or loss, the cumulative gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or non-financial liability.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction takes place. If the hedged transaction is no longer expected to take place, the cumulative gain or loss is removed from equity and recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less 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. Interest-bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

Dividends

Dividends are recognised in the period in which they are declared, approved, or paid.

2. Operating segments

Wincanton plc provides contract logistics services in the UK and Ireland. The Group manages its operations in two distinct operating segments: Contract logistics (the majority of activities including transport and warehousing for various market sectors including retailers, manufacturers, defence and construction) and Specialist businesses (Pullman, Containers and Wincanton Records Management).

The results of the operating segments are regularly reviewed by the Board to allocate resources to these segments and to assess their performance. The Group evaluates performance of the operating segments on the basis of revenue and underlying operating profit. Assets and liabilities are reviewed at a consolidated level only, therefore segmental information is not provided.

	Note	Contract logistics		Specialist businesses		Consolidated	
		2014 £m	2013 restated ¹ £m	2014 £m	2013 restated ¹ £m	2014 £m	2013 restated ¹ £m
Revenue from external customers²		930.1	923.2	168.2	163.6	1,098.3	1,086.8
Depreciation	10	(10.7)	(12.6)	(2.5)	(2.5)	(13.2)	(15.1)
Amortisation of software intangibles	9	(2.2)	(2.1)	–	–	(2.2)	(2.1)
Reportable segment underlying operating profit ³		38.3	36.9	9.7	8.4	48.0	45.3
Total Group assets⁴						464.9	475.3
Additions to reportable segment non-current assets:							
– property, plant and equipment	10	5.7	8.0	2.2	2.0	7.9	10.0
– computer software costs	9	–	0.8	–	–	–	0.8
Total Group liabilities						(714.9)	(761.8)

¹ Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised), see note 23.

² Included in segment revenue is £1,071.1m (2013: £1,058.8m) in respect of customers based in the UK.

³ Underlying operating profit is stated before amortisation of acquired intangibles and, where applicable, exceptionals.

⁴ Total Group assets include non-current assets of £185.5m (2013: £215.6m) in the UK.

3. Operating profit

	2014			2013		
	Underlying ¹ £m	Amortisation and Exceptionals ² £m	Total £m	Underlying ¹ restated £m	Amortisation and Exceptionals ² £m	Total restated £m
Revenue	1,098.3	–	1,098.3	1,086.8	–	1,086.8
Cost of sales	(1,030.3)	–	(1,030.3)	(1,022.8)	–	(1,022.8)
Gross profit	68.0	–	68.0	64.0	–	64.0
Administrative expenses	(20.0)	9.3	(10.7)	(18.7)	(7.3)	(26.0)
Operating profit	48.0	9.3	57.3	45.3	(7.3)	38.0

¹ Underlying operating profit is stated before amortisation of acquired intangibles and, where applicable, exceptionals.

² Comprises the amortisation of acquired intangibles and, where applicable, exceptionals.

Notes to the consolidated financial statements continued

3. Operating profit (continued)

	Note	2014 £m	2013 £m
The following items have been charged in arriving at operating profit:			
Auditor's remuneration:			
Audit fees for statutory audit services			
– subsidiary undertakings		0.2	0.2
Non-audit fees			
– fees paid to the Auditor and its associates for assurance services		0.1	0.1
Depreciation and other amounts written off property, plant and equipment			
– owned	10	13.2	15.1
Amortisation and other amounts written off software intangibles	9	2.2	2.1
Operating lease rentals			
– plant and equipment		25.6	30.0
– land and buildings		36.3	36.9
Exceptionals			
		2014	2013
		£m	£m
Net pension gain			
Net gain on changes to pension arrangements		15.8	–
		15.8	–

Costs and incomes are included as exceptionals where they are non-recurring and where not to do so would distort the reported underlying profit performance of the Group.

Following consultation with the active members, the defined benefit sections of the Group's pension arrangements were closed to future accrual with effect from 31 March 2014. This has led to a non-cash curtailment gain of £15.0m offset by implementation costs associated with the closure of £3.8m. In addition, the Group has recently launched a Pension Increase Exchange (PIE) project, where current pensioners and retiring members may elect to take a higher initial payment in exchange for foregoing certain rights to future pension increases. This resulted in a non-cash past service credit of £5.2m offset by implementation costs of £0.6m.

4. Personnel expenses, including Directors

	Note	2014 £m	2013 restated £m
Wages and salaries		416.5	421.5
Share-based payments (including IFRS 2 fair value charges)		2.5	0.9
Social security contributions		38.7	39.4
Contributions to defined contribution pension arrangements	23	10.9	7.9
Current service cost of defined benefit pension arrangements	23	9.7	10.6
		478.3	480.3

	2014	2013
Average number of persons employed by the Group (including Directors) during the year	15,440	15,700

Directors' emoluments

	2014 £'000	2013 £'000
Salaries	715	693
Bonus	453	516
Other benefits	178	183
Non-executive Directors' fees	366	352
Total emoluments	1,712	1,744

Full details of each individual Director's emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Annual report on remuneration on pages 48 to 55.

5. Net financing costs

Recognised in the income statement

	Note	2014 £m	2013 restated £m
Interest income		0.4	0.6
		0.4	0.6
Interest expense		(13.9)	(16.1)
Finance charges payable in respect of finance leases		(0.5)	(0.5)
Unwinding of discount on provisions	19	(2.0)	(2.4)
Interest on the net defined benefit pension liability	23	(6.4)	(5.6)
		(22.8)	(24.6)
Net financing costs		(22.4)	(24.0)

The interest income relates primarily to the deposits held by the Group's captive insurer.

Recognised in other comprehensive income

	2014 £m	2013 £m
Foreign currency translation differences for foreign operations	(0.1)	0.4
	(0.1)	0.4

The above amounts are recognised in the translation reserve.

Notes to the consolidated financial statements continued

6. Income tax expense**Recognised in the income statement**

	2014	2013
	£m	restated £m
Current tax expense		
Current year	4.4	0.3
Adjustments for prior years	0.2	0.2
	4.6	0.5
Deferred tax expense		
Current year	3.5	3.8
Adjustments for prior years	(0.6)	(0.4)
	2.9	3.4
Total income tax expense	7.5	3.9
Reconciliation of effective tax rate		
Profit before tax	34.9	14.0
Income tax using the UK corporation tax rate of 23% (2013: 24%)	8.0	3.3
Effect of tax rates in foreign jurisdictions	(0.3)	(0.3)
Trading losses utilised in the period	-	(0.6)
Non-deductible expenditure	0.1	1.6
Change in UK corporation tax rate	0.1	0.1
Adjustments for prior years		
- current tax	0.2	0.2
- deferred tax	(0.6)	(0.4)
Total tax expense for the year	7.5	3.9
Recognised in other comprehensive income		
Remeasurements of defined benefit pension liability	6.1	(7.6)
Income tax relating to foreign exchange movements	(0.1)	-
	6.0	(7.6)

The main UK Corporation tax rate reduced from 24% to 23% with effect from 1 April 2013. The closing UK deferred tax provision is calculated based on the rate of 20%.

7. Earnings per share

Earnings per share calculation is based on the earnings attributable to the equity shareholders of Wincanton plc of £27.4m (2013: £10.1m) and the weighted average of 116.1m (2013: 115.8m) shares which have been in issue throughout the year. The diluted earnings per share calculation is based on there being 10.3m (2013: 4.3m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes. The weighted average number of ordinary shares for both basic and diluted earnings per share are calculated as follows:

	2014 millions	2013 millions
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the year	116.0	115.5
Net effect of shares issued and purchased during the year	0.1	0.3
	116.1	115.8
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at the end of the year	116.1	115.8
Effect of share options on issue	10.3	4.3
	126.4	120.1

An alternative earnings per share number is set out below, being before amortisation of acquired intangibles and, where applicable, exceptionals plus related tax, since the Directors consider that this provides further information on the underlying performance of the Group:

	2014 pence	2013 restated pence
Underlying earnings per share		
– basic	16.6	13.3
– diluted	15.3	12.8

Underlying earnings are determined as follows:

	Note	2014 £m	2013 restated £m
Profit for the year attributable to equity shareholders of Wincanton plc		27.4	10.1
Net gain on changes to pension arrangements	3	(15.8)	–
Amortisation of acquired intangibles	9	6.5	7.3
Tax impact of above items		1.2	(2.0)
Underlying earnings		19.3	15.4

8. Dividends

Under Adopted IFRS dividends are only provided in the financial statements when they become a liability of the Company. No dividends have been paid in the current or prior year. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: £nil).

Notes to the consolidated financial statements continued

9. Goodwill and intangible assets

	Note	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost					
At 1 April 2012		79.8	66.5	38.3	184.6
Effect of movements in foreign exchange		0.1	–	–	0.1
Additions		–	–	0.8	0.8
Disposals		–	–	(0.4)	(0.4)
At 31 March 2013		79.9	66.5	38.7	185.1
At 1 April 2013		79.9	66.5	38.7	185.1
Effect of movements in foreign exchange		(0.1)	–	–	(0.1)
Disposals		–	–	(0.1)	(0.1)
At 31 March 2014		79.8	66.5	38.6	184.9
Amortisation and impairment losses					
At 1 April 2012		(2.5)	(37.2)	(21.7)	(61.4)
Charge for year		–	(7.3)	(2.1)	(9.4)
Disposals		–	–	0.1	0.1
At 31 March 2013		(2.5)	(44.5)	(23.7)	(70.7)
At 1 April 2013		(2.5)	(44.5)	(23.7)	(70.7)
Charge for year	2, 3, 7	–	(6.5)	(2.2)	(8.7)
At 31 March 2014		(2.5)	(51.0)	(25.9)	(79.4)
Carrying value					
At 1 April 2012		77.3	29.3	16.6	123.2
At 31 March 2013 and 1 April 2013		77.4	22.0	15.0	114.4
At 31 March 2014		77.3	15.5	12.7	105.5

The carrying value of acquired intangibles relates entirely to customer relationships £15.5m (2013: £22.0m).

The total amortisation charge of £8.7m (2013: £9.4m) is recognised in the income statement as follows:

	2014 £m	2013 £m
Within cost of sales		
– computer software amortisation	2.2	2.1
Within administrative expenses		
– amortisation of acquired intangibles	6.5	7.3
	8.7	9.4

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which are in line with the Group's reported operating segments, as per the table below.

	2014 £m	2013 £m
– Contract logistics	57.1	57.2
– Specialist businesses	20.2	20.2
	77.3	77.4

The recoverable amount of a CGU is determined based on value in use calculations. These calculations are cash flow projections based on the financial budgets and forecasts approved by the Board for the forthcoming financial year and 24 months beyond. The financial budgets and forecasts have been set on a contract by contract basis, taking account of prior year results and expected developments. Cash flows beyond those 12-month and further 24-month periods are extrapolated to perpetuity using the estimated growth rates and underlying inflation rates stated below, which do not exceed the long term average growth and inflation rates in the specific geographical area where the CGU operates.

Key assumptions used for value in use calculations:

	Contract logistics %	Specialist businesses %
Estimated growth rate	1.9%	1.9%
Underlying inflation rate	2.2%	2.2%
Discount rate	10.1%	10.1%

9. Goodwill and intangible assets (continued)

Management determined the growth rates and underlying inflation rates based on expectations for market development and these are consistent with external forecasts and historical trends. The discount rates are pre-tax and reflect the relevant risks. The value in use has been determined in a similar manner as in 2013. The key assumptions for 2014 are disclosed in the table above, in 2013 these rates were; estimated growth rate 1.8%; underlying inflation rate 2.2%; and discount rate 9.9%.

In addition to the impairment testing described above the Directors have considered the market capitalisation of the Company when carrying out the impairment review and are satisfied that there are valid, short term reasons which undervalue the current share price. As a result they do not believe that the present low level of market capitalisation of the Group makes it necessary to impair the goodwill.

Sensitivity to changes in assumptions

The estimated recoverable amounts for both the Contract logistics and the Specialist businesses CGUs exceed their respective carrying amounts by approximately £500m and £145m (2013: £430m and £140m respectively). Management believe no reasonably possible change in the key assumptions would cause the carrying amount to exceed the recoverable amount.

10. Property, plant and equipment

	Note	Property £m	Plant and equipment £m	Total £m
Cost				
At 1 April 2012		61.7	175.9	237.6
Effect of movements in foreign exchange		–	0.2	0.2
Additions		–	10.0	10.0
Disposals		(3.3)	(22.5)	(25.8)
At 31 March 2013		58.4	163.6	222.0
At 1 April 2013		58.4	163.6	222.0
Effect of movements in foreign exchange		–	(0.2)	(0.2)
Additions		–	7.9	7.9
Disposals		(8.4)	(8.5)	(16.9)
At 31 March 2014		50.0	162.8	212.8
Depreciation and impairment losses				
At 1 April 2012		(33.2)	(119.9)	(153.1)
Effect of movements in foreign exchange		–	(0.1)	(0.1)
Charge for year		(1.9)	(13.2)	(15.1)
Disposals		2.2	17.2	19.4
At 31 March 2013		(32.9)	(116.0)	(148.9)
At 1 April 2013		(32.9)	(116.0)	(148.9)
Effect of movements in foreign exchange		–	0.2	0.2
Charge for year	2, 3	(2.8)	(10.4)	(13.2)
Disposals		3.2	7.6	10.8
At 31 March 2014		(32.5)	(118.6)	(151.1)
Carrying amount				
At 1 April 2012		28.5	56.0	84.5
At 31 March 2013 and 1 April 2013		25.5	47.6	73.1
At 31 March 2014		17.5	44.2	61.7

Included in the total carrying amount of property, plant and equipment is £2.7m (2013: £3.0m) in respect of assets held under finance leases, and in cost is £1.5m (2013: £1.9m) in respect of capitalised finance costs.

The carrying amount of property comprises:

	2014 £m	2013 £m
Freehold	14.1	21.2
Short leasehold	3.4	4.3
	17.5	25.5

Notes to the consolidated financial statements continued

11. Investments in subsidiaries

The significant subsidiaries as at 31 March 2014 in the Wincanton group of companies, based on the scale of their activities, are as follows:

	Principal activity	% of equity held	Country of incorporation
Wincanton Holdings Limited	Contract logistics services	100	England and Wales
Wincanton Group Limited	Contract logistics services	100	England and Wales
Wincanton UK Limited ¹	Intermediate holding company	100	England and Wales
Wincanton Ireland Limited	Contract logistics services	100	Republic of Ireland
Risk Underwriting (Guernsey) Limited	Captive insurer	100	Guernsey

¹ Direct subsidiary of Wincanton plc.

12. Interests in jointly controlled entities

Included in the consolidated financial statements of the Group are the following amounts in respect of the Group's proportionate share of the assets, liabilities and revenue and expenses of the jointly controlled entity:

	2014 £m	2013 £m
Current assets	0.1	–
Net assets	0.1	–

13. Deferred tax assets and liabilities**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Property, plant and equipment	3.3	3.6	(1.0)	(0.2)	2.3	3.4
Employee benefits	0.4	–	–	–	0.4	–
Pension provisions	22.2	34.2	–	–	22.2	34.2
Other deferred tax assets	1.9	1.0	–	–	1.9	1.0
Other deferred tax liabilities ¹	(3.8)	(5.9)	–	(0.8)	(3.8)	(6.7)
	24.0	32.9	(1.0)	(1.0)	23.0	31.9

¹ Other deferred tax liabilities consist primarily of deferred tax on acquired intangibles.

Unrecognised deferred tax assets and liabilities

	2014 £m	2013 £m
Deferred tax asset on losses carried forward	3.1	2.7
	3.1	2.7

Deferred tax assets have not been recognised in respect of losses carried forward due to the uncertainty of their utilisation in the relevant companies.

Movement in deferred tax assets and liabilities during the current year

	At 1 April 2013 £m	Recognised in income £m	Other movements £m	At 31 March 2014 £m
Property, plant and equipment	3.4	(1.1)	–	2.3
Employee benefits	–	0.4	–	0.4
Pension provisions	34.2	(5.9)	(6.1)	22.2
Other deferred tax assets	1.0	0.8	0.1	1.9
Other deferred tax liabilities	(6.7)	2.9	–	(3.8)
	31.9	(2.9)	(6.0)	23.0

14. Inventories

	2014 £m	2013 £m
Raw materials and consumables	6.4	7.1
	6.4	7.1

15. Trade and other receivables

	2014 £m	2013 £m
Trade receivables	81.8	81.5
Less: provision for doubtful debts	(0.2)	(0.3)
Net trade receivables	81.6	81.2
Other receivables	2.4	3.7
Prepayments and accrued income	51.4	59.7
	135.4	144.6

All receivables are due within one year, except for other receivables of £1.5m (2013: £2.1m) in respect of amounts recoverable from customers and others under contracts of more than one year, and prepayments and accrued income of £nil (2013: £0.5m).

Movement in the provision for doubtful debts

	2014 £m	2013 £m
At 1 April	0.3	0.9
Impairment losses recognised on receivables	–	(0.5)
Amounts written off as uncollectable	–	0.1
Impairment losses reversed	(0.1)	(0.2)
At 31 March	0.2	0.3

Ageing of trade receivables and the associated provision for doubtful debts at the balance sheet date

	2014		2013	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	78.7	–	76.4	–
1 month overdue	2.6	–	3.4	–
2 months overdue	0.3	–	0.9	–
3+ months overdue	0.2	(0.2)	0.8	(0.3)
	81.8	(0.2)	81.5	(0.3)

The standard period of credit on sales is up to 30 days. Interest is chargeable on overdue amounts. The Group only provides for doubtful debts where, in the opinion of management, the amount is no longer recoverable. The amount of the provision is management's estimate of the irrecoverable amount.

16. Cash and cash equivalents

	2014 £m	2013 £m
Cash at bank and in hand	115.7	88.2
Restricted cash deposits held by the Group's captive insurer	16.2	15.0
Cash and cash equivalents	131.9	103.2

Details of the Group's treasury policies are set out in note 25.

Notes to the consolidated financial statements continued

17. Borrowings and other financial liabilities

	2014 £m	2013 £m
Current		
Bank loans and overdrafts	10.5	10.7
Finance lease liabilities	0.1	1.5
Other financial liabilities	1.5	1.7
	12.1	13.9
Non-current		
Bank loans ¹	184.0	194.4
Finance lease liabilities	0.4	0.5
Other financial liabilities	0.3	2.0
	184.7	196.9

¹ Bank loans include the US\$ private placement as swapped into sterling.

The Group's finance lease liabilities are payable as follows:

	2014			2013		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
Less than 1 year	0.3	(0.2)	0.1	2.0	(0.5)	1.5
Between 1 and 5 years	0.4	(0.3)	0.1	0.6	(0.5)	0.1
Over 5 years	1.9	(1.6)	0.3	2.1	(1.7)	0.4
	2.6	(2.1)	0.5	4.7	(2.7)	2.0

The following are the contractual maturities of financial liabilities, including interest payments on finance leases only:

At 31 March 2014

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities					
Bank loans and overdrafts	140.1	140.1	10.0	73.8	56.3
Unsecured bond issues – US\$ private placement ¹	55.8	54.2	–	54.2	–
Finance leases	0.5	2.6	0.3	0.4	1.9
Trade and other payables	322.9	322.9	322.9	–	–
Derivative financial liabilities					
US\$/GBP fixed to floating swap – asset ¹	(54.9)	(54.2)	–	(54.2)	–
US\$/GBP fixed to floating swap – liability	53.5	53.5	–	53.5	–
Forward foreign exchange contracts	0.3	0.3	0.2	0.1	–
Interest rate swaps	1.5	1.5	1.3	0.2	–
	519.7	520.9	334.7	128.0	58.2

At 31 March 2013

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities					
Bank loans and overdrafts	150.3	150.3	10.3	65.0	75.0
Unsecured bond issues – US\$ private placement ¹	63.3	59.4	–	59.4	–
Finance leases	2.0	4.7	2.0	0.6	2.1
Trade and other payables	312.3	312.3	312.3	–	–
Derivative financial liabilities					
US\$/GBP fixed to floating swap – asset ¹	(62.0)	(59.4)	–	(59.4)	–
US\$/GBP fixed to floating swap – liability	53.5	53.5	–	53.5	–
Forward foreign exchange contracts	0.1	0.1	0.1	–	–
Interest rate swaps	3.6	3.6	1.6	2.0	–
	523.1	524.5	326.3	121.1	77.1

¹ Contractual cash flows denominated in foreign currencies are translated at the year end exchange rate. Carrying amounts are stated at fair value.

18. Trade and other payables

	2014 £m	2013 £m
Current		
Trade payables	81.4	90.2
Other taxes and social security	36.1	19.3
Other payables	40.8	55.1
Accruals and deferred income	164.6	147.7
	322.9	312.3

19. Provisions

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2013		37.9	42.2	1.1	81.2
Effect of movements in foreign exchange		–	(0.1)	–	(0.1)
Provisions used during the year		(9.2)	(10.2)	–	(19.4)
Unwinding of discount	5	0.5	1.5	–	2.0
Provisions made during the year		9.6	–	–	9.6
At 31 March 2014		38.8	33.4	1.1	73.3
Current		12.1	10.7	1.1	23.9
Non-current		26.7	22.7	–	49.4
		38.8	33.4	1.1	73.3

The Group owns 100% of the share capital of a captive insurer which insures certain of the risks of the Group. The insurance provisions in the above table are held in respect of outstanding insurance claims, the majority of which are expected to be paid within one to seven years. The discount unwinding arises primarily on the employers' liability policy which is discounted over a period of seven years at a rate based on the Bank of England base rate.

The property provisions are determined on a site by site basis, as the best estimate of the expected costs of empty and under-utilised properties, including dilapidations. The provisions are utilised over the relevant lease term, with the majority expected to be utilised over the next three years. Where significant, amounts have been discounted at a rate based on the Group's cost of debt.

20. Capital and reserves

Share capital

	Ordinary shares	
	2014 millions	2013 millions
Allotted, called up and fully paid		
In issue at 1 April and 31 March	121.7	121.7

The number of shares detailed above differs from those in note 7 as a result of the inclusion, in the above total, of the shares held within an Employee Benefit Trust (EBT) and also the effect of weighting for the purpose of the earnings per share calculations.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. At general meetings of shareholders each shareholder (or appointed proxy) present in person is entitled to vote, on a show of hands has one vote, and on a poll has one vote per share. In respect of the Company's shares that are held by the EBT (see over), all rights are suspended until these shares are reissued.

During the current and prior year no new shares were issued under any of the share-based payment schemes. During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

Merger reserve

The merger reserve arose from the original acquisition of the then Wincanton group of companies by Wincanton plc, on the demerger from the previous parent in May 2001, which was accounted for under merger accounting principles.

Hedging reserve

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction, the effective part of the gain or loss on the derivative is recognised directly in equity within the hedging reserve. When the forecast transaction that was being hedged is realised the cumulative gain or loss on the derivative is recognised in the income statement in the same period.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from any translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

Notes to the consolidated financial statements continued

20. Capital and reserves (continued)**IFRS 2 reserve**

Since 1 April 2004, the IFRS 2 reserve comprises the charges made to the income statement in respect of share-based payments under the Group's equity compensation schemes.

Own shares

The own shares reserve comprises the cost of the Company's shares held by the Employee Benefit Trust (EBT) established in Jersey and managed on its behalf by independent trustees. At 31 March 2014, the number of the Company's shares held by the EBT had decreased to 5,612,710 (2013: 5,772,484) due to the settlement of options exercised. The EBT has waived the right to receive dividends in respect of these shares. The average cost of the shares held is 266p each (2013: 265p) and at 31 March 2014, the market value of the shares held was £6.3m (2013: £2.5m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see note 24) and at 31 March 2014 there were 1,375,582 (2013: 1,527,352) shares held in respect of vested options.

21. Capital commitments

Capital commitments for the Group at the end of the financial year for which no provision has been made, are as follows:

	2014 £m	2013 £m
Contracted	2.5	1.1
	2.5	1.1

22. Operating leases**Leases as lessee**

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. Typical lease periods for new warehouse rental contracts are between three and ten years although older rental contracts are for longer periods with intervening break clauses. The average period for vehicles and equipment is five years. The amounts charged to the income statement in the current and prior years are given in note 3.

The total future minimum lease payments under non-cancellable operating leases fall due for repayment as follows:

	2014		2013	
	Plant and equipment £m	Land and buildings £m	Plant and equipment £m	Land and buildings £m
Less than 1 year	22.5	30.6	21.7	34.4
Between 1 and 5 years	43.8	73.2	37.6	88.0
More than 5 years	1.7	142.5	1.4	146.6
	68.0	246.3	60.7	269.0

Wherever possible these commitments are mitigated through contractual commitments from customers for whom the properties are occupied and/or vehicles and plant are rented. The degree of mitigation can be banded according to the nature of the contract between the Group and its customers. This includes 'back-to-back' leases which are fully underwritten by customers throughout the life of the lease and multi-user locations where, although there is no specific matching of lease and contract terms, there are varying degrees of contract backing and therefore mitigation is spread across a number of customers.

A summary of leases by customer contract type is shown in the following table:

	2014		2013	
	Plant and equipment £m	Land and buildings £m	Plant and equipment £m	Land and buildings £m
Element of lease underwritten by customer contract	44.8	31.9	23.1	32.4
Element of lease where the period of the lease extends beyond the current maturity of the customer contract	5.9	8.4	15.4	27.8
Multi-user locations where mitigation is spread across a number of customers	14.4	135.0	20.1	148.5
Leases with limited or no mitigation	2.9	46.7	2.1	27.1
	68.0	222.0	60.7	235.8
Covered by property provision	–	24.3	–	33.2
	68.0	246.3	60.7	269.0

23. Employee benefits

The employee benefit liabilities of the Group consist primarily of the post-retirement obligations of the Group's pension arrangements. In addition frozen holiday pay obligations exist in respect of a limited number of employees. These two elements are analysed in the table below and the pension arrangements discussed in detail:

	2014	2013
	£m	£m
Holiday pay	0.3	0.3
Pension schemes (see below)	110.9	148.7
	111.2	149.0
These employee benefits are split as follows:		
Current	0.3	0.3
Non-current	110.9	148.7
	111.2	149.0

Pension schemes

Employees of Wincanton participated in both funded and unfunded pension arrangements in the UK and Ireland during the year ended 31 March 2014 details of which are given below.

The principal Wincanton Scheme in the UK (the Scheme) is a funded arrangement which has three defined benefit sections and two defined contribution sections, called the Wincanton Retirement Savings Section and the Wincanton Pension Builder Plan. The employees of Wincanton Ireland Limited are eligible to participate in a separate funded defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton. The pension cost in relation to the defined benefit sections of the Scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method. The weighted average duration of the defined benefit obligation is around 18.5 years.

On 16 October the Group announced that it was entering into consultation with the active members of the defined benefit sections of the Scheme over the proposal to close these sections of the Scheme to future accrual. Following the conclusion of the consultation process, these sections were closed to future accrual on 31 March 2014. This means that no future service benefit will accrue but pensions built up to the date of closure will be preserved. The closure to future accrual has resulted in a one off non-cash curtailment gain of £15.0m being recorded, being the actuarially determined estimate of the present value of the funding cost which will no longer be incurred. This arises as members are no longer entitled to pension benefits linked to future salary increases.

The Group has also recently launched a Pension Increase Exchange (PIE) project where current members and retiring members may elect to take a higher initial pension payment in exchange for foregoing certain rights to future pension increases. This project has resulted in a reduction in the defined benefit obligations of £5.2m which has been reported as a one off, non-cash past service credit.

The latest formal valuation of the Scheme was carried out as at 31 March 2011 by the Scheme actuary, Hymans Robertson. It was agreed between the Trustee and the Group in June 2012 and submitted to the Pension Regulator. As a result, the Group, in consultation with the Scheme actuary agreed to leave the terms of the additional cash contribution unchanged from that previously agreed. Accordingly the additional cash contribution the Group makes to the Scheme in order to address the past service deficit will increase by RPI each year through to 2022/23. The contribution in the year was £14.1m (2013: £13.6m).

In the year commencing 1 April 2014 the Group contributions are expected to be the incremental cash contribution of £14.4m increased by RPI as set out in the triennial valuation as at 31 March 2011. In addition, some administration costs of the Scheme will be borne by the Group, these are expected to total £0.7m.

Previously, a small number of employees, who were subject to the statutory earnings cap on pensionable earnings prior to 6 April 2006, were entitled to participate in an unfunded unapproved arrangement in addition to accruing benefits from the Scheme, however there have been no active members of this arrangement throughout the year ended 31 March 2014.

The defined benefit sections of the Scheme expose the Group to various risks: longevity risk (members living longer than expected), inflation and interest rate risk (higher or lower than expected), and market (investment) risk (lower returns than expected). The Trustee and Group have taken steps to mitigate these risks through the use of:

- bespoke longevity tables tailored to the membership of the Scheme;
- hedging instruments within the investment portfolio; and
- reducing investment risk when pre-determined funding levels are reached.

The Group has also taken steps to reduce risk and the build-up of further risk, as mentioned above, by closing the defined benefit section to future benefit accrual thereby preventing the build-up of further liabilities and the risk associated with these and undertaking a pension increase exchange exercise reducing the Group's exposure to inflation risk

The Group is not exposed to any unusual, entity specific or scheme specific risks.

Notes to the consolidated financial statements continued

23. Employee benefits (continued)

The assets and liabilities of the defined benefit sections of the Group are calculated in accordance with IAS 19 Employee Benefits (Revised) and are set out in the tables below.

The calculations under IAS 19 are based on actuarial assumptions which are the best estimates chosen from a range of possible assumptions about the long-term future which, unless by chance, will not necessarily be borne out in practice. The fair value of the assets, which are not intended to be realised in the short term, may be subject to significant change before the year realised, and the present value of the liabilities are derived from cash flow projections over long periods and are thus inherently uncertain.

	2014 £m	2013 £m
Present value of unfunded defined benefit obligations	(1.4)	(1.6)
Present value of funded defined benefit obligations	(887.8)	(891.0)
Fair value of Scheme assets	778.3	743.9
Net defined benefit liability	(110.9)	(148.7)

The movement in the above net defined benefit liability in the year was primarily the result of the changes to the Scheme as detailed above and the increase in the market value of assets inclusive of the further additional cash contributions being made. The net defined benefit liability, after taking into account the related deferred tax asset, is £88.7m (2013: £114.5m).

Movements in the present value of the net defined benefit liability

31 March 2014	Assets	Obligations	Net liability	Unfunded arrangements	Total net liability
Opening position	743.9	(891.0)	(147.1)	(1.6)	(148.7)
Included in Income statement:					
Current service cost	–	(9.7)	(9.7)	–	(9.7)
Administration costs	(2.3)	–	(2.3)	–	(2.3)
Past service credit, including curtailment gain	–	20.2	20.2	–	20.2
Interest on the net defined benefit liability	33.3	(39.7)	(6.4)	–	(6.4)
Cash:					
Employer contributions	23.8	–	23.8	0.2	24.0
Employee contributions	0.1	(0.1)	–	–	–
Benefits paid	(28.5)	28.5	–	–	–
Included in Other comprehensive income:					
Changes in financial assumptions	–	5.9	5.9	–	5.9
Experience	–	(1.9)	(1.9)	–	(1.9)
Return on assets excluding amounts included in net financing costs	8.0	–	8.0	–	8.0
Closing defined benefit liability	778.3	(887.8)	(109.5)	(1.4)	(110.9)

31 March 2013 (restated)	Assets	Obligations	Net liability	Unfunded arrangements	Total net liability
Opening position	657.0	(773.9)	(116.9)	(1.3)	(118.2)
Included in Income statement:					
Current service cost	–	(10.6)	(10.6)	–	(10.6)
Administration costs	(2.1)	–	(2.1)	–	(2.1)
Interest on the net defined benefit liability	32.8	(38.3)	(5.5)	(0.1)	(5.6)
Cash:					
Employer contributions	25.3	–	25.3	–	25.3
Employee contributions	0.1	(0.1)	–	–	–
Benefits paid	(27.1)	27.1	–	–	–
Included in Other comprehensive income:					
Changes in financial assumptions	–	(95.5)	(95.5)	(0.2)	(95.7)
Experience	–	0.3	0.3	–	0.3
Return on assets excluding amounts included in net financing costs	57.9	–	57.9	–	57.9
Closing defined benefit liability	743.9	(891.0)	(147.1)	(1.6)	(148.7)

23. Employee benefits (continued)

Where benefits are paid in respect of unfunded arrangements these costs are met by the employer and are included within employer contributions in the table above.

The amounts recognised in the income statement comprise current service cost, administration costs, past service credit and interest on the net defined benefit liability. These charges/(credits) are included in the following lines in the income statement:

	Note	2014 £m	2013 restated £m
Cost of sales		10.2	10.2
Administrative expenses		1.9	2.5
Within underlying operating profit		12.1	12.7
Net pension gain	3	(20.2)	–
Financing costs	5	6.4	5.6
Recognised in Income statement		(1.7)	18.3

The market value of the Scheme assets held at the end of the year were as follows:

	2014 £m	2013 £m
Equities and synthetic equities	288.5	276.8
Property funds	35.2	54.9
Hedge funds	62.4	58.9
Other growth assets	60.7	62.6
Corporate bonds	158.0	281.3
Multi asset credits	57.1	–
Index-linked gilts (LDI portfolio collateral)	267.5	81.3
Other	21.3	41.5
Notional exposure for synthetic equities/LDI hedging arrangements	(172.4)	(113.4)
	778.3	743.9

All equities, bonds and funds have quoted prices in active markets.

The synthetic equities provide exposure to the UK, North America, Europe, Asia-Pacific and Japan. The LDI portfolio currently hedges c. 30% of the defined benefit scheme's inflation and interest rate risk (relative to pension liabilities measured on a gilts basis) through holding a combination of index-linked gilts, interest rate and inflation swaps, gilt total return swaps, gilt repos, and cash.

Liability for defined benefit obligations

The principal actuarial assumptions for the Scheme and for the UK unfunded arrangement at the balance sheet date were as follows:

	2014 %	2013 %
Discount rate	4.50	4.50
Price inflation rate – RPI	3.25	3.25
Price inflation rate – CPI	2.25	2.25
Pensionable salaries rate	n/a	3.25
Rate of increase of pensions in payment and deferred pensions		
– for service to 31 March 2006	3.10	3.10
– for service from 1 April 2006	2.10	2.35

Following closure of the defined benefit section of the Scheme to future accrual with effect from 31 March 2014 the assumption regarding the increase in pensionable salaries is not applicable.

The assumptions used for mortality rates for members of these arrangements at the expected retirement age of 65 years are as follows:

	2014 Years	2013 Years
Male aged 65 today	20.6	20.5
Male aged 45 today	23.2	23.2
Female aged 65 today	22.8	22.7
Female aged 45 today	25.6	25.2

Notes to the consolidated financial statements continued

23. Employee benefits (continued)**Sensitivity table**

The sensitivity of the present value of the Scheme obligations to changes in the key actuarial assumptions are set out in the following table. The illustrations consider the result of only a single assumption changing with the others assumed unchanged, although in reality it is more likely that more than one assumption would change and potentially the results would offset each other. For example, a fall in interest rates will increase the Scheme obligations, but may also trigger an offsetting increase in market value of certain Scheme assets.

	Change in assumption	Impact on liability £m
Discount rate	+ 0.1%	(15.0)
Price inflation – RPI	+ 0.1%	13.0
Mortality rate	+ 1 year	20.0

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £10.9m (2013: £7.9m).

Impact of adoption of IAS 19 Employee Benefits (Revised)

The Group adopted IAS 19 Employee Benefits (Revised) from 1 April 2013. This standard has replaced the expected return on scheme assets and interest on scheme liabilities with a net interest component calculated using the discount rate at the start of the period. In addition, scheme administration costs, which were deducted from the expected return on scheme assets have been included within operating expenses.

The financial statements for the year ended 31 March 2013 have been restated accordingly. The effect on the financial statements is summarised below.

	As reported £m	Amended return on assets £m	Reclassified admin charges £m	31 March 2013 Incorporating IAS 19 adjustment £m
Operating profit	39.2	–	(1.2)	38.0
Net finance charges	(14.4)	(10.8)	1.2	(24.0)
Profit before tax	24.8	(10.8)	–	14.0
Tax	(6.5)	2.6	–	(3.9)
Profit for the period	18.3	(8.2)	–	10.1
Other comprehensive income:				
Remeasurements of defined benefit liability, net of deferred tax	(38.1)	8.2	–	(29.9)
Earnings per share	15.8p			8.7p
Underlying earnings per share	20.4p			13.3p

24. Equity compensation benefits

Employees of the Group currently participate, subject to seniority and length of service, in the Executive Bonus Plan and Special Option Plan. Other schemes in existence are the Deferred Annual Bonus Scheme, Performance Share Plan and the Executive Share Option Scheme. All of these schemes involve the grant of options or conditional awards of shares in the Company.

Grants of options are accounted for in accordance with IFRS 2 Share-based Payments, which requires the fair value of services received in return for share options granted to be recognised in the Income statement over the vesting period. The Group recognised total expenses of £1.4m (2013: £0.6 m) in respect of the costs of equity-settled and other share-based payment transactions during the year. At the year end liabilities of £1.3m (2013: £0.4m) were included in the balance sheet for these items.

The fair value of these services is measured by reference to the fair value of the share options granted under each scheme.

The number of options outstanding and exercisable in respect of each scheme at 31 March 2014 is as follows:

	Outstanding	Exercisable	Option price pence/share	Date normally exercisable
Executive Bonus Plan				
July 2012	339,284	154,826	–	2013-2022
July 2013	1,263,873	–	–	2014-2023
	1,603,157	154,826		
Special Option Plans				
July 2012	10,793,686	–	36	2015-2022
January 2013	1,059,322	–	71	2016-2023
July 2013	5,868,259	–	68	2017-2024
September 2013	128,395	–	101	2017-2024
November 2013	114,993	–	124	2017-2024
	17,964,655	–		
Deferred Annual Bonus Scheme				
June 2010	315,231	315,231	–	2011-2014
	315,231	315,231		
Executive Share Option Schemes				
December 2004	195,000	195,000	269	2007-2014
December 2005	264,173	264,173	335	2008-2015
December 2006	446,352	446,352	347	2009-2016
	905,525	905,525		
Total number of share options	20,788,568	1,375,582		

The number and weighted average exercise price of all share options extant under the above schemes are as follows:

	2014		2013	
	Options	Weighted average pence	Options	Weighted average pence
Outstanding at beginning of period	14,221,634	55	13,259,312	83
Granted during the period	7,375,520	58	14,944,408	37
Lapsed during the period	(648,812)	40	(13,478,802)	102
Exercised during the period	(159,774)	–	(503,284)	–
Outstanding at the end of the period	20,788,568	57	14,221,634	55
Exercisable at the end of the period	1,375,582	215	1,530,085	210

The weighted average share price at the date of exercise for share options exercised during the period was 107p (2013: 57p). The options outstanding at 31 March 2014 had a range of exercise prices of between nil and 347p and a weighted average remaining contractual life of eight years.

The number of nil cost options awarded under the terms of the Executive Bonus Plan are calculated with reference to the 30-day average quoted market price of the Company's shares for the year ending 31 March of the financial year immediately preceding the date of award. Awards made under the Special Option Plan, Deferred Annual Bonus Scheme, Performance Share Plan and Executive Share Option Scheme are granted based on the average quoted market price of the Company's shares for a period of up to three business days immediately prior to the date of grant. Upon exercise, all options granted under these schemes are equity-settled.

Notes to the consolidated financial statements continued

24. Equity compensation benefits (continued)

The terms and conditions of the grants to date under these schemes are as follows:

Executive Bonus Plan

The Group introduced the Executive Bonus Plan during the year ended 31 March 2012. The award is made part in cash, part in deferred shares and for the years ending 31 March 2013 and 31 March 2014 will be settled 50% : 50%. 50% of the balance of the participants' Plan account is paid at the end of each Plan year subject to non-market performance conditions.

The Bonus Plan operates for a fixed four year period. At the end of that period the balance of a participants' Plan account will be payable.

Grant date	Number of options granted	Vesting conditions	Contractual life years
July 2012	591,401	The Scheme is subject to a performance requirement based on a percentage of the profit target. Where a forfeiture threshold operates the participant will receive no contribution into their plan account for that Plan year and 50% of their Plan account balance, not yet paid, will be forfeited. Additionally participants must be employed by the Company at the point the award vests.	10
July 2013	1,263,873		
Total	1,855,274		

The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the option value (i.e. the 30 day average price of the Company's shares for the period ending 31 March of the relevant financial year of award).

Special Option Plan

Under the Special Option Plan, the Executive Directors and certain senior managers were granted long term incentive awards.

Grant date	Number of options granted	Vesting conditions	Contractual life years
September 2011	6,060,549	3 years of service plus an EPS underpin where the Company's EPS must not reduce over the 3-year vesting period. In addition it is subject to a performance requirement based on average absolute TSR growth over 3 years (the option starts to vest at >10% per annum with 100% of the option vesting for 22% per annum).	10
July 2012	13,293,685		
January 2013	1,059,322		
July 2013	5,868,259		
September 2013	128,395		
November 2013	114,993		
Total	26,525,203		

The grant made under this Plan has an absolute TSR growth performance condition with an attaching EPS underpin. The EPS requirement is a non-market based performance condition and as such is not accounted for in the fair value calculation. The TSR requirement is a market based performance condition and the fair value is calculated by applying a discount to the option value. The discount is calculated using a Monte-Carlo pricing model and is the expected outcome of meeting the performance condition. The fair value is determined on assumptions at the date of the award.

	November 2013 grant	September 2013 grant	July 2013 grant	January 2013 grant	July 2012 grant	September 2011 grant
Share price at grant (pence)	125.3	103.3	66.0	68.8	33.0	78.0
Exercise price (pence)	123.9	101.3	67.7	70.8	36.0	90.6
Risk-free rate (%)	1.7	1.7	1.3	1.1	0.7	1.5
Expected volatility (%)	45.5	46.3	46.4	45.0	43.2	40.0
Expected life (years)	5	5	5	5	5	5
Dividend yield (%)	–	–	–	–	–	5.8
Fair value (pence)	39.0	33.0	20.0	19.9	8.6	9.5

24. Equity compensation benefits (continued)

Deferred Annual Bonus Scheme

The Group introduced a Deferred Annual Bonus Scheme in 2010 to replace a cash only bonus scheme. The Deferred Annual Bonus Scheme was effective for the year ended 31 March 2010. Under the Scheme a proportion of each participant's annual bonus was granted as nil cost options.

Grant date	Number of options granted	Vesting conditions	Contractual life years
June 2010	2,232,603	50% will vest subject to 1 year's service from date of grant and the remaining 50% will vest subject to 2 years' service from date of grant. UK tax approved options were also granted at the same date, see Executive Share Option Schemes (ESOS). If these options are exercised the ESOS options will lapse, and vice versa.	4
Total	2,232,603		

The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the option value (i.e. the average price of the Company's shares for the three days prior to the grant date).

Performance Share Plan

Grant date	Number of options granted	Vesting conditions	Contractual life years
June 2009	1,839,003	3 years of service plus (a) 50% will vest subject to the Company's underlying EPS performance over 3 years (maximum vesting is achieved if the cumulative annual underlying EPS is 72.4p (July 2010) or 70p (June 2009)), and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of constituents of the FTSE 250 index at the date of grant ('FTSE 250 constituents') (maximum vesting is achieved if TSR performance is in the upper quartile of the FTSE 250 constituents).	3½
July 2010	1,862,831		
Total	3,701,834		

The grants under the Performance Share Plan (PSP) are made in two parts based on EPS and TSR performance and a separate fair value is required for each part: the EPS requirement is a non-market based performance condition. As the grant is at nil cost the fair value is equivalent to the option value (i.e. the average share price of the Company for the three days prior to the grant date); and the TSR requirement is a market based performance condition and the fair value is calculated by applying a discount to the option value. The discount is calculated using a Monte-Carlo pricing model and is the expected outcome of meeting the performance criteria.

For the June 2009 PSP grant the fair value is 132p and for the July 2010 grant the fair value is 151p determined from the following variables:

	July 2010 grant	June 2009 grant
Weighted average price at grant date	221 pence	198 pence
Expected volatility	42.6%	42.5%
Expected life	3 years	3 years
Risk-free rate	1.29%	2.36%

Notes to the consolidated financial statements continued

24. Equity compensation benefits (continued)**Executive Share Option Schemes**

Grant date	Number of options granted	Vesting conditions	Contractual life years
December 2002	1,621,000	3 years of service plus average annual growth rate for underlying EPS of RPI +3% in any 3 consecutive years of the 5 years following the grant (starting with the year including the grant).	10
March 2004	250,000	3 years of service plus average annual growth rate for underlying EPS of RPI + 3% in the	10
December 2004	3,136,630	3 consecutive years following the grant (starting with the year including the grant).	
December 2005	3,184,581		
December 2006	2,925,065		
June 2010	1,009,452	3 years of service. The options are UK tax approved and conditional on the Deferred Annual Bonus Scheme (DABS) options granted at the same date. If these options are exercised the DABS options will lapse, and vice versa.	4
Total	12,126,728		

The grants made under these schemes all have non-market based performance conditions which are taken into account in the fair value calculation using a Binomial pricing model. The contractual life of the options and the expectation of early exercises are incorporated into the model. Expected volatility is based on a three year average of the historic share price volatility.

25. Financial instruments**Financial risk management and treasury policies**

The Group, through its activities, is exposed to a range of financial risks. Financial risks are managed through the Group's centralised treasury function which acts within clearly defined policies approved by the Board. These policies are designed to reduce the financial risks faced by the Group relating to liquidity risk, market risk (being interest rates, equity prices and currency exchange rate exposure) and credit risk. Transactions of a speculative nature are not permitted and the treasury function does not operate as a profit centre.

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 policy on funding capacity is to ensure that there is always sufficient long term funding and short term facilities in place to meet foreseeable peak borrowing requirements.

The Group has £304m (2013: £314m) of core committed funding of which £194m was drawn at 31 March 2014 (2013: £204m), leaving headroom of £110m (2013: £110m). The Group also has overdraft and other uncommitted facilities. Within the £304m (2013: £314m) of core committed facilities there is £194m (2013: £204m) in the form of bonds and term loans which must be drawn. At certain points in the working capital cycle this results in the Group having cash which is held in short term interest-bearing deposits. The Group also holds cash deposits within its captive insurer; these deposits have a mix of maturities, none of which is greater than 12 months. The Group's net debt at the balance sheet date was:

	Note	2014 £m	2013 £m
Total borrowings and other financial liabilities	17	196.8	210.8
Cash and cash equivalents	16	(131.9)	(103.2)
Net debt		64.9	107.6

See note 17 for further analysis of the contractual maturities of the financial liabilities.

25. Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

The Group maintains a policy of using derivatives to achieve an appropriate balance between fixed, capped, and floating interest profiles, so as to limit the exposure to the cash cost of servicing its debt.

The majority of the Group's drawn debt at 31 March 2014 was at floating rates. At 31 March 2014 the Group had in place £75m of three and five year sterling interest rate swaps (maturing 2016 and 2019) with effective rates of between 0.7% and 3.7% and the net fair value of the financial instruments used to manage interest rates at the year end was £(1.5)m (2013: £(3.6)m).

	2014			2013		
	Floating rate £m	Fixed rate £m	Total £m	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	194.5	–	194.5	205.1	–	205.1
Finance leases	–	0.5	0.5	–	2.0	2.0
Other financial liabilities	1.8	–	1.8	3.7	–	3.7
Borrowings	196.3	0.5	196.8	208.8	2.0	210.8
Cash	(131.3)	–	(131.3)	(100.2)	–	(100.2)
Net debt	65.0	0.5	65.5	108.6	2.0	110.6
Interest rate swap	(75.0)	75.0	–	(70.0)	70.0	–
Net debt	(10.0)	75.5	65.5	38.6	72.0	110.6
Euro						
Cash	(0.6)	–	(0.6)	(3.0)	–	(3.0)
Net cash	(0.6)	–	(0.6)	(3.0)	–	(3.0)
Total net debt	(10.6)	75.5	64.9	35.6	72.0	107.6

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 1% on the Group's profit before tax and on its equity. The impact has been calculated by applying the change in interest rates to the weighted average interest rate during the year, and applying this rate to the average borrowings during the year.

A variation of 1% represents management's view of a reasonably possible change in interest rates. Any impact on equity excludes the possible effect which a change in interest rates may have on the present value of the Group's pension obligations, the effects of which are set out in note 23.

	2014		2013	
	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
Sterling				
1.0% increase in rates	(1.7)	(1.7)	(2.0)	(2.0)
1.0% decrease in rates	1.7	1.7	2.0	2.0

The methods and assumptions used to calculate the possible effect of a change in interest rates are consistent with those used in the prior year. Including the interest rate swap of £75.0m (2013: £70.0m) within the average borrowings effect of a 1% increase in rates on profit before tax and on equity is £(0.9)m (2013: £(1.3)m) and the effect of a 1% decrease in rates on profit before tax and equity is £0.9m (2013: £1.3m).

Currency risk and sensitivity

The Group is a largely UK based business with a small proportion of the Group's activities denominated in euro. The only non-sterling activity is in Ireland. In order to protect the sterling value of the balance sheet, the Group finances its investment in Ireland by borrowing in euros. Transactional exposure is minimal as the vast majority of transactions are denominated in the relevant functional currency of the operation concerned.

The Group's committed facilities include \$87.2m (2013: \$87.2m) of US private placements. The principal has been swapped into sterling, and all future cash flows are fully hedged; the fair value of the US\$ principal and the US\$/GBP swaps move in line with each other, so there is no resulting adjustment to the Group's income statement.

Operation foreign exchange risk, where purchases or sales are made in non-operational currency are hedged on an ad hoc basis by buying or selling the relevant currency on a forward basis if the amounts involved are material.

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 Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. 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 of £270.8m (2013: £250.1m). See note 15 for further analysis of trade receivables and the associated doubtful debt provisions held.

Notes to the consolidated financial statements continued

25. Financial instruments (continued)**Capital risk management**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide optimal returns for shareholders, and to maintain an efficient capital structure.

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group regularly monitors key credit metrics such as net debt to EBITDA, interest cover and fixed charge cover. In addition the Group ensures a combination of short term liquidity headroom with a diverse long term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was two years.

In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Fair values

The fair values of the Group's financial assets and liabilities, together with the carrying amounts shown in the balance sheet are given in the following table:

	2014		2013	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade receivables	81.6	81.6	81.2	81.2
Other receivables	2.4	2.4	3.7	3.7
Cash and cash equivalents	131.9	131.9	103.2	103.2
US\$ fixed to floating swaps				
– Assets	54.9	54.9	62.0	62.0
– Liabilities	(53.5)	(53.5)	(53.5)	(53.5)
Forward exchange contracts	(0.3)	(0.3)	(0.1)	(0.1)
Interest rate swaps	(1.5)	(1.5)	(3.6)	(3.6)
Bank loans and overdrafts	(140.1)	(140.1)	(150.3)	(150.3)
Unsecured bond issues – US\$ private placement	(55.8)	(55.8)	(63.3)	(63.3)
Finance lease liabilities	(0.5)	(0.5)	(2.0)	(2.0)
Trade and other payables	(322.9)	(322.9)	(312.3)	(312.3)
Unrecognised losses		–		–

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table. Under the disclosure requirements of IFRS 13, all fair value measurements of financial assets and liabilities are considered to be categorised as level 2.

Derivatives

The fair value of forward exchange contracts is calculated as the contractual forward price less the current forward rate. The fair value of interest rates swaps was determined by discounting the future cash flows at rates determined by year end yield curves.

Interest-bearing loans and borrowings and unsecured bond issues

Fair value is calculated on discounted expected future principal and interest cash flows at market interest rates.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows discounted at market interest rates for homogenous lease agreements.

26. Related parties**Identity of related parties**

The Group has a controlling related party relationship with its parent Company Wincanton plc. In addition the Group has related party relationships with its Executive and non-executive Directors and with its subsidiaries and jointly controlled entities.

Transactions with Executive and non-executive Directors

The interests of the Executive and non-executive Directors in the share capital of the Company, plus full details of the individual Director's emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Annual report on remuneration on pages 48 to 55.

The total of short term employee remuneration and benefits receivable by the Directors is set out in note 4.

27. Accounting estimates and judgements

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The areas where policy and estimate selection are most critical for the Group are concerned with the accounting for pensions, the determination of provisions, and the testing of goodwill and acquired intangibles for impairment. Information about the assumptions and risk factors relating to these issues are given in notes 23, 19 and 9 respectively.

Wincanton plc Company balance sheet

At 31 March 2014

	Note	2014 £m	2013 £m
Fixed assets			
Investments	2	108.9	108.1
		108.9	108.1
Current assets			
Debtors	3	23.3	66.7
Cash at bank and in hand		88.8	68.2
		112.1	134.9
Creditors: amounts falling due within one year	4	(31.7)	(33.4)
Net current assets		80.4	101.5
Total assets less current liabilities			
		189.3	209.6
Creditors: amounts falling due after more than one year	5	(184.3)	(196.4)
Net assets		5.0	13.2
Capital and reserves			
Called up share capital	6	12.2	12.2
Share premium account	6	12.8	12.8
Hedging reserve	6	(1.5)	(3.6)
Profit and loss account	6	(18.5)	(8.2)
Equity shareholders' funds	7	5.0	13.2

The financial statements were approved by the Board of Directors on 4 June 2014 and were signed on its behalf by:

E Born
Chief Executive

A Colman
Group Finance Director

Company Registration Number: 4178808

Notes to the Wincanton plc Company financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (UK Generally Accepted Accounting Practice).

Under Section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Advantage has been taken of FRS 29 Financial Instruments: Disclosures available to parent companies not to present financial instrument disclosures as the Group financial statements contain disclosures that comply with the standard.

The Company participates in a Group defined contribution scheme. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Investments

Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying values may not be recoverable.

Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on such translation are recognised in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes that have occurred but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred Tax.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company 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.

Derivative financial instruments which are accounted for as trading instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps are determined by discounting the future cash flows at rates determined by year end yield curves. The fair value of forward exchange contracts is calculated as the contractual forward price less the current forward rate.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are also recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves). Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity within hedging reserves. The ineffective part of any gain or loss is recognised immediately within underlying operating profit, or within net financing costs in the case of interest rate swaps designated as cash flow hedges. When the forecast transaction that was being hedged is realised and affects profit or loss, the cumulative gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or non-financial liability.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction takes place. If the hedged transaction is no longer expected to take place, the cumulative gain or loss is removed from equity and recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the profit and loss account.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less 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 profit and loss account over the period of the borrowings on an effective interest basis. Interest-bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

1. Accounting policies (continued)

Shares held by Employee Benefit Trust

Shares in the Company held by the Wincanton plc Employee Benefit Trust are shown as a deduction from shareholders' equity at cost in accordance with UITF Abstract 38 Accounting for ESOP Trusts.

Share-based payments

Where a parent Company grants rights to its instruments to employees of a subsidiary, and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the Group, the subsidiary is required to record an expense for such compensation in accordance with FRS 20 Share-based Payments, with a corresponding increase recognised in equity as a contribution from the parent. Consequently, in these financial statements, the Company recognises additions to fixed asset investments with a credit to equity for the same amount.

2. Fixed asset investments

Shares in Group undertakings	2014 £m	2013 £m
Cost		
At beginning of year	108.1	107.5
Additions – share-based payments	0.8	0.6
At end of year	108.9	108.1

A list of the significant subsidiaries of Wincanton plc is given in note 11 to the Group financial statements.

3. Debtors

	2014 £m	2013 £m
Amounts owed by Group undertakings	15.6	58.5
Group tax relief receivable	7.0	5.8
Prepayments and accrued income	0.7	2.4
	23.3	66.7

All debtors are due within one year, except for prepayments of £nil (2013: £0.5m) and amounts owed by Group undertakings.

4. Creditors: amounts falling due within one year

	2014 £m	2013 £m
Bank loans and overdrafts	22.8	23.1
Other financial liabilities	1.4	1.7
Accruals and deferred income	7.5	8.6
	31.7	33.4

5. Creditors: amounts falling due after more than one year

	2014 £m	2013 £m
Bank loans and overdrafts	184.0	194.4
Other financial liabilities	0.3	2.0
	184.3	196.4

Notes to the Wincanton plc Company financial statements continued

6. Capital and reserves**Reconciliation of movement in capital and reserves**

	Share capital £m	Share premium £m	Hedging reserve £m	Profit and loss account			Total equity £m
				Reserve for own shares £m	FRS 20 reserve £m	Retained earnings £m	
Balance at 1 April 2012	12.2	12.8	(4.1)	(16.6)	3.5	14.3	22.1
Total recognised losses	-	-	0.5	-	-	(9.4)	(8.9)
Own shares disposed of on exercise of options	-	-	-	1.3	-	(1.3)	-
Balance at 31 March 2013	12.2	12.8	(3.6)	(15.3)	3.5	3.6	13.2
Balance at 1 April 2013	12.2	12.8	(3.6)	(15.3)	3.5	3.6	13.2
Total recognised losses	-	-	2.1	-	-	(11.8)	(9.7)
Own shares disposed of on exercise of options	-	-	-	0.4	-	(0.4)	-
Equity granted to employees of the Company and subsidiaries	-	-	-	-	0.7	0.8	1.5
Balance at 31 March 2014	12.2	12.8	(1.5)	(14.9)	4.2	(7.8)	5.0

During the year ended 31 March 2014, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares. The FRS 20 reserve comprises the charge made to the profit and loss account in respect of share-based payments under the Company's share option schemes. Details of the Company's own shares, held within an Employee Benefit Trust, are given in note 20 to the Group financial statements.

	Ordinary shares	
	2014 millions	2013 millions
Allotted, called up and fully paid		
In issue at 1 April and 31 March	121.7	121.7

As permitted by Section 408 (4) of the Companies Act 2006, the Company has not presented its own profit and loss account. The Directors' remuneration as disclosed in note 4 to the Group financial statements is borne by Wincanton plc. The Directors are the only employees of the Company. The Company has taken the exemption not to disclose non-audit fees incurred as these are included in note 3 to the Group financial statements.

7. Reconciliation of movement in shareholders' funds

	2014 £m	2013 £m
Retained loss for the financial year	(11.8)	(9.4)
Other recognised gains and losses relating to the year	2.1	0.5
Equity granted to employees of the Company and subsidiaries	1.5	-
Net decrease in shareholders' funds	(8.2)	(8.9)
Opening shareholders' funds	13.2	22.1
Closing shareholders' funds	5.0	13.2

Additional information

Group five year record

As reported under Adopted IFRS

	2014 £m	2013 restated ¹ £m	2012 restated ² £m	2011 restated ³ £m	2010 £m
Revenue	1,098.3	1,086.8	1,202.8	1,328.3	2,182.9
Underlying operating profit ⁴	48.0	45.3	43.8	46.7	54.6
Net financing costs	(22.4)	(24.0)	(15.0)	(16.7)	(19.9)
Underlying profit before tax ⁴	25.6	21.3	28.8	30.0	34.7
Profit/(loss) before tax	34.9	14.0	(47.4)	3.6	3.0
Underlying profit after tax for the year ⁴	19.3	15.4	19.4	22.4	24.0
Underlying earnings per share ⁴	16.6	13.3	16.9p	19.6p	20.9p
Dividend per share	–	–	–	–	14.91p
Net debt	(64.9)	(107.6)	(114.5)	(160.4)	(151.9)

¹ Where applicable amounts have been restated for the adoption of IAS 19 Employee Benefits (Revised).

² Underlying profit after tax and underlying earnings per share have been restated to exclude the results of Culina Logistics Limited which was sold in March 2012.

³ Amounts reported since 2011 (restated) relate to the continuing operations in UK and Ireland only. Amounts for 2010 include the results and balances relating to Mainland Europe which were disclosed as discontinued operations in 2012 and are therefore not included in the 2011 (restated) figures onwards.

⁴ Operating profit, and hence profit before and after tax is reported on an underlying basis, i.e. including where applicable, share of results of associates but before amortisation of acquired intangibles, any impairment of goodwill and acquired intangibles and exceptionals. Underlying earnings per share is calculated on the same basis.

Financial calendar

Annual General Meeting	To be held on 16 July 2014 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN at 1pm
Half year results	Interim announcement November 2014
Full year results	Preliminary announcement June 2015
Annual report	Posted to shareholders at the end of June 2015

Shareholder information

Annual Report

Copies can be obtained from the Company's address below.

Share registrar

The Company's Registrar is Computershare. If you have any questions about your holding or wish to notify any change in your details, please contact the Registrar at: Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Telephone: 0870 702 0000. Whenever you contact the Registrar, please quote the full names in which your shares are held. Please advise the Registrar promptly of any change of address.

Dividend mandates

The Company encourages its shareholders to have future dividends paid directly into their bank or building society account. To set this up for the shares you hold, you should contact the Registrar for a dividend mandate form.

Share dealing service

Wincanton shares may be dealt through the Company's brokers. If you would like further information, you may contact the brokers at: Postal Dealing Service, JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA. Telephone: 020 7588 2828. Alternatively please contact your bank, building society or stockbroker who will be able to assist you in selling your shares.

Share price quotation

The Company's share price is quoted via the Wincanton website, where it is regularly updated through the day.

Shareholders' enquiries

If you have an enquiry about the Company's business or about something affecting you as a shareholder (other than queries regarding shareholdings which are dealt with by Computershare) you are invited to contact the Company at the address below.

Unsolicited mail

The Company is obliged to make its Register available to other organisations. Shareholders wishing to limit the amount of unsolicited mail they may receive as a result should contact the Mailing Preference Service at: DMA House, 70 Margaret Street, London W1W 8SS, or online at www.mpsonline.org.uk

Unsolicited investment advice

Shareholders are advised to be wary of unsolicited mail or telephone calls offering free advice, to buy shares at a discount or offering free company reports.

If you receive any unsolicited investment advice:

- make sure you get the correct name of the person and organisation;
- check that they are properly authorised by the FCA before getting involved by visiting www.fca.org.uk/firms/systems-reporting/register and contacting the firm using the details on the register;
- report the matter to the FCA either by calling 0800 111 6768 or visiting www.fca.org.uk/consumers;
- report suspected fraud and internet crime to the police through Action Fraud, which you can contact on 0300 123 2040 or visiting www.actionfraud.police.uk;
- if the calls persist, hang up;
- inform Computershare's Compliance Department.

If you deal with an unauthorised firm, you will not be eligible to receive payments under the Financial Services Compensation Scheme.

More detailed information on this or similar activity can be found on the FCA website www.fca.org.uk/consumers/scams

ShareGift

If you hold only a few shares and feel that it would be uneconomical or simply not worthwhile to sell them, you could consider donating your shares to charity through ShareGift (registered charity 1052686). Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. To find out more visit www.sharegift.org or call 020 7930 3737. Alternatively contact the Company's Registrar who can help arrange the transfer of your shares.

Wincanton plc website

The Wincanton website at www.wincanton.co.uk provides news and information about the services offered by Wincanton as well as useful information for investors.

Forward-looking statements

These Annual Report and Accounts and Wincanton's websites may contain certain 'forward-looking statements' with respect to Wincanton plc and the Group's financial condition, results of operations and business, and certain of Wincanton plc and the Group's plans, objectives, goals and expectations with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any written or verbal forward-looking statements, made in our Annual Report and Accounts or on Wincanton's website or made subsequently, which are attributable to Wincanton plc or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date of our Annual Report and Accounts, or on the date the forward-looking statement is made. Wincanton plc does not intend to update any forward-looking statements.

Secretary and registered office

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